

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

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

**For the quarterly period ended September 30, 2024**

**OR**

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

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

**Commission File Number: 1-13252**



**McKESSON CORPORATION**

(Exact name of registrant as specified in its charter)

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

**94-3207296**  
(I.R.S. Employer  
Identification No.)

**6555 State Hwy 161,  
Irving, TX 75039**  
(Address of principal executive offices, including zip code)  
**(972) 446-4800**  
(Registrant's telephone number, including area code)

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

<i>(Title of each class)</i>	<i>(Trading Symbol)</i>	<i>(Name of each exchange on which registered)</i>
<b>Common stock, \$0.01 par value</b>	<b>MCK</b>	<b>New York Stock Exchange</b>
<b>1.500% Notes due 2025</b>	<b>MCK25</b>	<b>New York Stock Exchange</b>
<b>1.625% Notes due 2026</b>	<b>MCK26</b>	<b>New York Stock Exchange</b>
<b>3.125% Notes due 2029</b>	<b>MCK29</b>	<b>New York Stock Exchange</b>

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

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

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 Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 126,940,097 shares of the issuer's common stock were outstanding as of September 30, 2024.

## McKESSON CORPORATION

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## McKESSEON CORPORATION

## PART I—FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Revenues	\$ 93,651	\$ 77,215	\$ 172,934	\$ 151,698
Cost of sales	(90,403)	(74,146)	(166,534)	(145,607)
Gross profit	3,248	3,069	6,400	6,091
Selling, distribution, general, and administrative expenses	(2,503)	(2,092)	(4,504)	(3,962)
Claims and litigation charges, net	4	2	(108)	2
Restructuring, impairment, and related charges, net	(171)	(28)	(181)	(80)
Total operating expenses	(2,670)	(2,118)	(4,793)	(4,040)
Operating income	578	951	1,607	2,051
Other income, net	34	26	164	64
Interest expense	(78)	(61)	(153)	(108)
Income before income taxes	534	916	1,618	2,007
Income tax expense	(247)	(213)	(371)	(307)
Net income	287	703	1,247	1,700
Net income attributable to noncontrolling interests	(46)	(39)	(91)	(78)
Net income attributable to McKesson Corporation	\$ 241	\$ 664	\$ 1,156	\$ 1,622
<b>Earnings per common share attributable to McKesson Corporation</b>				
Diluted	\$ 1.87	\$ 4.92	\$ 8.89	\$ 11.95
Basic	\$ 1.88	\$ 4.95	\$ 8.94	\$ 12.03
<b>Weighted-average common shares outstanding</b>				
Diluted	129.3	134.8	130.0	135.7
Basic	128.7	134.1	129.3	134.8

*See Financial Notes*

## McKESON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(In millions)  
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 287	\$ 703	\$ 1,247	\$ 1,700
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	34	(64)	3	(12)
Unrealized gain (loss) on cash flow and other hedges	(9)	25	(9)	32
Changes in retirement-related benefit plans	(2)	—	(3)	(2)
Other comprehensive income (loss), net of tax	23	(39)	(9)	18
Comprehensive income	310	664	1,238	1,718
Comprehensive income attributable to noncontrolling interests	(46)	(39)	(91)	(78)
Comprehensive income attributable to McKesson Corporation	\$ 264	\$ 625	\$ 1,147	\$ 1,640

See Financial Notes

## McKESSON CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS  
(In millions, except per share amounts)  
(Unaudited)

	September 30, 2024	March 31, 2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,509	\$ 4,583
Receivables, net	25,270	21,622
Inventories, net	24,176	21,139
Assets held for sale	635	5
Prepaid expenses and other	751	621
Total current assets	53,341	47,970
Property, plant, and equipment, net	2,361	2,316
Operating lease right-of-use assets	1,495	1,729
Goodwill	10,087	10,132
Intangible assets, net	1,573	2,110
Other non-current assets	3,572	3,186
Total assets	\$ 72,429	\$ 67,443
<b>LIABILITIES AND DEFICIT</b>		
Current liabilities		
Drafts and accounts payable	\$ 53,317	\$ 47,097
Current portion of long-term debt	53	50
Current portion of operating lease liabilities	243	295
Liabilities held for sale	371	—
Other accrued liabilities	4,787	4,915
Total current liabilities	58,771	52,357
Long-term debt	5,691	5,579
Long-term deferred tax liabilities	1,048	917
Long-term operating lease liabilities	1,232	1,466
Long-term litigation liabilities	5,617	6,113
Other non-current liabilities	2,712	2,610
McKesson Corporation stockholders' deficit		
Preferred stock, \$0.01 par value, 100 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value, 800 shares authorized, 279 and 278 shares issued at September 30, 2024 and March 31, 2024, respectively	3	3
Additional paid-in capital	8,221	8,048
Retained earnings	15,959	14,978
Accumulated other comprehensive loss	(890)	(881)
Treasury shares, at cost, 152 and 148 shares at September 30, 2024 and March 31, 2024, respectively	(26,310)	(24,119)
Total McKesson Corporation stockholders' deficit	(3,017)	(1,971)
Noncontrolling interests	375	372
Total deficit	(2,642)	(1,599)
Total liabilities and deficit	\$ 72,429	\$ 67,443

*See Financial Notes*

**McKESSON CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
(In millions, except per share amounts)  
(Unaudited)

	Three Months Ended September 30, 2024								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
<b>Balance, June 30, 2024</b>	279	\$ 3	\$ 8,126	\$ 15,810	\$ (913)	(149)	\$ (24,781)	\$ 374	\$ (1,381)
Issuance of shares under employee plans, net of forfeitures	—	—	32	—	—	—	—	—	32
Share-based compensation	—	—	63	—	—	—	—	—	63
Repurchase of common stock	—	—	—	—	—	(3)	(1,529)	—	(1,529)
Net income	—	—	—	241	—	—	—	46	287
Other comprehensive income	—	—	—	—	23	—	—	—	23
Cash dividends declared, \$0.71 per common share	—	—	—	(90)	—	—	—	—	(90)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(45)	(45)
Other	—	—	—	(2)	—	—	—	—	(2)
<b>Balance, September 30, 2024</b>	<u>279</u>	<u>\$ 3</u>	<u>\$ 8,221</u>	<u>\$ 15,959</u>	<u>\$ (890)</u>	<u>(152)</u>	<u>\$ (26,310)</u>	<u>\$ 375</u>	<u>\$ (2,642)</u>

	Three Months Ended September 30, 2023								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
<b>Balance, June 30, 2023</b>	278	\$ 3	\$ 7,824	\$ 13,182	\$ (848)	(143)	\$ (21,763)	\$ 362	\$ (1,240)
Issuance of shares under employee plans, net of forfeitures	—	—	27	—	—	—	(1)	—	26
Share-based compensation	—	—	48	—	—	—	—	—	48
Repurchase of common stock	—	—	—	—	—	(2)	(840)	—	(840)
Net income	—	—	—	664	—	—	—	39	703
Other comprehensive loss	—	—	—	—	(39)	—	—	—	(39)
Cash dividends declared, \$0.62 per common share	—	—	—	(84)	—	—	—	—	(84)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(38)	(38)
Other	—	—	—	(1)	—	—	—	1	—
<b>Balance, September 30, 2023</b>	<u>278</u>	<u>\$ 3</u>	<u>\$ 7,899</u>	<u>\$ 13,761</u>	<u>\$ (887)</u>	<u>(145)</u>	<u>\$ (22,604)</u>	<u>\$ 364</u>	<u>\$ (1,464)</u>

*See Financial Notes*

**McKESSON CORPORATION**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
**(In millions, except per share amounts)**  
**(Unaudited)**

	Six Months Ended September 30, 2024								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
<b>Balance, March 31, 2024</b>	278	\$ 3	\$ 8,048	\$ 14,978	\$ (881)	(148)	\$ (24,119)	\$ 372	\$ (1,599)
Issuance of shares under employee plans, net of forfeitures	1	—	54	—	—	—	(134)	—	(80)
Share-based compensation	—	—	119	—	—	—	—	—	119
Repurchase of common stock	—	—	—	—	—	(4)	(2,057)	—	(2,057)
Net income	—	—	—	1,156	—	—	—	91	1,247
Other comprehensive loss	—	—	—	—	(9)	—	—	—	(9)
Cash dividends declared, \$1.33 per common share	—	—	—	(173)	—	—	—	—	(173)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(88)	(88)
Other	—	—	—	(2)	—	—	—	—	(2)
<b>Balance, September 30, 2024</b>	<u>279</u>	<u>\$ 3</u>	<u>\$ 8,221</u>	<u>\$ 15,959</u>	<u>\$ (890)</u>	<u>(152)</u>	<u>\$ (26,310)</u>	<u>\$ 375</u>	<u>\$ (2,642)</u>

	Six Months Ended September 30, 2023								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury		Noncontrolling Interests	Total Deficit
	Shares	Amount				Common Shares	Amount		
<b>Balance, March 31, 2023</b>	277	\$ 3	\$ 7,747	\$ 12,295	\$ (905)	(141)	\$ (20,997)	\$ 367	\$ (1,490)
Issuance of shares under employee plans, net of forfeitures	1	—	54	—	—	—	(94)	—	(40)
Share-based compensation	—	—	91	—	—	—	—	—	91
Repurchase of common stock	—	—	—	—	—	(4)	(1,513)	—	(1,513)
Net income	—	—	—	1,622	—	—	—	78	1,700
Other comprehensive income	—	—	—	—	18	—	—	—	18
Cash dividends declared, \$1.16 per common share	—	—	—	(157)	—	—	—	—	(157)
Payments to noncontrolling interests	—	—	—	—	—	—	—	(77)	(77)
Other	—	—	7	1	—	—	—	(4)	4
<b>Balance, September 30, 2023</b>	<u>278</u>	<u>\$ 3</u>	<u>\$ 7,899</u>	<u>\$ 13,761</u>	<u>\$ (887)</u>	<u>(145)</u>	<u>\$ (22,604)</u>	<u>\$ 364</u>	<u>\$ (1,464)</u>

See Financial Notes

## McKESSON CORPORATION

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	<b>Six Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 1,247	\$ 1,700
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation	124	129
Amortization	208	187
Asset impairment charges	76	28
Deferred taxes	125	(271)
Charges (credits) associated with last-in, first-out inventory method	(4)	87
Non-cash operating lease expense	113	122
Gain from sales of businesses and investments	(89)	(16)
Canadian businesses held for sale	638	—
Provision for bad debts	(169)	243
Other non-cash items	174	71
Changes in assets and liabilities:		
Receivables	(3,499)	(3,207)
Inventories	(3,310)	(2,349)
Drafts and accounts payable	6,221	4,307
Operating lease liabilities	(196)	(166)
Taxes	(145)	(76)
Litigation liabilities	(386)	(529)
Other	(408)	(347)
Net cash provided by (used in) operating activities	<u>720</u>	<u>(87)</u>
<b>INVESTING ACTIVITIES</b>		
Payments for property, plant, and equipment	(242)	(153)
Capitalized software expenditures	(143)	(111)
Acquisitions, net of cash, cash equivalents, and restricted cash acquired	(1)	—
Proceeds from sales of businesses and investments, net	93	50
Other	(80)	(101)
Net cash used in investing activities	<u>(373)</u>	<u>(315)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	6,876	2,000
Repayments of short-term borrowings	(6,876)	(2,000)
Proceeds from issuances of long-term debt	498	991
Repayments of long-term debt	(501)	(271)
Purchase of U.S. government obligations for the satisfaction and discharge of long-term debt	—	(647)
Common stock transactions:		
Issuances	54	54
Share repurchases	(2,019)	(1,505)
Dividends paid	(162)	(149)
Other	(278)	(225)
Net cash used in financing activities	<u>(2,408)</u>	<u>(1,752)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1	(1)
Change in cash, cash equivalents, and restricted cash classified as Assets held for sale	(14)	—
Net decrease in cash, cash equivalents, and restricted cash	(2,074)	(2,155)
Cash, cash equivalents, and restricted cash at beginning of period	4,585	4,679
Cash, cash equivalents, and restricted cash at end of period	2,511	2,524
Less: Restricted cash at end of period included in Prepaid expenses and other	(2)	—
Cash and cash equivalents at end of period	<u>\$ 2,509</u>	<u>\$ 2,524</u>

See Financial Notes



McKESON CORPORATION

FINANCIAL NOTES  
(UNAUDITED)

**1. Significant Accounting Policies**

*Nature of Operations:* McKesson Corporation together with its subsidiaries (collectively, the “Company” or “McKesson,”) is a diversified healthcare services leader dedicated to advancing health outcomes for patients everywhere. McKesson partners with biopharma companies, care providers, pharmacies, manufacturers, governments, and others to deliver insights, products, and services to help make quality care more accessible and affordable. The Company reports its financial results in four reportable segments: U.S. Pharmaceutical, Prescription Technology Solutions (“RxTS”), Medical-Surgical Solutions, and International. Refer to [Financial Note 12, “Segments of Business,”](#) for additional information.

*Basis of Presentation:* The condensed consolidated financial statements and accompanying notes are prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) for interim financial reporting and the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) and therefore do not include all information and disclosures normally included in the annual consolidated financial statements.

The condensed consolidated financial statements of McKesson include the financial statements of all majority-owned or controlled companies. For those consolidated subsidiaries where the Company’s ownership is less than 100%, the portion of the net income or loss allocable to the noncontrolling interests is reported as “Net income attributable to noncontrolling interests” in the Condensed Consolidated Statements of Operations. All significant intercompany balances and transactions have been eliminated in consolidation, including the intercompany portion of transactions with equity method investees.

Net income attributable to noncontrolling interests includes third-party equity interests in the Company’s consolidated entities, including ClarusONE Sourcing Services LLP, Vantage Oncology Holdings, LLC, and SCRI Oncology, LLC.

The Company considers itself to control an entity if it is the majority owner of or has voting control over such entity. The Company also assesses control through means other than voting rights and determines which business entity is the primary beneficiary of the variable interest entity (“VIE”). The Company consolidates VIEs when it is determined that it is the primary beneficiary of the VIE. Investments in business entities in which the Company does not have control, but instead has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method.

*Fiscal Period:* The Company’s fiscal year begins on April 1 and ends on March 31. Unless otherwise noted, all references to a particular year means the Company’s fiscal year.

*Reclassifications:* Certain prior period amounts have been reclassified to conform to the current year presentation.

*Use of Estimates:* The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of these financial statements and income and expenses during the reporting period. Actual amounts could differ from those estimated amounts. In the opinion of management, the unaudited condensed consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of the results of operations, financial position, and cash flows of McKesson for the interim periods presented.

The results of operations for the three and six months ended September 30, 2024 and 2023 are not necessarily indicative of the results that may be anticipated for the entire year. These interim financial statements should be read in conjunction with the annual audited financial statements, accounting policies, and financial notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2024, previously filed with the SEC on May 8, 2024 (the “2024 Annual Report”).

*Recently Adopted Accounting Pronouncements*

There were no accounting standards adopted during the six months ended September 30, 2024 that had a material impact to the Company’s condensed consolidated financial statements or disclosures.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 improves the transparency of income tax disclosures by requiring, on an annual basis, consistent categories, and greater disaggregation of information in the rate reconciliation as well as income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in this update should be applied prospectively, however, retrospective application is permitted. The Company is currently evaluating the impact that this guidance will have on its disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 expands reportable segment disclosures by requiring disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss as well as an amount and description of other segment items. ASU 2023-07 also requires interim disclosures of a reportable segment’s profit or loss and assets, disclosure of the title and position of the CODM, and an explanation of how the CODM uses the reported measure of segment profit or loss in assessing performance and allocating resources. ASU 2023-07 is effective for the Company for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments in this update are required to be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact that this guidance will have on its disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU 2024-03 requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the financial statements. ASU 2024-03 is effective for the Company for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact that this guidance will have on its disclosures.

*Recent Securities and Exchange Commission Final Rules Not Yet Implemented*

In March 2024, the SEC adopted final rules under SEC Release Nos. 33-11275 and 34-99678, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*, which would have required the Company to provide certain climate-related information in annual reports and registration statements beginning with its Annual Report on Form 10-K for the year ended March 31, 2026. In April 2024, the SEC stayed these rules pending the completion of judicial review of consolidated petitions challenging the validity of the rules. The Company is currently evaluating the impact of these rules in light of those legal challenges and monitoring the status of the stay and judicial review.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

**2. Held for Sale**

Assets and liabilities to be disposed of by sale (“disposal groups”) are classified as “held for sale” if their carrying amounts are principally expected to be recovered through a sale transaction rather than through continuing use. The classification occurs when the disposal group is available for immediate sale and the sale is probable. These criteria are generally met when management has committed to a plan to sell the assets within one year. Disposal groups are measured at the lower of carrying amount or fair value less costs to sell, and long-lived assets included within the disposal group are not depreciated or amortized. The fair value of a disposal group, less any costs to sell, is assessed during each reporting period it remains classified as held for sale, and any remeasurement to the lower of carrying value or fair value less costs to sell is reported as an adjustment to the carrying value of the disposal group. When the net realizable value of a disposal group increases during a period, a gain can be recognized to the extent that it does not increase the value of the disposal group beyond its original carrying value when the disposal group was reclassified as held for sale. The Company determined that the disposal group discussed below did not meet the criteria for classification as discontinued operations.

*Rexall Health and Well.ca*

On September 5, 2024, the Company announced an agreement to sell its Rexall and Well.ca businesses in Canada (“Canadian retail disposal group”). The adjusted purchase price of approximately \$148 million, net of working capital and other adjustments, includes a payment of \$27 million to be made upon closing, and a note of \$121 million accruing interest upon satisfaction of certain conditions, measured at fair value, payable to the Company at the end of six years. As of September 30, 2024, the Canadian retail disposal group, consisting of \$631 million of assets and \$371 million of liabilities within the Company’s International segment, was classified as “Assets held for sale” and “Liabilities held for sale,” respectively, in the Condensed Consolidated Balance Sheet. The transaction is anticipated to close in the second half of fiscal 2025, pursuant to the satisfaction of customary closing conditions, including receipt of regulatory approvals, as applicable.

During the three and six months ended September 30, 2024, the Company recorded a charge of \$643 million, within “Selling, distribution, general, and administrative expenses” in the Condensed Consolidated Statements of Operations, to remeasure the Canadian retail disposal group to fair value less costs to sell. The remeasurement adjustment includes a \$15 million loss related to the accumulated other comprehensive balances associated with the Canadian retail disposal group. The Company’s measurement of the fair value of the Canadian retail disposal group was based on the total consideration expected to be received by the Company as outlined in the transaction agreements. Certain components of the total consideration included fair value measurements that fall within Level 3 of the fair value hierarchy.

**McKESSON CORPORATION**  
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The total assets and liabilities of the Canadian retail disposal group that have met the classification of held for sale in the Company's Condensed Consolidated Balance Sheet are as follows:

<i>(In millions)</i>	<b>September 30, 2024</b>
<b>Assets</b>	
Current assets	
Cash	\$ 14
Receivables, net	65
Inventories, net	219
Prepaid expenses and other	5
Property, plant, and equipment, net	62
Operating lease right-of-use assets	283
Goodwill	47
Intangible assets, net	419
Other non-current assets	160
Remeasurement of assets of businesses held for sale to fair value less costs to sell <sup>(1)</sup>	(643)
Total assets held for sale	<u>\$ 631</u>
<b>Liabilities</b>	
Current liabilities	
Drafts and accounts payable	\$ 15
Current portion of operating lease liabilities	61
Other accrued liabilities	42
Long-term operating lease liabilities	249
Other non-current liabilities	4
Total liabilities held for sale	<u>\$ 371</u>

(1) Includes intercompany trade accounts payable of \$142 million, primarily related to purchases of inventories from McKesson Canada. These balances are expected to be assumed by the buyer upon divestiture and are excluded from Drafts and accounts payable above as they are fully eliminated in the Company's consolidated financial statements.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

### 3. Restructuring, Impairment, and Related Charges, Net

The Company recorded restructuring, impairment, and related charges, net of \$234 million and \$28 million for the three months ended September 30, 2024 and 2023, respectively, and \$244 million and \$80 million for the six months ended September 30, 2024 and 2023, respectively. Of these charges \$171 million and \$181 million were included in “Restructuring, impairment, and related charges, net” and \$63 million was included in “Cost of sales” in the Condensed Consolidated Statement of Operations, for each of the three and six months ended September 30, 2024, respectively.

#### *Restructuring Initiatives*

During the second quarter of fiscal 2025, the Company approved enterprise-wide initiatives to modernize and accelerate the technology service operating model, which are intended to improve business continuity, compliance, operating efficiency and advance investments to streamline the organization. These initiatives will also include cost reduction efforts and support other rationalization efforts within Corporate, and the Medical-Surgical Solutions, and U.S. Pharmaceutical segments to help realize long-term sustainable growth. The Company anticipates total charges related to these initiatives of \$650 million to \$700 million, consisting primarily of employee severance and other employee-related costs as well as facility, exit and other related costs, including long-lived asset impairments. These programs are anticipated to be substantially complete in fiscal 2028. For the three and six months ended September 30, 2024, the Company recorded charges of \$227 million related to the initiatives, which primarily includes severance and other employee-related costs as well as facility exit and other related costs, including long-lived asset impairments.

During the fourth quarter of fiscal 2023, the Company approved a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts, with the intent of simplifying its infrastructure and realizing long-term sustainable growth. These initiatives included headcount reductions, primarily consisting of employee severance and other employee-related costs within the RxTS segment, and the exit or downsizing of certain facilities. For the three and six months ended September 30, 2023, the Company recorded charges of \$3 million and \$39 million related to this program, respectively, which primarily included real estate and other related asset impairments and facility costs within Corporate. This restructuring program was substantially complete in fiscal 2024.

Restructuring, impairment, and related charges, net for the three months ended September 30, 2024 and 2023 consisted of the following:

<i>(In millions)</i>	<b>Three Months Ended September 30, 2024</b>					
	<b>U.S. Pharmaceutical <sup>(1)</sup></b>	<b>Prescription Technology Solutions</b>	<b>Medical- Surgical Solutions <sup>(2)</sup></b>	<b>International</b>	<b>Corporate</b>	<b>Total</b>
Severance and employee-related costs, net	\$ 1	\$ —	\$ 144	\$ —	\$ 4	\$ 149
Exit and other-related costs <sup>(3)</sup>	—	—	3	(1)	10	12
Asset impairments and accelerated depreciation	63	1	—	—	9	73
<b>Total</b>	<b>\$ 64</b>	<b>\$ 1</b>	<b>\$ 147</b>	<b>\$ (1)</b>	<b>\$ 23</b>	<b>\$ 234</b>

(1) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company’s U.S. Pharmaceutical segment, including an inventory impairment of \$63 million within "Cost of sales" in the Condensed Consolidated Statement of Operations.

(2) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company’s Medical-Surgical Solutions segment.

(3) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

**McKESON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
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**Three Months Ended September 30, 2023**

<i>(In millions)</i>	<b>U.S. Pharmaceutical</b>	<b>Prescription Technology Solutions<sup>(1)</sup></b>	<b>Medical- Surgical Solutions</b>	<b>International</b>	<b>Corporate</b>	<b>Total</b>
Severance and employee-related costs, net	\$ 8	\$ —	\$ —	\$ 2	\$ —	\$ 10
Exit and other-related costs <sup>(2)</sup>	1	3	4	4	6	18
Asset impairments and accelerated depreciation	—	—	—	—	—	—
Total	\$ 9	\$ 3	\$ 4	\$ 6	\$ 6	\$ 28

- (1) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company's technology solutions.
- (2) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

Restructuring, impairment, and related charges, net for the six months ended September 30, 2024 and 2023 consisted of the following:

**Six Months Ended September 30, 2024**

<i>(In millions)</i>	<b>U.S. Pharmaceutical<sup>(1)</sup></b>	<b>Prescription Technology Solutions</b>	<b>Medical- Surgical Solutions<sup>(2)</sup></b>	<b>International</b>	<b>Corporate</b>	<b>Total</b>
Severance and employee-related costs, net	\$ 1	\$ —	\$ 144	\$ —	\$ 3	\$ 148
Exit and other-related costs <sup>(3)</sup>	—	3	6	(1)	12	20
Asset impairments and accelerated depreciation	64	2	—	1	9	76
Total	\$ 65	\$ 5	\$ 150	\$ —	\$ 24	\$ 244

- (1) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company's U.S. Pharmaceutical segment, including an inventory impairment of \$63 million within "Cost of sales" in the Condensed Consolidated Statement of Operations.
- (2) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company's Medical-Surgical Solutions segment.
- (3) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

**Six Months Ended September 30, 2023**

<i>(In millions)</i>	<b>U.S. Pharmaceutical</b>	<b>Prescription Technology Solutions<sup>(1)</sup></b>	<b>Medical- Surgical Solutions</b>	<b>International</b>	<b>Corporate<sup>(1)</sup></b>	<b>Total</b>
Severance and employee-related costs, net	\$ 9	\$ —	\$ —	\$ 2	\$ 1	\$ 12
Exit and other-related costs <sup>(2)</sup>	2	5	6	9	18	40
Asset impairments and accelerated depreciation	—	—	—	1	27	28
Total	\$ 11	\$ 5	\$ 6	\$ 12	\$ 46	\$ 80

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
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- (1) Includes costs related to operational efficiencies and cost optimization efforts described above to support the Company’s technology solutions.  
(2) Exit and other-related costs consist of accruals for costs to be incurred without future economic benefits, project consulting fees, and other exit costs expensed as incurred.

The following table summarizes the activity related to the liabilities associated with the Company’s restructuring initiatives for the six months ended September 30, 2024:

<i>(In millions)</i>	U.S. Pharmaceutical	Prescription Technology Solutions	Medical- Surgical Solutions	International	Corporate	Total
<b>Balance, March 31, 2024 <sup>(1)</sup></b>	\$ 18	\$ 5	\$ 1	\$ 10	\$ 21	\$ 55
Restructuring, impairment, and related charges, net	65	5	150	—	24	244
Non-cash charges	(64)	(2)	—	(1)	(9)	(76)
Cash payments	(4)	(2)	(7)	(2)	(10)	(25)
Other <sup>(2)</sup>	(1)	(2)	—	(5)	(2)	(10)
<b>Balance, September 30, 2024 <sup>(3)</sup></b>	\$ 14	\$ 4	\$ 144	\$ 2	\$ 24	\$ 188

- (1) As of March 31, 2024, the total reserve balance was \$55 million, of which \$24 million was recorded in “Other accrued liabilities” and \$31 million was recorded in “Other non-current liabilities” in the Company’s Condensed Consolidated Balance Sheet.  
(2) Other primarily includes cumulative translation adjustments within International, and transfers to certain other liabilities, including Canadian retail disposal group reserves.  
(3) As of September 30, 2024, the total reserve balance was \$188 million, of which \$160 million was recorded in “Other accrued liabilities” and \$28 million was recorded in “Other non-current liabilities” in the Company’s Condensed Consolidated Balance Sheet.

#### 4. Income Taxes

Income tax expense was as follows:

<i>(Dollars in millions)</i>	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Income tax expense	\$ 247	\$ 213	\$ 371	\$ 307
Reported income tax rate	46.3 %	23.3 %	22.9 %	15.3 %

Fluctuations in the Company’s reported income tax rates were primarily due to non-cash charges related to remeasuring the value of its Canadian retail disposal group held for sale to fair value less costs to sell, changes in the mix of earnings between various taxing jurisdictions and discrete items recognized in the quarters.

During the three months ended September 30, 2024, the Company sold certain intellectual property between McKesson wholly-owned legal entities based in foreign tax jurisdictions. The transferor entity of the intellectual property was not subject to income tax on this transaction. The recipient entity of the intellectual property is entitled to amortize the fair value of the assets for tax purposes. As a result, a discrete tax benefit of \$44 million was recognized in the second quarter of fiscal 2025. During the three and six months ended September 30, 2024, the Company recorded non-cash pre-tax charges of \$643 million to remeasure the Canadian retail disposal group to fair value less costs to sell, as described in [Financial Note 2, “Held for Sale”](#). The Company’s reported income tax rates for the three and six months ended September 30, 2024 were unfavorably impacted by these charges given that no net tax benefit was recognized for these charges.

During the six months ended September 30, 2024, the Company also recognized discrete tax benefits of \$58 million related to an election to change the tax status of a foreign affiliate, \$38 million related to the tax impact of share-based compensation, and \$47 million related to the reduction in unrecognized tax benefits due to a change in case law, partially offset by a discrete tax expense of \$37 million related to interest expense accrued on unrecognized tax benefits.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
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During the three months ended September 30, 2023, the Company recognized a net discrete tax expense of \$12 million primarily related to interest expense accrued on unrecognized tax benefits. During the six months ended September 30, 2023, the Company repatriated certain intellectual property between McKesson wholly-owned legal entities that are based in different tax jurisdictions. The transferor entity of the intellectual property was not subject to income tax on this transaction. The recipient entity of the intellectual property is entitled to amortize the fair value of the assets for tax purposes. As a result of this repatriation, and in accordance with ASU 2016-16, Intra-Entity Transfers of Assets Other Than Inventory, a net discrete tax benefit of \$147 million was recognized during the three months ended June 30, 2023.

As of September 30, 2024, the Company had \$1.4 billion of unrecognized tax benefits, of which \$1.3 billion would reduce income tax expense and the effective tax rate if recognized. During the next twelve months, the Company does not anticipate any material reduction in its unrecognized tax benefits based on the information currently available. However, this may change as the Company continues to have ongoing discussions with various taxing authorities throughout the year.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions, and various foreign jurisdictions. The Company is generally subject to audit by taxing authorities in various U.S. states and in foreign jurisdictions for fiscal years 2016 through the current fiscal year.



**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
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**5. Earnings Per Common Share**

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. The computation of diluted earnings per common share is similar to that of basic earnings per common share, except that the former reflects the potential dilution that could occur if dilutive securities or other obligations to issue common stock were exercised or converted into common stock. Potentially dilutive securities include outstanding stock options, restricted stock units, and performance-based restricted stock units. Less than one million of potentially dilutive securities for the three and six months ended September 30, 2024 and 2023 were excluded from the computation of diluted earnings per common share as they were anti-dilutive.

The computations for basic and diluted earnings per common share were as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
<i>(In millions, except per share amounts)</i>				
Net income	\$ 287	\$ 703	\$ 1,247	\$ 1,700
Net income attributable to noncontrolling interests	(46)	(39)	(91)	(78)
Net income attributable to McKesson Corporation	<u>\$ 241</u>	<u>\$ 664</u>	<u>\$ 1,156</u>	<u>\$ 1,622</u>
Weighted-average common shares outstanding:				
Basic	128.7	134.1	129.3	134.8
Effect of dilutive securities:				
Stock options	0.1	0.2	0.1	0.2
Restricted stock units <sup>(1)</sup>	0.5	0.5	0.6	0.7
Diluted	<u>129.3</u>	<u>134.8</u>	<u>130.0</u>	<u>135.7</u>
Earnings per common share attributable to McKesson Corporation: <sup>(2)</sup>				
Diluted	\$ 1.87	\$ 4.92	\$ 8.89	\$ 11.95
Basic	\$ 1.88	\$ 4.95	\$ 8.94	\$ 12.03

(1) Includes dilutive effect from restricted stock units and performance-based restricted stock units.

(2) Certain computations may reflect rounding adjustments.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
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**6. Goodwill and Intangible Assets, Net**

*Goodwill*

The Company evaluates goodwill for impairment on an annual basis in the first fiscal quarter, and more frequently if indicators for potential impairment exist. Goodwill impairment testing is conducted at the reporting unit level, which is generally defined as an operating segment or one level below an operating segment (also known as a component), for which discrete financial information is available and segment management regularly reviews the operating results of that reporting unit. The annual impairment testing performed in fiscal 2025 and fiscal 2024 did not indicate any impairment of goodwill.

Changes in the carrying amount of goodwill were as follows:

<i>(In millions)</i>	U.S. Pharmaceutical	Prescription Technology Solutions	Medical- Surgical Solutions	International	Corporate	Total
<b>Balance, March 31, 2024</b>	\$ 4,123	\$ 2,024	\$ 2,536	\$ 1,449	\$ —	\$ 10,132
Goodwill acquired	—	—	—	—	—	—
Disposals <sup>(1)</sup>	—	—	—	(47)	—	(47)
Foreign currency translation adjustments, net	—	—	—	2	—	2
Other adjustments	—	—	(29)	—	29	—
<b>Balance, September 30, 2024</b>	\$ 4,123	\$ 2,024	\$ 2,507	\$ 1,404	\$ 29	\$ 10,087

(1) Goodwill related to the Canadian retail disposal group discussed in Financial Note 2, “Held for Sale.” This amount was included under the caption “Assets held for sale” in the Condensed Consolidated Balance Sheet as of September 30, 2024.

*Intangible Assets*

Information regarding intangible assets was as follows:

<i>(Dollars in millions)</i>	September 30, 2024				March 31, 2024		
	Weighted- Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	11	\$ 1,480	\$ (604)	\$ 876	\$ 1,830	\$ (701)	\$ 1,129
Service agreements	9	1,129	(707)	422	1,126	(676)	450
Trademarks and trade names	13	384	(268)	116	759	(395)	364
Technology	10	284	(133)	151	284	(125)	159
Other	6	34	(26)	8	34	(26)	8
<b>Total</b>		\$ 3,311	\$ (1,738)	\$ 1,573 <sup>(1)</sup>	\$ 4,033	\$ (1,923)	\$ 2,110

(1) Excludes net intangible assets of approximately \$419 million related to the Canadian retail disposal group discussed in [Financial Note 2, “Held for Sale.”](#) This amount was included under the caption “Assets held for sale” in the Condensed Consolidated Balance Sheet as of September 30, 2024. Amortization of these assets ceased upon classification as held for sale in the second quarter of fiscal 2025.

All intangible assets, except for those classified as held for sale, were subject to amortization as of September 30, 2024 and March 31, 2024. Amortization expense of intangible assets was \$60 million and \$62 million for the three months ended September 30, 2024 and 2023, respectively, and \$123 million and \$124 million for the six months ended September 30, 2024 and 2023, respectively. Estimated amortization expense of the assets listed in the table above is as follows: \$102 million, \$177 million, \$171 million, \$166 million, and \$164 million for the remainder of fiscal 2025 and each of the succeeding years through fiscal 2029, respectively, and \$793 million thereafter.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

**7. Debt and Financing Activities**

Long-term debt consisted of the following:

<i>(In millions)</i>	<b>September 30, 2024</b>	<b>March 31, 2024</b>
<b><u>U.S. Dollar notes</u></b> <sup>(1) (2)</sup>		
0.90% Notes due December 3, 2025	500	500
5.25% Notes due February 15, 2026	—	499
1.30% Notes due August 15, 2026	499	499
7.65% Debentures due March 1, 2027	150	150
3.95% Notes due February 16, 2028	343	343
4.90% Notes due July 15, 2028	399	399
4.75% Notes due May 30, 2029	196	196
4.25% Notes due September 15, 2029	500	—
5.10% Notes due July 15, 2033	597	596
6.00% Notes due March 1, 2041	218	218
4.88% Notes due March 15, 2044	255	255
<b><u>Foreign currency notes</u></b> <sup>(1) (3)</sup>		
1.50% Euro Notes due November 17, 2025	667	646
1.63% Euro Notes due October 30, 2026	557	540
3.13% Sterling Notes due February 17, 2029	602	568
Lease and other obligations	261	220
<b>Total debt</b>	<b>5,744</b>	<b>5,629</b>
Less: Current portion	53	50
<b>Total long-term debt</b>	<b>\$ 5,691</b>	<b>\$ 5,579</b>

(1) These notes are unsecured and unsubordinated obligations of the Company.

(2) Interest on these U.S. dollar notes is payable semi-annually.

(3) Interest on these foreign currency notes is payable annually.

***Long-Term Debt***

The Company's long-term debt includes both U.S. dollar and foreign currency-denominated borrowings. At September 30, 2024 and March 31, 2024, \$5.7 billion and \$5.6 billion, respectively, of total debt was outstanding, of which \$53 million and \$50 million, respectively, was included under the caption "Current portion of long-term debt" in the Company's Condensed Consolidated Balance Sheets.

***Public Offerings***

On September 10, 2024, the Company completed a public offering of 4.25% Notes due September 15, 2029 in a principal amount of \$500 million (the "2029 Notes"). Interest on the 2029 Notes is payable semi-annually on March 15th and September 15th of each year, commencing on March 15, 2025. Proceeds received from the issuance of the 2029 Notes, net of discounts and offering expenses, were \$496 million. The Company utilized the net proceeds from the offering of the 2029 Notes together with cash on hand to redeem its \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 (the "2026 Notes"), which became callable on or after February 15, 2024, prior to maturity at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the redemption date. The total loss recognized on the debt extinguishment of the 2026 Notes described above for the three and six months ended September 30, 2024 was not material and is included within "Interest expense" in the Company's Condensed Consolidated Statements of Operations.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

On June 15, 2023, the Company completed a public offering of 4.90% Notes due July 15, 2028 in a principal amount of \$400 million (the “2028 Notes”) and a public offering of 5.10% Notes due July 15, 2033 in a principal amount of \$600 million (the “2033 Notes” and, together with the 2028 Notes, the “Notes”). Interest on the Notes is payable semi-annually on January 15th and July 15th of each year, commencing on January 15, 2024. Proceeds received from the issuance of the Notes, net of discounts and offering expenses, were \$397 million for the 2028 Notes and \$592 million for the 2033 Notes. The Company utilized a portion of the net proceeds from the offerings of the Notes to fund the purchase price payable with respect to the portion of the Company’s then outstanding 3.80% Notes due March 15, 2024 (the “2024 Notes”) that was validly tendered and accepted for purchase pursuant to the Concurrent Tender Offer (as defined below) and to effect the satisfaction and discharge of the remaining portion of the 2024 Notes, all of which is described further below. The remaining net proceeds from the offerings of the Notes was available for general corporate purposes.

Each of the 2029 Notes, the 2033 Notes and the 2028 Notes, constitutes a “series,” is an unsecured and unsubordinated obligation of the Company and ranks equally with all of the Company’s existing, and future unsecured and unsubordinated indebtedness that may be outstanding from time-to-time. Each series is governed by an indenture and officers’ certificate that are materially similar to those of other series of notes issued by the Company. Upon at least 10 days’ and not more than 60 days’ notice to holders of the applicable series of the notes, the Company may redeem such series of the notes for cash in whole, at any time, or in part, from time to time, at redemption prices that include accrued and unpaid interest and a make-whole premium before a specified date, and at par plus accrued and unpaid interest thereafter until maturity, each as specified in the indenture and the officers’ certificate. If there were to occur both (a) a change of control of the Company and (b) a downgrade of the applicable series of the notes below an investment grade rating by each of the Ratings Agencies (as defined in the applicable officers’ certificate) within a specified period, then the Company would be required to make an offer to purchase that series at a price equal to 101% of the then outstanding principal amount of that series, plus accrued and unpaid interest to, but not including, the date of repurchase. The indenture and the related officers’ certificate for each series, subject to the exceptions and in compliance with the conditions as applicable, specify that the Company may not consolidate, merge or sell all or substantially all of its assets, incur liens, or enter into sale-leaseback transactions exceeding specific terms, without the lenders’ consent. The indenture also contains customary events of default provisions.

*Concurrent Tender Offer of the 2024 Notes*

On June 16, 2023, the Company completed a cash tender offer for any and all of its then outstanding 2024 Notes, which was made concurrently with the offerings of the Notes (the “Concurrent Tender Offer”). The Company paid an aggregate consideration of \$268 million in the Concurrent Tender Offer to repurchase \$271 million principal amount of the 2024 Notes at a repurchase price equal to 98.75% of the principal amount plus accrued and unpaid interest. The repurchase of the 2024 Notes accepted for purchase in the Concurrent Tender Offer was accounted for as a debt extinguishment.

*Satisfaction and Discharge of the 2024 Notes*

On June 16, 2023, after completing the Concurrent Tender Offer, the Company irrevocably deposited with the trustee under the indenture governing the 2024 Notes (the “2024 Notes Indenture”) U.S. government obligations in an amount sufficient to fund the payment of accrued and unpaid interest of the remaining \$647 million principal amount of the 2024 Notes as it became due, and of the principal amount of those 2024 Notes on their March 15, 2024 maturity date. The U.S. government obligations were purchased using a portion of the net proceeds from the offerings of the Notes. After the deposit of such funds with the trustee, the Company’s obligations under the 2024 Notes Indenture with respect to the 2024 Notes were satisfied and discharged and the transaction was accounted for as a debt extinguishment.

The total gain recognized on the debt extinguishment of the 2024 Notes described above for the six months ended September 30, 2023 was \$9 million and was included within “Interest expense” in the Company’s Condensed Consolidated Statement of Operations.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

***Revolving Credit Facilities***

On November 7, 2022, the Company entered into a Credit Agreement (the “2022 Credit Facility”), that provides a syndicated \$4.0 billion senior unsecured credit facility with a \$3.6 billion aggregate sublimit of availability in Canadian dollars, British pound sterling, and Euro. The 2022 Credit Facility was scheduled to mature in November 2028. On November 7, 2024, the maturity date of the 2022 Credit Facility was extended from November 2028 to November 2029. There were no borrowings under the 2022 Credit Facility during the six months ended September 30, 2024 and 2023 and no amounts outstanding at September 30, 2024 or March 31, 2024. At September 30, 2024, the Company was in compliance with all covenants under the 2022 Credit Facility.

***Commercial Paper***

The Company maintains a commercial paper program to support its working capital requirements and for other general corporate purposes. Under the program, the Company can issue up to \$4.0 billion in outstanding commercial paper notes. During the six months ended September 30, 2024, the Company borrowed and repaid \$6.9 billion under the program. During the six months ended September 30, 2023, the Company borrowed and repaid \$2.0 billion under the program. At September 30, 2024 and March 31, 2024, there were no commercial paper notes outstanding.

**8. Hedging Activities**

In the normal course of business, the Company is exposed to interest rate and foreign currency exchange rate fluctuations. At times, the Company limits these risks through the use of derivatives as described below. In accordance with the Company’s policy, derivatives are only used for hedging purposes. The Company does not use derivatives for trading or speculative purposes. The Company uses various counterparties for its derivative contracts to minimize the exposure to credit risk but does not anticipate non-performance by these parties.

***Foreign Currency Exchange Risk***

The Company conducts its business worldwide in U.S. dollars and the functional currencies of its foreign subsidiaries, including Canadian dollars. Changes in foreign currency exchange rates could have a material adverse impact on the Company’s financial results that are reported in U.S. dollars. The Company is also exposed to foreign currency exchange rate risk related to its foreign subsidiaries, including intercompany loans denominated in non-functional currencies. The Company has certain foreign currency exchange rate risk programs that use foreign currency forward contracts and cross-currency swaps. These forward contracts and cross-currency swaps are generally used to offset the potential income statement effects from intercompany loans and other obligations denominated in non-functional currencies. These programs reduce but do not entirely eliminate foreign currency exchange rate risk.

***Interest Rate Risk***

The Company has exposure to changes in interest rates, and it utilizes risk programs which use interest rate swaps to hedge the changes in debt fair values caused by fluctuations in benchmark interest rates. The Company also enters into forward contracts to hedge the variability of future benchmark interest rates on any planned bond issuances. These programs reduce but do not entirely eliminate interest rate risk.

***Derivative Instruments***

At September 30, 2024 and March 31, 2024, the notional amounts of the Company’s outstanding derivatives were as follows:

<i>(In millions)</i>	<b>Currency</b>	<b>Maturity Date <sup>(1)</sup></b>	<b>September 30, 2024</b>		<b>March 31, 2024</b>	
			<b>Notional</b>			
<b>Derivatives designated as net investment hedges: <sup>(2)</sup></b>						
Cross-currency swaps <sup>(3)</sup>	CAD	Apr-25 to Jun-26	C\$	2,500	C\$	1,500
<b>Derivatives designated as fair value hedges: <sup>(2)</sup></b>						
Cross-currency swaps <sup>(4)</sup>	GBP	Nov-28	£	450	£	450
Cross-currency swaps <sup>(4)</sup>	EUR	Aug-25 to Jul-26	€	1,100	€	1,100
Floating interest rate swaps <sup>(5)</sup>	USD	Aug-27 to Sep-29	\$	750	\$	1,250
<b>Derivatives designated as cash flow hedges: <sup>(2)</sup></b>						
Foreign currency forwards <sup>(6)</sup>	GBP	Oct-24 to Jul-25	£	27	£	39

(1) The maturity date reflected is for outstanding derivatives as of September 30, 2024.

(2) There was no ineffectiveness in these hedges for the three and six months ended September 30, 2024 and 2023.

(3) The Company agreed with third parties to exchange fixed interest payments in one currency for fixed interest payments in another currency at specified intervals and to exchange principal in one currency for principal in another currency, calculated by reference to agreed-upon notional amounts.

(4) Represents cross-currency fixed-to-fixed interest rate swaps to mitigate the foreign currency exchange fluctuations on its foreign currency-denominated notes.

(5) Represents fixed-to-floating interest rate swaps to hedge the changes in fair value caused by fluctuations in the benchmark interest rates.

(6) The Company entered into agreements with financial institutions to hedge the variability of foreign currency exchange fluctuations in future cash payments due to a third party in the United Kingdom for capital expenditures.

***Net Investment Hedges***

The Company uses cross-currency swaps to hedge portions of the Company’s net investments denominated in Canadian dollars against the effect of

exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. The changes in the fair value of these derivatives attributable to the changes in spot currency exchange rates and differences between spot and forward interest rates are recorded in accumulated other comprehensive loss and offset foreign currency translation gains and losses recorded on the Company's net investments denominated in Canadian dollars. To the extent cross-currency swaps designated as hedges are ineffective, changes in carrying value attributable to the change in spot rates are recorded in earnings.

In the first quarter of fiscal 2025, the Company entered into cross-currency swaps designated as net investment hedges with a total notional amount of C\$2.5 billion to hedge portions of the Company's net investments denominated in Canadian dollars against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. These cross-currency swaps mature in April 2025 and June 2026. Further, the Company terminated C\$1.5 billion of cross-currency swaps designated as net investment hedges with original maturity dates in November 2024 and extending through March 2025.

In October 2024, the Company entered into cross-currency swaps designated as net investment hedges with a total notional amount of C\$1.0 billion to hedge portions of the Company's net investments denominated in Canadian dollars against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. These cross-currency swaps will mature in October 2026.

#### *Fair Value Hedges*

The Company uses cross-currency swaps to hedge the changes in the fair value of its foreign currency notes resulting from changes in benchmark interest rates and foreign currency exchange rates. The Company also uses floating interest rate swaps to hedge the changes in the fair value of its U.S. dollar notes resulting from changes in benchmark interest rates. The changes in

the fair value of these derivatives and the offsetting changes in the fair value of the hedged notes are recorded in earnings. Gains and losses from the changes in the Company's fair value hedges recorded in earnings were largely offset by the gains and losses recorded in earnings on the hedged item. For components excluded from the assessment of hedge effectiveness, the initial value of the excluded component is recognized in accumulated other comprehensive loss and then released into earnings over the life of the hedging instrument. The difference between the change in the fair value of the excluded component and the amount amortized into earnings during the period is recorded in other comprehensive loss.

In fiscal 2023, the Company entered into floating interest rate swaps designated as fair value hedges to convert \$1.3 billion of its fixed rate debt to floating rate in order to hedge the changes in fair value caused by fluctuations in the benchmark interest rate. In fiscal 2025, \$500 million of the \$1.3 billion floating interest rate swaps with original maturity dates in February 2026 and callable at any time after February 2024 were terminated. Refer to [Financial Note 7, "Debt and Financing Activities,"](#) for additional information on the public offering of the 2029 Notes.

#### *Cash Flow Hedges*

The Company uses cross-currency swaps to hedge intercompany loans denominated in non-functional currencies to reduce the income statement effects arising from fluctuations in foreign currency exchange rates. The Company also uses forward contracts to hedge the variability of future benchmark interest rates on any planned bond issuances and to offset the potential income statement effects from obligations denominated in non-functional currencies. The effective portion of changes in the fair value of these hedges is recorded in accumulated other comprehensive loss and reclassified into earnings in the same period in which the hedged transaction affects earnings. Changes in fair values representing hedge ineffectiveness are recognized in current earnings. There were no gains or losses reclassified from accumulated other comprehensive loss and recorded in "Selling, distribution, general, and administrative expenses" in the Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2024 and 2023.

In fiscal 2023, the Company entered into forward-starting fixed interest rate swaps designated as cash flow hedges with a combined notional amount of \$450 million, and in the first quarter of fiscal 2024 with a notional amount of \$50 million, to hedge the variability of future benchmark interest rates on a planned bond issuance. On June 15, 2023, the Company completed a public offering of the 2033 Notes, at which point the \$500 million cash flow hedges were terminated and the proceeds are being amortized to interest expense over the life of the 2033 Notes, or 10 years. Refer to [Financial Note 7, "Debt and Financing Activities,"](#) for additional information on the public offering of the 2033 Notes.

#### *Derivatives Not Designated as Hedges*

Derivative instruments not designated as hedges are marked-to-market at the end of each accounting period with the change in fair value included in earnings. Changes in the fair values for contracts not designated as hedges are recorded directly into earnings in "Selling, distribution, general, and administrative expenses" in the Condensed Consolidated Statements of Operations. The Company did not enter into or have any outstanding derivative instruments not designated as hedges during the periods presented.

#### *Other Information on Derivative Instruments*

Gains (losses) from derivatives included in other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income were as follows:

<i>(In millions)</i>	<b>Three Months Ended September</b>		<b>Six Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Derivatives designated as net investment hedges:</b>				
Cross-currency swaps	\$ (20)	\$ 27	\$ (13)	\$ 7
<b>Derivatives designated as cash flow and other hedges:</b>				
Cross-currency swaps <sup>(1)</sup>	\$ (14)	\$ 33	\$ (14)	\$ 27
Foreign currency forwards	2	—	2	—
Fixed interest rate swaps	—	—	—	16

(1) Includes other comprehensive income (loss) related to the excluded component of certain fair value hedges.

Information regarding the fair value of derivatives on a gross basis were as follows:

<i>(In millions)</i>	Balance Sheet Caption	September 30, 2024			March 31, 2024		
		Fair Value of Derivative		U.S. Dollar Notional	Fair Value of Derivative		U.S. Dollar Notional
		Asset	Liability		Asset	Liability	
<b>Derivatives designated for hedge accounting:</b>							
Cross-currency swaps (current)	Prepaid expenses and other/Other accrued liabilities	\$ 69	\$ 15	\$ 1,690	\$ 13	\$ 1	\$ 1,122
Cross-currency swaps (non-current)	Other non-current assets/liabilities	97	11	1,771	108	—	1,638
Interest rate swaps (non-current)	Other non-current liabilities	—	10	750	—	35	1,250
Foreign currency forwards (current)	Prepaid expenses and other/Other accrued liabilities	2	—	34	—	—	35
Foreign currency forwards (non- current)	Other non-current assets	—	—	—	—	—	15
<b>Total</b>		<b>\$ 168</b>	<b>\$ 36</b>		<b>\$ 121</b>	<b>\$ 36</b>	

Refer to [Financial Note 9, "Fair Value Measurements,"](#) for more information on these recurring fair value measurements.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

**9. Fair Value Measurements**

The Company measures certain assets and liabilities at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - significant other observable market-based inputs.

Level 3 - significant unobservable inputs for which little or no market data exists and requires considerable assumptions that are significant to the fair value measurement.

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

Cash and cash equivalents at September 30, 2024 and March 31, 2024 included investments in money market funds of \$549 million and \$705 million, respectively, which are reported at fair value. The fair value of money market funds was determined using quoted prices for identical investments in active markets, which are considered to be Level 1 inputs under the fair value measurements and disclosure guidance. The carrying value of all other cash equivalents approximates their fair value due to their relatively short-term nature.

Fair values of the Company's interest rate swaps, cross-currency swaps, and foreign currency forward contracts were determined using observable inputs from available market information, including quoted interest rates, foreign currency exchange rates, and other observable inputs from available market information. These inputs are considered Level 2 under the fair value measurements and disclosure guidance, and may not be representative of actual values that could have been realized or that will be realized in the future. Refer to [Financial Note 8, "Hedging Activities,"](#) for fair values and other information on the Company's derivatives.

The Company holds investments in equity and debt securities of U.S. growth stage companies that address both current and emerging business challenges in the healthcare industry and which had a carrying value of \$175 million and \$240 million at September 30, 2024 and March 31, 2024, respectively. These investments primarily consist of equity securities without readily determinable fair values and are included in "Other non-current assets" in the Condensed Consolidated Balance Sheets. The carrying value of publicly-traded investments, which was not material for the periods presented, was determined using quoted prices for identical investments in active markets and are considered to be Level 1 inputs. The net realized and unrealized gains and losses as well as impairment charges related to these investments were a net loss of \$15 million and gain of \$95 million for the three and six months ended September 30, 2024, respectively, and an immaterial loss for the three and six months ended September 30, 2023, all of which are included within "Other income, net" in the Condensed Consolidated Statements of Operations. The net gain recognized for the six months ended September 30, 2024 primarily relates to a recapitalization event of one of the Company's investments in equity securities which resulted in an increase to the carrying value of this investment. The Company recognized a net gain of \$100 million related to this event and sold a portion of its investment for proceeds of \$92 million.

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

In addition to assets and liabilities that are measured at fair value on a recurring basis, the Company's assets and liabilities are also subject to nonrecurring fair value measurements. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges or as a result of charges to remeasure assets classified as held for sale to fair value less costs to sell.

At September 30, 2024, the assets and liabilities associated with the Canadian retail disposal group classified as held for sale were measured at the lower of carrying value or fair value less costs to sell, as discussed in [Financial Note 2, "Held for Sale."](#)



**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
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The aforementioned investments in equity securities of U.S. growth stage companies include the carrying value of investments without readily determinable fair values, which were determined using a measurement alternative and are recorded at cost less impairment, plus or minus any changes in observable price from orderly transactions of the same or similar security of the same issuer. These inputs related to changes in observable price are considered Level 2 under the fair value measurements and disclosure guidance and may not be representative of actual values that could have been realized or that will be realized in the future. Inputs related to impairments of investments are generally considered Level 3 fair value measurements due to their inherently unobservable nature based on significant assumptions by management and use of company-specific information.

There were no other material assets or liabilities measured at fair value on a nonrecurring basis at September 30, 2024 and March 31, 2024.

*Other Fair Value Disclosures*

At September 30, 2024 and March 31, 2024, the carrying amounts of cash, certain cash equivalents, restricted cash, receivables, drafts and accounts payable, and other current assets and liabilities approximated their estimated fair values because of the short-term maturity of these financial instruments.

The Company determines the fair value of commercial paper using quoted prices in active markets for identical instruments, which are considered Level 1 inputs under the fair value measurements and disclosure guidance.

The Company's long-term debt is recorded at amortized cost. The carrying value and fair value of the Company's long-term debt was as follows:

<i>(In millions)</i>	September 30, 2024		March 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	\$ 5,744	\$ 5,808	\$ 5,629	\$ 5,488

The estimated fair value of the Company's long-term debt was determined using quoted market prices in a less active market and other observable inputs from available market information, which are considered to be Level 2 inputs, and may not be representative of actual values that could have been realized or that will be realized in the future.

*Goodwill*

Fair value assessments of the reporting unit and the reporting unit's net assets, which are performed for goodwill impairment tests, are considered a Level 3 measurement due to the significance of unobservable inputs developed using company-specific information. The Company considered a market approach as well as an income approach using a discounted cash flow ("DCF") model to determine the fair value of each reporting unit.

*Long-lived Assets*

The Company utilizes multiple approaches, including the DCF model and market approaches, for estimating the fair value of intangible assets. The future cash flows used in the analysis are based on internal cash flow projections from its long-range plans and include significant assumptions by management. Accordingly, the fair value assessment of long-lived assets is considered a Level 3 fair value measurement.

The Company measures certain long-lived and intangible assets at fair value on a nonrecurring basis when events occur that indicate an asset group may not be recoverable. If the carrying amount of an asset group is not recoverable, an impairment charge is recorded to reduce the carrying amount by the excess over its fair value.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

**10. Commitments and Contingent Liabilities**

In addition to commitments and obligations incurred in the ordinary course of business, the Company is subject to a variety of claims and legal proceedings, including claims from customers and vendors, pending and potential legal actions for damages, governmental investigations, and other matters. The Company and its affiliates are parties to the legal claims and proceedings described below and in [Financial Note 17 to the Company's 2024 Annual Report](#) and [Financial Note 9 to the Company's 10-Q filing for the quarterly period ended June 30, 2024](#), which disclosure is incorporated in this footnote by this reference. The Company is vigorously defending itself against those claims and in those proceedings. Significant developments in those matters are described below. If the Company is unsuccessful in defending, or if it determines to settle, any of these matters, it may be required to pay substantial sums, be subject to injunction and/or be forced to change how it operates its business, which could have a material adverse impact on its financial position or results of operations.

Unless otherwise stated, the Company is unable to reasonably estimate the loss or a range of possible loss for the matters described below. Often, the Company is unable to determine that a loss is probable, or to reasonably estimate the amount of loss or a range of loss, for a claim because of the limited information available and the potential effects of future events and decisions by third parties, such as courts and regulators, that will determine the ultimate resolution of the claim. Many of the matters described are at preliminary stages, raise novel theories of liability, or seek an indeterminate amount of damages. It is not uncommon for claims to remain unresolved over many years. The Company reviews loss contingencies at least quarterly to determine whether the likelihood of loss has changed and whether it can make a reasonable estimate of the loss or range of loss. When the Company determines that a loss from a claim is probable and reasonably estimable, it records a liability for an estimated amount. The Company also provides disclosure when it is reasonably possible that a loss may be incurred or when it is reasonably possible that the amount of a loss will exceed its recorded liability. Amounts included within "Claims and litigation charges, net" in the Condensed Consolidated Statements of Operations consist of estimated loss contingencies related to opioid-related litigation matters, as well as any applicable income items or credit adjustments due to subsequent changes in estimates.

***I. Litigation and Claims Involving Distribution of Controlled Substances***

The Company and its affiliates have been sued as defendants in many cases asserting claims related to distribution of controlled substances. They have been named as defendants along with other pharmaceutical wholesale distributors, pharmaceutical manufacturers, and retail pharmacies. The plaintiffs in these actions have included state attorneys general, county and municipal governments, school districts, tribal nations, hospitals, health and welfare funds, third-party payors, and individuals. These actions have been filed in state and federal courts throughout the U.S., and in Puerto Rico and Canada. These plaintiffs have sought monetary damages and other forms of relief based on a variety of causes of action, including negligence, public nuisance, unjust enrichment, and civil conspiracy, as well as alleging violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), state and federal controlled substances laws, and other statutes. Because of the many uncertainties associated with opioid-related litigation matters, the Company is not able to conclude that a liability is probable or provide a reasonable estimate for the range of ultimate possible loss for opioid-related litigation matters other than those for which an accrual is described below.

***State and Local Government Claims***

The Company and two other national pharmaceutical distributors (collectively "Distributors") entered into a settlement agreement (the "Settlement") and consent judgment with 48 states and their participating subdivisions, as well as the District of Columbia and all eligible territories (the "Settling Governmental Entities"). Approximately 2,300 cases have been dismissed. The Distributors did not admit liability or wrongdoing and do not waive any defenses pursuant to the Settlement. Under the Settlement, the Company has paid the Settling Governmental Entities approximately \$2.0 billion as of September 30, 2024, and additionally will pay the Settling Governmental Entities up to approximately \$5.9 billion through 2038. A minimum of 85% of the Settlement payments must be used by state and local governmental entities to remediate the opioid epidemic, while the remainder relates to plaintiffs' attorneys' fees and costs and will be paid out through 2030. Pursuant to the Settlement, the Distributors are in the process of establishing a clearinghouse to consolidate their controlled-substance distribution data, which will be available to the settling U.S. states to use as part of their anti-diversion efforts.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

Alabama and West Virginia did not participate in the Settlement. Under a separate settlement agreement with Alabama and its subdivisions, the Company has paid approximately \$75 million as of September 30, 2024, and additionally will pay approximately \$99 million through 2031. The Company previously settled with the state of West Virginia in 2018, so West Virginia and its subdivisions were not eligible to participate in the Settlement. Under a separate settlement agreement, the Company has paid certain West Virginia subdivisions approximately \$53 million as of September 30, 2024, and additionally will pay approximately \$99 million through 2033. That agreement does not include school districts or the claims of Cabell County and the City of Huntington. After a trial, the claims of Cabell County and the City of Huntington, were decided in the Company's favor on July 4, 2022. Those subdivisions appealed that decision.

Some other state and local governmental subdivisions did not participate in the Settlement, including certain municipal governments, government hospitals, school districts, and government-affiliated third-party payors. The Company contends that those subdivisions' claims are foreclosed by the Settlement or other dispositive defenses, but the subdivisions contend that their claims are not foreclosed.

The City of Baltimore, Maryland, is one such subdivision. A trial of its claims against the Company and another national pharmaceutical distributor began on September 16, 2024 in the Circuit Court of Maryland for Baltimore City, *Mayor and City Council of Baltimore v. Purdue Pharma LP, No. 24-C-18-000515*. Baltimore claims that the defendants' distribution of controlled substances to certain pharmacies in the City of Baltimore and Baltimore County caused a public nuisance. Baltimore is seeking monetary damages and other relief.

The district attorneys of the City of Philadelphia, Pennsylvania, and Allegheny County, Pennsylvania did not participate in the settlement and sought to bring separate claims against the Company, notwithstanding the settlement with the state of Pennsylvania and its attorney general. On January 26, 2024, the Commonwealth Court of Pennsylvania ruled that the Pennsylvania attorney general had settled and fully released the claims brought by those district attorneys under Pennsylvania's Unfair Trade Practices and Consumer Protection Law. The district attorneys have appealed that decision to the Supreme Court of Pennsylvania. An accrual for the remaining governmental subdivision claims is reflected in the total estimated liability for opioid-related claims in a manner consistent with how Settlement amounts were allocated to Settling Governmental Entities.

*Native American Tribe Claims*

The Company also entered into settlement agreements for opioid-related claims of federally recognized Native American tribes. Under those agreements, the Company has paid the settling Native American tribes approximately \$112 million as of September 30, 2024, and additionally will pay approximately \$84 million through 2027. A minimum of 85% of the total settlement payments must be used by the settling Native American tribes to remediate the opioid epidemic.

*Non-Governmental Plaintiff Claims*

The Company is also a defendant in approximately 400 opioid-related cases brought in the U.S. by private plaintiffs, such as hospitals, health and welfare funds, third-party payors, and individuals. These claims, and those of private entities generally, are not included in the settlement agreements described above.

One such case was brought by a group of individual plaintiffs in Glynn County, Georgia Superior Court seeking to recover for damages allegedly arising from their family members' abuse of prescription opioids. *Poppell v. Cardinal Health, Inc.*, CE19-00472. On March 1, 2023, the jury in that case returned a verdict in favor of the defendants, including the Company. Plaintiffs appealed the jury verdict. On September 4, 2024, the Supreme Court of Georgia affirmed the judgment in favor of the Company.

The Company and two other national distributors have reached proposed settlements with representatives of nationwide groups of acute care hospitals and certain third-party payors. The claims of remaining U.S. non-governmental plaintiffs are not included in the charges recorded by the Company.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

With respect to the acute care hospitals, for the year ended March 31, 2024, the Company recorded a charge of \$149 million within “Claims and litigation charges, net” in the Consolidated Statement of Operations to reflect its portion of a proposed settlement with a nationwide class of acute care hospitals, of which \$75 million was recorded within Corporate expenses, net, and \$74 million was recorded within U.S. Pharmaceutical. The corresponding liability was included within “Other accrued liabilities” in the Consolidated Balance Sheet. The proposed settlement is subject to, among other things, court approval and sufficient participation by hospitals. On October 30, 2024, the U.S. District Court for the District of New Mexico granted preliminary approval to the proposed settlement. The trial for one of those acute care hospital cases, *Fort Payne Hospital Corporation et al. v. McKesson Corp.*, CV-2021-900016, has been stayed as to the Company.

With respect to the third-party payors, for the six months ended September 30, 2024, the Company recorded a charge of \$114 million within “Claims and litigation charges, net” in the Condensed Consolidated Statement of Operations to reflect the Company’s portion of the proposed settlement with representatives of a nationwide group of certain third-party payors, of which \$57 million was recorded within Corporate expenses, net and U.S. Pharmaceutical, respectively. The corresponding liability was included within “Other accrued liabilities” in the Condensed Consolidated Balance Sheet. The proposed settlement is subject to, among other things, court approval and sufficient participation by third-party payors. On September 3, 2024, the U.S. District Court for the Northern District of Ohio granted preliminary approval to the proposed settlement.

The Company’s estimated accrued liability for the opioid-related claims of U.S. governmental entities, including Native American tribes, and certain non-governmental plaintiffs, including a proposed settlement with a nationwide class of acute care hospitals and certain third-party payors, was as follows:

<i>(In millions)</i>	<b>September 30, 2024</b>	<b>March 31, 2024</b>
Current litigation liabilities <sup>(1)</sup>	\$ 775	\$ 665
Long-term litigation liabilities	5,617	6,113
Total litigation liabilities	\$ 6,392	\$ 6,778

(1) These amounts, recorded in “Other accrued liabilities” in the Condensed Consolidated Balance Sheets, are the amounts estimated to be paid within the next twelve months following each respective period end date.

During the six months ended September 30, 2024, the Company made payments totaling \$500 million associated with the Settlement and the separate settlement agreements.

#### *Canadian Plaintiff Claims*

The Company and its Canadian affiliate are also defendants in four opioid-related cases pending in Canada. These cases involve the claims of the provincial governments, municipal governments, a group representing indigenous people, as well as one case brought by an individual.

#### *Defense of Opioids Claims*

The Company believes it has valid legal defenses in all opioid-related matters, including claims not covered by settlement agreements, and it intends to mount a vigorous defense in such matters. Other than the accruals described above, the Company has not concluded a loss is probable in any of the matters; nor is any possible loss or range of loss reasonably estimable. An adverse judgment or negotiated resolution in any of these matters could have a material adverse impact on the Company’s financial position, cash flows or liquidity, or results of operations.

**McKESSEON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

***II. Other Litigation and Claims***

On May 17, 2013, the Company was served with a complaint filed in the United States District Court for the Northern District of California by True Health Chiropractic Inc., alleging that McKesson sent unsolicited marketing faxes in violation of the Telephone Consumer Protection Act of 1991 (“TCPA”), as amended by the Junk Fax Protection Act of 2005 (“JFPA”), *True Health Chiropractic Inc., et al. v. McKesson Corporation, et al.*, No. CV-13-02219 (HG). The plaintiffs seek statutory damages from \$500 to \$1,500 per violation plus injunctive relief. True Health Chiropractic later amended its complaint, adding McLaughlin Chiropractic Associates as an additional named plaintiff and McKesson Technologies Inc. as a defendant. Both plaintiffs alleged that defendants violated the TCPA by sending faxes that did not contain notices regarding how to opt out of receiving the faxes. On August 13, 2019, the court granted plaintiffs’ renewed motion for class certification. After class notice and the opt-out period, 9,490 fax numbers remain in the class, representing 48,769 faxes received. On October 8, 2021, the court de-certified the class citing the plaintiffs lacked class-wide proof identifying the manner of receipt, thus leaving two named plaintiffs remaining in the case. On April 27, 2022, the Court found that the named plaintiffs had failed to meet their burden to show defendants willfully or knowingly violated the TCPA and therefore were not entitled to treble damages. The Court found McKesson liable for statutory damages in the amount of \$6,500. The Company appealed the finding of liability and the plaintiffs cross-appealed the denial of class certification and the ruling denying treble damages. On October 25, 2023, the U.S. Court of Appeals for the Ninth Circuit affirmed the decision of the district court. On October 4, 2024, the Supreme Court of the United States granted plaintiffs’ petition for certiorari on the issue of whether the Hobbs Act required the district court to accept the FCC’s legal interpretation of the TCPA in determining whether to certify the class.

On June 17, 2014, U.S. Oncology Specialty, LP (“USOS”) was served with a fifth amended *qui tam* complaint filed in the United States District Court for the Eastern District of New York by a relator alleging that USOS, among others, solicited and received illegal “kickbacks” from Amgen in violation of the Anti-Kickback Statute, the federal False Claims Act, and various state false claims statutes, and seeking damages, treble damages, civil penalties, attorneys’ fees and costs of suit, all in unspecified amounts, *United States ex rel. Hanks v. Amgen, Inc., et al.*, CV-08-03096 (SJ). Previously, the United States declined to intervene in the case as to all allegations and defendants except for Amgen. On September 17, 2018, the court granted USOS’s motion to dismiss. Following the relator’s appeal, the United States Court of Appeals for the Second Circuit vacated the district court’s order and remanded the suit to the district court, directing it to consider the question of whether the suit should be dismissed for lack of jurisdiction. The district court granted the relator leave to amend the complaint for a seventh time. The relator filed the seventh amended complaint on November 30, 2020. On September 18, 2024, the district court dismissed the False Claims Act claim for lack of subject matter jurisdiction.

In July 2020, the Company was served with a first amended *qui tam* complaint filed in the United States District Court for the Southern District of New York by a relator on behalf of the United States, 27 states and the District of Columbia against McKesson Corporation, McKesson Specialty Distribution LLC, and McKesson Specialty Care Distribution Corporation, alleging that defendants violated the Anti-Kickback Statute, federal False Claims Act, and various state false claims statutes by providing certain business analytical tools to oncology practice customers, *United States ex rel. Hart v. McKesson Corporation, et al.*, 15-cv-00903-RA. The United States and the named states have declined to intervene in the case. The complaint seeks relief including damages, treble damages, civil penalties, attorney fees, and costs of suit, all in unspecified amounts. The relator filed the second amended complaint on June 7, 2022, which was dismissed by the district court on March 28, 2023. On March 12, 2024, the U.S. Court of Appeals for the Second Circuit affirmed the dismissal of claims under the Anti-Kickback Statute and federal False Claims Act, vacated the dismissal of the remaining claims, and remanded for further proceedings. On June 7, 2024, the relator filed a petition seeking review by the U.S. Supreme Court, which was denied on October 7, 2024.

On October 17, 2024, the Company was served with a *qui tam* complaint filed in the United States District Court for the Eastern District of New York by a relator alleging that, from 2010 through at least 2012, the Company submitted false certifications to the government in support of Horizon Clinicals, an Electronic Health Record product. *United States ex rel. James Thompson v. McKesson Corporation*, No. 16-CV-2891. The United States has declined to intervene in the case. The complaint seeks relief under the False Claims Act including damages, treble damages, civil penalties, attorney fees, and costs of suit.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

***III. Government Subpoenas and Investigations***

From time to time, the Company receives subpoenas or requests for information from various government agencies. The Company generally responds to such subpoenas and requests in a cooperative, thorough, and timely manner. These responses sometimes require time and effort and can result in considerable costs being incurred by the Company. Such subpoenas and requests can lead to the assertion of claims or the commencement of civil or criminal legal proceedings against the Company and other members of the health care industry, as well as to settlements of claims against the Company. The Company responds to these requests in the ordinary course of business.

In July 2024, the United States Department of Justice served a Civil Investigative Demand issued pursuant to the False Claims Act on the Company seeking documents and information related to administration of copay coupon programs associated with certain Sun Pharmaceutical Industries Inc. drugs.

***V. Antitrust Settlement***

During the second fiscal quarter of 2025, the Company received proceeds of \$63 million related to its share of two antitrust settlements. The lawsuits were filed against a brand manufacturer alleging that the manufacturer, by itself or in concert with others, took improper actions to delay or prevent generic drugs from entering the market. The Company was not a named party to either litigation but was a member of the representative classes of those who purchased directly from the pharmaceutical manufacturer. The Company recognized a gain in that amount within "Cost of sales" in the Condensed Consolidated Statement of Operations in the second quarter of fiscal 2025 related to the settlements.

**11. Stockholders' Deficit**

Each share of the Company's outstanding common stock is permitted one vote on proposals presented to stockholders and is entitled to participate equally in any dividends declared by the Company's Board of Directors (the "Board").

In July 2024, the Company's quarterly dividend was raised from \$0.62 to \$0.71 per share of common stock for dividends declared on or after such date by the Board. The Company anticipates that it will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remain within the discretion of the Board and will depend upon the Company's future earnings, financial condition, capital requirements, legal requirements, and other factors.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

*Share Repurchase Plans*

The Board has authorized the repurchase of common stock. The Company may repurchase common stock from time-to-time through open market transactions, privately negotiated transactions, accelerated share repurchase programs, or by combinations of such methods, any of which may use pre-arranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including the Company's stock price, corporate and regulatory requirements, tax implications, restrictions under the Company's debt obligations, other uses for capital, impacts on the value of remaining shares, cash generated from operations, and market and economic conditions.

During the three months ended September 30, 2024, the Company repurchased 2.9 million shares of common stock for \$1.5 billion through open market transactions at an average price per share of \$533.46, of which \$22 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets for share repurchases that were executed in late September 2024 and settled in early October 2024. During the three months ended June 30, 2024, the Company repurchased 1.0 million shares of common stock for \$528 million through open market transactions at an average price per share of \$548.20.

During the three months ended September 30, 2023, the Company repurchased 2.0 million shares of common stock for \$840 million through open market transactions at an average price per share of \$422.39, of which \$23 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets for share repurchases that were executed in late September 2023 and settled in early October 2023. During the three months ended June 30, 2023, the Company repurchased 1.8 million shares of common stock for \$673 million through open market transactions at an average price per share of \$379.14.

Effective January 1, 2023, the Company's repurchase of common stock, adjusted for allowable items, are subject to a 1% excise tax as a result of the Inflation Reduction Act of 2022. Excise taxes incurred on share repurchases of an entity's own common stock are direct and incremental costs to purchase treasury stock, and accordingly are included in the total cost basis of the common stock acquired and reflected as a reduction of stockholders' equity within "Treasury shares" in the Company's Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Stockholders' Deficit. Excise taxes do not reduce the Company's remaining authorization for the repurchase of common stock. Excise taxes of \$15 million and \$8 million were incurred and accrued for shares repurchased during the three months ended September 30, 2024 and 2023, respectively. Excise taxes of \$16 million and \$12 million were incurred and accrued for shares repurchased during the six months ended September 30, 2024 and 2023, respectively. As of September 30, 2024 and March 31, 2024, the amounts accrued for excise taxes were \$41 million and \$25 million, respectively, within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets.

In July 2024, the Board approved an increase of \$4.0 billion in the authorization for the repurchase of common stock. The total remaining authorization outstanding for repurchases of common stock at September 30, 2024 was \$8.6 billion.

*Accumulated Other Comprehensive Loss*

Information regarding changes in accumulated other comprehensive loss, including noncontrolling interests, by components for the three months ended September 30, 2024 and 2023 was as follows:

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

<i>(In millions)</i>	Foreign Currency Translation Adjustments		Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax <sup>(3)</sup>	Unrealized Losses and Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
	Foreign Currency Translation Adjustments, Net of Tax <sup>(1)</sup>	Unrealized Losses on Net Investment Hedges, Net of Tax <sup>(2)</sup>			
<b>Balance, June 30, 2024</b>	\$ (892)	\$ (7)	\$ 3	\$ (17)	\$ (913)
Other comprehensive income (loss) before reclassifications	49	(15)	(9)	(1)	24
Amounts reclassified to earnings and other	—	—	—	(1)	(1)
Other comprehensive income (loss)	49	(15)	(9)	(2)	23
Less: amounts attributable to noncontrolling interests	—	—	—	—	—
Other comprehensive income (loss) attributable to McKesson	49	(15)	(9)	(2)	23
<b>Balance, September 30, 2024</b>	<b>\$ (843)</b>	<b>\$ (22)</b>	<b>\$ (6)</b>	<b>\$ (19)</b>	<b>\$ (890)</b>

- (1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada and Norway into the Company's reporting currency, U.S. dollars.
- (2) Amounts recorded for the three months ended September 30, 2024 include losses of \$20 million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of \$5 million.
- (3) Amounts recorded for the three months ended September 30, 2024 include losses of \$14 million related to cash flow and other hedges from cross-currency swaps and gains of \$2 million related to cash flow hedges from foreign currency forwards. These amounts are net of income tax benefit of \$3 million.

<i>(In millions)</i>	Foreign Currency Translation Adjustments		Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax <sup>(2)</sup>	Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax <sup>(3)</sup>	Unrealized Gains (Losses) and Other Components of Benefit Plans, Net of Tax	Total Accumulated Other Comprehensive Loss
	Foreign Currency Translation Adjustments, Net of Tax <sup>(1)</sup>	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax <sup>(2)</sup>				
<b>Balance, June 30, 2023</b>	\$ (780)	\$ (29)	\$ (29)	\$ (10)	\$ (848)	
Other comprehensive income (loss) before reclassifications	(84)	20	25	1	(38)	
Amounts reclassified to earnings and other	—	—	—	(1)	(1)	
Other comprehensive income (loss)	(84)	20	25	—	(39)	
Less: amounts attributable to noncontrolling interests	—	—	—	—	—	
Other comprehensive income (loss) attributable to McKesson	(84)	20	25	—	(39)	
<b>Balance, September 30, 2023</b>	<b>\$ (864)</b>	<b>\$ (9)</b>	<b>\$ (4)</b>	<b>\$ (10)</b>	<b>\$ (887)</b>	

- (1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada and Norway into the Company's reporting currency, U.S. dollars.
- (2) Amounts recorded for the three months ended September 30, 2023 include gains of \$27 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of \$7 million.
- (3) Amounts recorded for the three months ended September 30, 2023 include gains of \$33 million related to cash flow and other hedges from cross-currency swaps, which are net of income tax expense of \$8 million.



**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

Information regarding changes in accumulated other comprehensive loss, including noncontrolling interests, by components for the six months ended September 30, 2024 and 2023 was as follows:

<i>(In millions)</i>	Foreign Currency Translation Adjustments				Total Accumulated Other Comprehensive Loss
	Foreign Currency Translation Adjustments, Net of Tax <sup>(1)</sup>	Unrealized Losses on Net Investment Hedges, Net of Tax <sup>(2)</sup>	Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax <sup>(3)</sup>	Unrealized Losses and Other Components of Benefit Plans, Net of Tax	
<b>Balance, March 31, 2024</b>	\$ (856)	\$ (12)	\$ 3	\$ (16)	\$ (881)
Other comprehensive income (loss) before reclassifications	13	(10)	(9)	(2)	(8)
Amounts reclassified to earnings and other	—	—	—	(1)	(1)
Other comprehensive income (loss)	13	(10)	(9)	(3)	(9)
Less: amounts attributable to noncontrolling interests	—	—	—	—	—
Other comprehensive income (loss) attributable to McKesson	13	(10)	(9)	(3)	(9)
<b>Balance, September 30, 2024</b>	<b>\$ (843)</b>	<b>\$ (22)</b>	<b>\$ (6)</b>	<b>\$ (19)</b>	<b>\$ (890)</b>

- (1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada and Europe into the Company's reporting currency, U.S. dollars.
- (2) Amounts recorded for the six months ended September 30, 2024 include losses of \$13 million related to net investment hedges from cross-currency swaps, which are net of income tax benefit of \$3 million.
- (3) Amounts recorded for the six months ended September 30, 2024 include losses of \$14 million related to cash flow and other hedges from cross-currency swaps and gains of \$2 million related to cash flow hedges from foreign currency forwards. These amounts are net of income tax benefit of \$3 million.

<i>(In millions)</i>	Foreign Currency Translation Adjustments				Total Accumulated Other Comprehensive Loss
	Foreign Currency Translation Adjustments, Net of Tax <sup>(1)</sup>	Unrealized Gains (Losses) on Net Investment Hedges, Net of Tax <sup>(2)</sup>	Unrealized Gains (Losses) on Cash Flow and Other Hedges, Net of Tax <sup>(3)</sup>	Unrealized Losses and Other Components of Benefit Plans, Net of Tax	
<b>Balance, March 31, 2023</b>	\$ (847)	\$ (14)	\$ (36)	\$ (8)	\$ (905)
Other comprehensive income (loss) before reclassifications	(17)	5	32	(1)	19
Amounts reclassified to earnings and other	—	—	—	(1)	(1)
Other comprehensive income (loss)	(17)	5	32	(2)	18
Less: amounts attributable to noncontrolling interests	—	—	—	—	—
Other comprehensive income (loss) attributable to McKesson	(17)	5	32	(2)	18
<b>Balance, September 30, 2023</b>	<b>\$ (864)</b>	<b>\$ (9)</b>	<b>\$ (4)</b>	<b>\$ (10)</b>	<b>\$ (887)</b>

- (1) Primarily results from the conversion of non-U.S. dollar financial statements of the Company's operations in Canada and Norway into the Company's reporting currency, U.S. dollars.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

- (2) Amounts recorded for the six months ended September 30, 2023 include gains of \$7 million related to net investment hedges from cross-currency swaps, which are net of income tax expense of \$2 million.
- (3) Amounts recorded for the six months ended September 30, 2023 include gains of \$27 million related to cash flow and other hedges from cross-currency swaps and gains of \$16 million related to cash flow hedges from fixed interest rate swaps. These amounts are net of income tax expense of \$11 million.

**12. Segments of Business**

The Company reports its financial results in four reportable segments: U.S. Pharmaceutical, RxTS, Medical-Surgical Solutions, and International. The organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, and the results of certain investments and operations. The factors for determining the reportable segments include the manner in which management evaluates the performance of the Company combined with the nature of the individual business activities. The Company evaluates the performance of its operating segments on a number of measures, including revenues and operating profit (loss) before interest expense and income taxes. Assets by operating segment are not reviewed by management for the purpose of assessing performance or allocating resources.

The U.S. Pharmaceutical segment distributes branded, generic, specialty, biosimilar and over-the-counter pharmaceutical drugs, and other healthcare-related products in the U.S. This segment also provides practice management, technology, clinical support, and business solutions to community-based oncology and other specialty practices. In addition, the segment sells financial, operational, and clinical solutions to pharmacies (retail, hospital, alternate sites) and provides consulting, outsourcing, technological, and other services.

The RxTS segment helps solve medication access, affordability, and adherence challenges for patients by working across healthcare to connect patients, pharmacies, providers, pharmacy benefit managers, health plans, and biopharma companies. RxTS serves our biopharma and life sciences partners, delivering innovative solutions that help people get the medicine they need to live healthier lives. RxTS also offers prescription price transparency, benefit insight, dispensing support services, third-party logistics, and wholesale distribution support across various therapeutic categories and temperature ranges to biopharma customers throughout the product lifecycle.

The Medical-Surgical Solutions segment provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. This segment offers national brand medical-surgical products as well as McKesson's own line of high-quality products through a network of distribution centers in the U.S.

The International segment includes the Company's operations in Canada and Norway, bringing together non-U.S.-based drug distribution services, specialty pharmacy, retail, and infusion care services. The Company's Canadian operations deliver medicines, supplies, and information technology solutions throughout Canada and include Rexall Health retail pharmacies. The Company's Norwegian operations provide distribution and services to wholesale and retail customers in Norway where it owns, partners, or franchises with retail pharmacies. In the second quarter of fiscal 2025, the Company entered into an agreement to sell the Canadian retail disposal group. Refer to [Financial Note 2, "Held for Sale,"](#) for more information.

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONTINUED)**  
**(UNAUDITED)**

Financial information relating to the Company's reportable operating segments and reconciliations to the condensed consolidated totals was as follows:

<i>(In millions)</i>	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Segment revenues <sup>(1)</sup></b>				
U.S. Pharmaceutical	\$ 85,726	\$ 69,766	\$ 157,441	\$ 136,926
Prescription Technology Solutions	1,265	1,140	2,506	2,384
Medical-Surgical Solutions	2,948	2,834	5,584	5,445
International	3,709	3,475	7,400	6,943
Corporate	3	—	3	—
Total revenues	\$ 93,651	\$ 77,215	\$ 172,934	\$ 151,698
<b>Segment operating profit (loss) <sup>(2)</sup></b>				
U.S. Pharmaceutical <sup>(3)</sup>	\$ 1,075	\$ 593	\$ 1,856	\$ 1,420
Prescription Technology Solutions <sup>(4)</sup>	205	238	408	469
Medical-Surgical Solutions <sup>(5)</sup>	89	244	277	471
International <sup>(6)</sup>	(508)	66	(418)	123
Subtotal	861	1,141	2,123	2,483
Corporate expenses, net <sup>(7)</sup>	(249)	(164)	(352)	(368)
Interest expense	(78)	(61)	(153)	(108)
Income before income taxes	\$ 534	\$ 916	\$ 1,618	\$ 2,007

- (1) Revenues from services on a disaggregated basis represent approximately 1% of the U.S. Pharmaceutical segment's total revenues, less than 40% of the RxTS segment's total revenues, less than 1% of the Medical-Surgical Solutions segment's total revenues, and less than 1% of the International segment's total revenues. The International segment reflects foreign revenues. Revenues for the remaining three reportable segments are derived in the U.S. Corporate reflects revenues from services derived in the U.S. related to certain technology operations and were not material for the three and six months ended September 30, 2024.
- (2) Segment operating profit (loss) includes gross profit, net of total operating expenses, as well as other income, net, for the Company's reportable segments.
- (3) The Company's U.S. Pharmaceutical segment's operating profit includes the following:
- a credit of \$203 million for the three and six months ended September 30, 2024 due to the Company's reassessment of its initial fiscal 2024 estimates of the previously reserved \$725 million prepetition balance owed by the Company's customer, Rite Aid Corporation (including certain of its subsidiaries, "Rite Aid"). Rite Aid filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code in October 2023. The Company recognized a provision for bad debts of \$210 million for the three and six months ended September 30, 2023, which represented the uncollected trade accounts receivable balance as of September 30, 2023 due from Rite Aid. The amounts described above were recorded within "Selling, distribution, general, and administrative expenses" in the Company's Condensed Consolidated Statements of Operations. Rite Aid's restructuring plan was approved by the court and the company successfully emerged from bankruptcy in August, 2024;
  - cash receipts for the Company's share of antitrust legal settlements of \$63 million and \$79 million for the three months ended September 30, 2024 and 2023, respectively, and \$153 million and \$197 million for the six months ended September 30, 2024 and 2023, respectively. These gains were recorded within "Cost of sales" in the Company's Condensed Consolidated Statements of Operations;
  - a credit of \$2 million and a charge of \$55 million related to the last-in, first-out method of accounting for inventories for the three months ended September 30, 2024 and 2023, respectively, and a credit of \$4 million and a charge of \$87 million for the six months ended September 30, 2024 and 2023, respectively. These amounts were recorded within "Cost of sales" in the Company's Condensed Consolidated Statements of Operations;
  - restructuring charges of \$64 million for the three and six months ended September 30, 2024 for restructuring initiatives that commenced in the second quarter of fiscal 2025 as discussed in [Financial Note 3, "Restructuring, Impairment, and Related Charges, Net;"](#)
  - a charge of \$57 million for the six months ended September 30, 2024 related to the estimated liability for opioid-related claims, as discussed in [Financial Note 10, "Commitments and Contingent Liabilities;"](#) and

**McKESSON CORPORATION**  
**FINANCIAL NOTES (CONCLUDED)**  
**(UNAUDITED)**

- a loss of \$43 million for the six months ended September 30, 2024 related to one of the Company's equity method investments, which was recorded within "Other income, net" in the Company's Condensed Consolidated Statement of Operations.
- (4) The Company's RxTS segment's operating profit for the three and six months ended September 30, 2023 includes gains of \$48 million and \$76 million, respectively, resulting from fair value adjustments of the Company's contingent consideration liability related to the acquisition of Rx Savings Solutions, LLC completed in November 2022.
- (5) The Company's Medical-Surgical Solutions segment's operating profit for the three and six months ended September 30, 2024 includes restructuring charges of \$144 million for restructuring initiatives that commenced in the second quarter of fiscal 2025 as discussed in [Financial Note 3, "Restructuring, Impairment, and Related Charges, Net."](#)
- (6) The Company's International segment's operating profit (loss) for the three and six months ended September 30, 2024 includes a charge of \$593 million to remeasure the assets and liabilities of the Canadian retail disposal group to fair value less costs to sell, as discussed in [Financial Note 2, "Held for Sale."](#)
- (7) Corporate expenses, net includes the following:
- a charge of \$50 million for the three and six months ended September 30, 2024 related to the effect of accumulated other comprehensive loss components from the Canadian retail disposal group, as discussed in [Financial Note 2, "Held for Sale;"](#)
  - a net gain of \$95 million for the six months ended September 30, 2024 related to the Company's investments in equity securities of certain U.S. growth stage companies in the healthcare industry, as discussed in [Financial Note 9, "Fair Value Measurements;"](#)
  - a net charge of \$51 million for the six months ended September 30, 2024 related to the estimated liability for opioid-related claims, as discussed in [Financial Note 10, "Commitments and Contingent Liabilities;"](#) and
  - restructuring charges of \$46 million for the six months ended September 30, 2023 for restructuring initiatives as discussed in [Financial Note 3, "Restructuring, Impairment, and Related Charges, Net."](#)

**McKESSON CORPORATION**  
**FINANCIAL REVIEW**  
**(UNAUDITED)**

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

**INDEX TO MANAGEMENT’S DISCUSSION AND ANALYSIS**

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**GENERAL**

Management’s discussion and analysis of financial condition and results of operations, referred to as the “Financial Review,” is intended to assist the reader in the understanding and assessment of significant changes and trends related to the results of operations and financial position of McKesson Corporation together with its subsidiaries (collectively, the “Company,” “McKesson,” “we,” “our,” or “us,” and other similar pronouns). This discussion and analysis should be read in conjunction with the condensed consolidated financial statements and accompanying financial notes in Item 1 of Part I of this Quarterly Report on Form 10-Q (“Quarterly Report”) and in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 previously filed with the Securities and Exchange Commission (the “SEC”) on May 8, 2024 (“2024 Annual Report”).

Our fiscal year begins on April 1 and ends on March 31. Unless otherwise noted, all references to a particular year means our fiscal year.

Certain statements in this report constitute forward-looking statements. See “*Cautionary Notice About Forward-Looking Statements*” included in this Quarterly Report.

***Overview of our Business:***

We are a diversified healthcare services leader dedicated to advancing health outcomes for patients everywhere. Our teams partner with biopharma companies, care providers, pharmacies, manufacturers, governments, and others to deliver insights, products, and services to help make quality care more accessible and affordable.

We report our financial results in four reportable segments: U.S. Pharmaceutical, Prescription Technology Solutions (“RxTS”), Medical-Surgical Solutions, and International. Our organizational structure also includes Corporate, which consists of income and expenses associated with administrative functions and projects, as well as the results of certain investments and operations. The factors for determining the reportable segments include the manner in which management evaluates the performance of the Company combined with the nature of individual business activities. We evaluate the performance of our operating segments on a number of measures, including revenues and operating profit (loss) before interest expense and income taxes.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

The following summarizes our four reportable segments. Refer to [Financial Note 12, “Segments of Business,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report for further information regarding our reportable segments.

- **U.S. Pharmaceutical** is a reportable segment that distributes branded, generic, specialty, biosimilar, and over-the-counter pharmaceutical drugs, and other healthcare-related products in the United States (“U.S.”). This segment also provides practice management, technology, clinical support, and business solutions to community-based oncology and other specialty practices. In addition, the segment sells financial, operational, and clinical solutions to pharmacies (retail, hospital, alternate sites) and provides consulting, outsourcing, technological, and other services.
- **Prescription Technology Solutions** is a reportable segment that combines automation and our ability to navigate the healthcare ecosystem to connect patients, pharmacies, providers, pharmacy benefit managers, health plans, and biopharma companies to address patients’ medication access, affordability, and adherence challenges. RxTS also offers prescription price transparency, benefit insight, and dispensing support services, as well as third-party logistics and wholesale distribution support across various therapeutic categories and temperature ranges to biopharma customers throughout the product lifecycle.
- **Medical-Surgical Solutions** is a reportable segment that provides medical-surgical supply distribution, logistics, and other services to healthcare providers, including physician offices, surgery centers, nursing homes, hospital reference labs, and home health care agencies. This segment offers national brand medical-surgical products as well as McKesson’s own line of high-quality products through a network of distribution centers within the U.S.
- **International** is a reportable segment that includes our operations in Canada and Norway, bringing together non-U.S.-based drug distribution services, specialty pharmacy, retail, and infusion care services. Our Canadian operations deliver medicines, supplies, and information technology solutions throughout Canada and include Rexall Health retail pharmacies. Our Norwegian operations provide distribution and services to wholesale and retail customers in Norway where we own, partner, or franchise with retail pharmacies. In the second quarter of fiscal 2025, we entered into an agreement to sell our Rexall and Well.ca businesses in Canada (“Canadian retail disposal group”). These divestitures are further described in the “Canadian Divestiture Activities” section below.

#### *Canadian Divestiture Activities*

On September 5, 2024, we announced an agreement to sell our Canadian retail disposal group. The adjusted purchase price is approximately \$148 million. We recorded a charge of \$643 million for the three and six months ended September 30, 2024 in total operating expenses to remeasure the Canadian retail disposal group to fair value less costs to sell. The remeasurement adjustment includes a \$15 million loss related to the accumulated other comprehensive loss balances associated with the disposal group. The transaction is anticipated to close in the second half of fiscal 2025, pursuant to the satisfaction of customary closing conditions, including receipt of regulatory approvals, as applicable.

As of September 30, 2024, we had \$631 million of assets and \$371 million of liabilities classified as “Assets held for sale” and “Liabilities held for sale,” respectively, in the Condensed Consolidated Balance Sheet related to the Canadian retail disposal group. Refer to [Financial Note 2, “Held for Sale,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.

#### ***Executive Summary:***

The following summary provides highlights and key factors that impacted our business, operating results, financial condition, and liquidity for the three and six months ended September 30, 2024:

- For the three months ended September 30, 2024 compared to the prior year period, revenues increased by 21%, gross profit increased by 6%, total operating expenses increased by 26%, and other income, net increased by \$8 million;
- For the six months ended September 30, 2024 compared to the prior year period, revenues increased by 14%, gross profit increased by 5%, total operating expenses increased by 19%, and other income, net increased by \$100 million. Refer to the “[Overview of Consolidated Results](#)” section below for an analysis of these changes;
- Diluted earnings per common share attributable to McKesson Corporation decreased to \$1.87 from \$4.92 for the three months ended September 30, 2024 and decreased to \$8.89 from \$11.95 for the six months ended September 30, 2024 compared to the respective prior year periods;

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

- In the second quarter of fiscal 2025, we onboarded a new strategic partner within our U.S. Pharmaceutical segment;
- Total operating expenses for the three and six months ended September 30, 2024 includes fair value remeasurement charges of \$643 million related to our Canadian retail disposal group;
- For the three and six months ended September 30, 2024, we recorded a restructuring charge of \$227 million related to an enterprise-wide initiative to drive operational efficiencies as further described in the “Restructuring Initiatives” section of [“Overview of Consolidated Results”](#) below;
- For the six months ended September 30, 2024, we recognized a net discrete tax benefit of \$150 million, including \$58 million related to an election to change the tax status of a foreign affiliate;
- For the six months ended September 30, 2024, we recorded a net charge of \$108 million related to our estimated liability for opioid-related claims, as further described in the Opioid-Related Litigation and Claims section of [“Trends and Uncertainties”](#) below;
- For the six months ended September 30, 2024, we recognized a net gain of \$100 million related to a recapitalization event of one of our investments in equity securities which resulted in an increase to the carrying value of this investment;
- For the three and six months ended September 30, 2024, we received \$63 million and \$153 million, respectively, related to our share of antitrust legal settlements. These amounts were recorded as a gain within “Cost of sales” in the Condensed Consolidated Statements of Operations within our U.S. Pharmaceutical segment;
- On September 10, 2024, we completed a public offering of 4.25% Notes due September 15, 2029 (the “2029 Notes”) in a principal amount of \$500 million. Proceeds received from this note issuance, net of discounts and offering expenses were approximately \$496 million;
- During the three months ended September 30, 2024, we utilized the net proceeds from the issuance of the 2029 Notes, along with cash on hand, to redeem our \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 (the “2026 Notes”) prior to maturity;
- During the six months ended September 30, 2024, we returned \$2.2 billion of cash to shareholders through \$2.0 billion of common stock repurchases in open market transactions and \$162 million of dividend payments. In July 2024, our Board of Directors (the “Board”) approved an increase of \$4.0 billion in the authorization for repurchase of the Company’s common stock and raised our quarterly dividend to \$0.71 from \$0.62 per share of common stock. The total remaining authorization outstanding for repurchases of the Company’s common stock at September 30, 2024 was \$8.6 billion; and
- On August 26, 2024, we announced a definitive agreement to acquire a 70% controlling interest in Community Oncology Revitalization Enterprise Ventures, LLC (“Core Ventures”), an internal business and administrative services organization established by Florida Cancer Specialists & Research Institute, LLC, for approximately \$2.49 billion cash, subject to certain customary adjustments. Following the completion of the transaction, Core Ventures will be part of the Oncology platform, and financial results will be reported within our U.S. Pharmaceutical segment. The transaction is subject to customary closing conditions, including required regulatory clearance. On November 6, 2024, we received a request for additional information and documentary materials from the Federal Trade Commission (the “FTC”) in connection with the FTC’s review of our proposed acquisition of Core Ventures. We will respond promptly and continue to work cooperatively with the FTC staff in connection with its review of the transaction.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

*Trends and Uncertainties:*

***Opioid-Related Litigation and Claims***

As described in the discussion of opioid-related matters in [Financial Note 10, “Commitments and Contingent Liabilities,”](#) to the condensed consolidated financial statements accompanying this Quarterly Report, we are a defendant in many legal proceedings asserting claims related to the distribution of controlled substances (opioids) in federal and state courts throughout the U.S., and in Puerto Rico and Canada. The plaintiffs in these actions have included state attorneys general, county and municipal governments, tribal nations, hospitals, health and welfare funds, third-party payors, and individuals. We believe we have valid legal defenses in all opioid-related matters, including claims not covered by settlement agreements, and we intend to mount a vigorous defense. Other than as to the settlements described in [Financial Note 10](#), we have not concluded a loss is probable in any of the matters; nor is any possible loss or range of loss reasonably estimable. An adverse judgment or negotiated resolution in any of these matters could have a material adverse impact on our financial position, cash flows or liquidity, or results of operations.

The Company and two other national distributors have reached proposed settlements with representatives of nationwide groups of acute care hospitals and certain third-party payors.

During the three months ended September 30, 2024, we made payments totaling \$500 million associated with various settlement agreements for opioid-related claims of states, subdivisions, and Native American tribes. Our total estimated liability for opioid-related claims was \$6.4 billion as of September 30, 2024, of which \$775 million was included within “Other accrued liabilities” for the amount estimated to be paid within the next twelve months, and the remaining liability was included in “Long-term litigation liabilities” in our Condensed Consolidated Balance Sheet.

***Rite Aid Bankruptcy Proceedings***

In October 2023, our customer Rite Aid Corporation (including certain of its subsidiaries, “Rite Aid”) filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. Consequently, we recorded a provision for bad debts totaling \$725 million during the year ended March 31, 2024, of which \$210 million was recorded in the second quarter of fiscal 2024 representing the uncollected trade accounts receivable balance from Rite Aid as of September 30, 2023.

Rite Aid's restructuring plan was approved by the court and the company successfully emerged from bankruptcy in August 2024. During the three and six months ended September 30, 2024, we reassessed our initial estimates made in conjunction with the previously reserved prepetition balances, including cash received during the period, resulting in a reversal of \$203 million recorded within “Selling, distribution, general, and administrative expenses” in our Condensed Consolidated Statements of Operations and included in our U.S. Pharmaceutical segment. During the three and six months ended September 30, 2024, we released \$237 million of allowance for doubtful accounts against trade accounts receivables, representing the write-off of uncollectible receivables related to the Rite Aid provision in the Condensed Consolidated Balance Sheet.

We believe the reserves maintained and expenses and credits recorded in fiscal 2025 and fiscal 2024 for Rite Aid trade accounts receivable are appropriate and consistent with our accounting policy and assessment of the information currently available. We evaluate our reserves periodically and as circumstances warrant which may result in changes to our reserves. For additional disclosure of our policy regarding allowances for credit losses, refer to the “Critical Accounting Estimates” section within Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part II of our 2024 Annual Report.



**McKESSEON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

**RESULTS OF OPERATIONS**
**Overview of Consolidated Results:**

<i>(Dollars in millions, except per share data)</i>	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
Revenues	\$ 93,651	\$ 77,215	21 %	\$ 172,934	\$ 151,698	14 %
Gross profit	3,248	3,069	6	6,400	6,091	5
<i>Gross profit margin</i>	3.47 %	3.97 %	(50) bp	3.70 %	4.02 %	(32) bp
Total operating expenses	\$ (2,670)	\$ (2,118)	26 %	\$ (4,793)	\$ (4,040)	19 %
<i>Total operating expenses as a percentage of revenues</i>	2.85 %	2.74 %	11 bp	2.77 %	2.66 %	11 bp
Other income, net	\$ 34	\$ 26	31 %	\$ 164	\$ 64	156 %
Interest expense	(78)	(61)	28	(153)	(108)	42
Income before income taxes	534	916	(42)	1,618	2,007	(19)
Income tax expense	(247)	(213)	16	(371)	(307)	21
<i>Reported income tax rate</i>	46.3 %	23.3 %	2,300 bp	22.9 %	15.3 %	760 bp
Net income	287	703	(59)	1,247	1,700	(27)
Net income attributable to noncontrolling interests	(46)	(39)	18	(91)	(78)	17
Net income attributable to McKesson Corporation	\$ 241	\$ 664	(64) %	\$ 1,156	\$ 1,622	(29) %
Diluted earnings per common share attributable to McKesson Corporation	\$ 1.87	\$ 4.92	(62) %	\$ 8.89	\$ 11.95	(26) %
Weighted-average diluted common shares outstanding	129.3	134.8	(4) %	130.0	135.7	(4) %

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

bp - basis points

**Revenues**

Revenues increased for the three and six months ended September 30, 2024 compared to the same prior year periods, primarily due to market growth in our U.S. Pharmaceutical segment, including higher volumes largely from retail national account customers and growth in specialty pharmaceuticals. Market growth includes growing drug utilization and newly launched products, partially offset by price deflation associated with branded to generic drug conversion. This revenue growth was also favorably impacted by higher pharmaceutical distribution volumes in our International segment.

**Gross Profit**

Gross profit increased for the three and six months ended September 30, 2024 compared to the same prior year periods primarily in our U.S. Pharmaceutical segment driven by growth of specialty pharmaceuticals and in our International segment driven by higher volumes.

We recognized gains of \$63 million and \$79 million for the three months ended September 30, 2024 and 2023, respectively, and \$153 million and \$197 million for the six months ended September 30, 2024 and 2023, respectively, related to our share of antitrust legal settlements. We recognized these amounts within "Cost of sales" in the Condensed Consolidated Statements of Operations within our U.S. Pharmaceutical segment.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

Gross profit for the three and six months ended September 30, 2024 was impacted by restructuring charges of \$63 million related to a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts as discussed in [Financial Note 3, “Restructuring, Impairment, and Related Charges, Net,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report. We recorded this amount related to impairment of inventories within "Cost of sales" in the Condensed Consolidated Statements of Operations within our U.S. Pharmaceutical segment.

A last-in, first out (“LIFO”) credit of \$2 million and a charge of \$55 million were recognized during the three months ended September 30, 2024 and 2023, respectively, and a credit of \$4 million and a charge of \$87 million were recognized during the six months ended September 30, 2024 and 2023, respectively, primarily due to lower expected brand inflation in the current fiscal year.

Our U.S. Pharmaceutical business uses the LIFO method of accounting for the majority of its inventories, which results in cost of sales that more closely reflects replacement cost than under other accounting methods. The business’ practice is to pass on to customers published price changes from suppliers. Manufacturers generally provide us with price protection, which limits price related inventory losses. A LIFO charge is recognized when the net effect of price increases on pharmaceutical and non-pharmaceutical products held in inventory exceeds the impact of price declines, including the effect of branded pharmaceutical products that have lost market exclusivity. A LIFO credit is recognized when the net effect of price declines exceeds the impact of price increases on pharmaceutical and non-pharmaceutical products held in inventory. Our quarterly LIFO adjustment is based on our estimates of the annual LIFO adjustment which is impacted by expected changes in year-end inventory quantities, product mix, and manufacturer pricing practices, which may be influenced by market and other external factors. Changes to any of the above factors could have a material impact to our annual LIFO adjustment. The actual valuation of inventory under the LIFO method is calculated at the end of the fiscal year.

***Total Operating Expenses***

A summary of the components of our total operating expenses for the three and six months ended September 30, 2024 and 2023 is as follows:

- Selling, distribution, general, and administrative expenses (“SDG&A”): SDG&A consists of personnel costs, transportation costs, depreciation and amortization, lease costs, professional fee expenses, administrative expenses, provision for bad debts and related recoveries, remeasurement charges to fair value less costs to sell, and other general charges.
- Claims and litigation charges, net: These charges include adjustments for estimated probable settlements related to our controlled substance monitoring and reporting, and opioid-related claims, as well as any applicable income items or credit adjustments due to subsequent changes in estimates. Legal fees to defend claims, which are expensed as incurred, are included within SDG&A.
- Restructuring, impairment, and related charges, net: Charges recorded under this component include those incurred for programs in which we change our operations, the scope of a business undertaken by our business units, or the manner in which that business is conducted, as well as long-lived asset impairments.

<i>(Dollars in millions)</i>	<b>Three Months Ended September 30,</b>			<b>Six Months Ended September 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>	<b>2024</b>	<b>2023</b>	<b>Change</b>
Selling, distribution, general, and administrative expenses	\$ 2,503	\$ 2,092	20 %	\$ 4,504	\$ 3,962	14 %
Claims and litigation charges, net	(4)	(2)	100	108	(2)	—
Restructuring, impairment, and related charges, net	171	28	511	181	80	126
Total operating expenses	\$ 2,670	\$ 2,118	26 %	\$ 4,793	\$ 4,040	19 %
<i>Percent of revenues</i>	<i>2.85 %</i>	<i>2.74 %</i>	<i>11 bp</i>	<i>2.77 %</i>	<i>2.66 %</i>	<i>11 bp</i>

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

bp - basis points

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

For the three and six months ended September 30, 2024, total operating expenses and total operating expenses as a percentage of revenues increased compared to the same prior year periods. Total operating expenses were impacted by the following significant items:

- SDG&A for the three and six months ended September 30, 2024 includes charges of \$643 million to remeasure our Canadian retail disposal group to fair value less costs to sell. The remeasurement adjustment includes a \$15 million loss related to the accumulated other comprehensive loss balances associated with this disposal. Of the total charges recorded during the period, \$593 million are included within our International segment and \$50 million are included within Corporate expenses, net;
- SDG&A for the three and six months ended September 30, 2024 includes a credit of \$203 million, and for the three and six months ended September 30, 2023 includes a provision for bad debts of \$210 million, related to the bankruptcy of Rite Aid in October 2023. Refer to the Rite Aid Bankruptcy Proceedings section of “[Trends and Uncertainties](#) for additional information;”
- SDG&A increased compared to the same prior year periods due to increased operating expenses to support higher volumes and gains of \$48 million and \$76 million recognized in the three and six months ended September 30, 2023, respectively, resulting from a fair value adjustment of our contingent consideration liability related to the Rx Savings Solutions, LLC acquisition;
- Claims and litigation charges, net primarily consists of a charge of \$108 million related to our estimated liability for opioid-related claims as previously discussed in the Opioid-Related Litigation and Claims section of “[Trends and Uncertainties](#);” and
- Restructuring, impairment, and related charges, net were \$171 million and \$28 million for the three months ended September 30, 2024 and 2023, respectively, and \$181 million and \$80 million for the six months ended September 30, 2024 and 2023, respectively, as discussed below under “Restructuring Initiatives.”

#### *Goodwill Impairment*

We evaluate goodwill for impairment on an annual basis in the first fiscal quarter, and at an interim date if indicators of potential impairment exist. The annual impairment testing performed in fiscal 2025 and fiscal 2024 did not indicate any impairment of goodwill, and no goodwill impairment charges were recorded during the three and six months ended September 30, 2024 and 2023. However, other risks, expenses, and future developments, such as government actions, increased regulatory uncertainty, and material changes in key market assumptions limit our ability to estimate projected cash flows, which could adversely affect the fair value of various reporting units in future periods.

#### *Restructuring Initiatives*

We recorded restructuring, impairment, and related charges of \$171 million and \$28 million for the three months ended September 30, 2024 and 2023, respectively, and \$181 million and \$80 million for the six months ended September 30, 2024 and 2023, respectively. These charges were included in “Restructuring, impairment, and related charges, net” in the Condensed Consolidated Statements of Operations.

During the second quarter of fiscal 2025, we approved enterprise-wide initiatives to modernize and accelerate our technology service operating model, which are intended to improve business continuity, compliance, operating efficiency and advance investments to streamline the organization. These initiatives will also include cost reduction efforts and support other rationalization efforts within Corporate, and the Medical-Surgical Solutions, and U.S. Pharmaceutical segments to help realize long-term sustainable growth. We anticipate total charges related to these initiatives of \$650 million to \$700 million, consisting primarily of employee severance and other employee-related costs as well as facility, exit and other related costs, including long-lived asset impairments. These programs are anticipated to be substantially complete in fiscal 2028. For the three and six months ended September 30, 2024, we recorded charges of \$227 million related to the initiatives, which primarily includes severance and other employee-related costs as well as facility exit and other related costs, including long-lived asset impairments and a \$63 million related to inventory impairments recorded within “Cost of sales” in the Condensed Consolidated Statements of Operations.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

During the fourth quarter of fiscal 2023, we approved a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts, with the intent of simplifying our infrastructure and realizing long-term sustainable growth. These initiatives included headcount reductions, primarily consisting of employee severance and other employee-related costs within our RxTS segment, and the exit or downsizing of certain facilities. For the three and six months ended September 30, 2023, we recorded charges of \$3 million and \$39 million related to this program, respectively, which primarily included real estate and other related asset impairments and facility costs within Corporate. This restructuring program was substantially complete in fiscal 2024.

Refer to [Financial Note 3, “Restructuring, Impairment, and Related Charges, Net,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report for further information on our restructuring initiatives.

***Other Income, Net***

Other income, net increased for the three and six months ended September 30, 2024 compared to the same prior year periods primarily due to a favorable impact from interest income. Other income, net for the six months ended September 30, 2024 includes a net gain of \$95 million related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, partially offset by a loss of \$43 million related to one of our equity method investments.

***Interest Expense***

Interest expense increased for the three and six months ended September 30, 2024 compared to the same prior year periods primarily due to increased average balances of the Company’s loan portfolio throughout the first half of the year. Interest expense for the six months ended September 30, 2024 was unfavorably impacted by a prior year gain on debt extinguishment of \$9 million. Interest expense may fluctuate based on timing, amounts, and interest rates of term debt repaid and new term debt issued, as well as amounts incurred associated with financing fees. Refer to [Financial Note 7, “Debt and Financing Activities,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.

**McKESSEON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

***Income Tax Expense***

For the three months ended September 30, 2024 and 2023, we recorded income tax expense of \$247 million and \$213 million, respectively. For the six months ended September 30, 2024 and 2023, we recorded income tax expense of \$371 million and \$307 million, respectively. Our reported income tax rates were 46.3% and 23.3% for the three months ended September 30, 2024 and 2023, respectively, and 22.9% and 15.3% for the six months ended September 30, 2024 and 2023, respectively.

Fluctuations in our reported income tax rates are primarily due to non-cash charges related to the remeasurement of our Canadian retail disposal group held for sale to fair value less costs to sell, changes in our business mix of earnings between various taxing jurisdictions and discrete tax items recognized in the quarters.

During the three months ended September 30, 2024, we sold certain intellectual property between McKesson wholly-owned legal entities based in foreign tax jurisdictions. The transferor entity of the intellectual property was not subject to income tax on this transaction whereas the recipient entity of the intellectual property is entitled to amortize the fair value of the assets for tax purposes. As a result, a discrete tax benefit of \$44 million was recognized in the second quarter of fiscal 2025. During the three and six months ended September 30, 2024, we recorded non-cash pre-tax charges of \$643 million primarily to remeasure our Canadian retail disposal group to fair value less costs to sell, as described in [Financial Note 2, "Held for Sale."](#) Our reported income tax rates for the three and six months ended September 30, 2024 were unfavorably impacted by these charges as no net tax benefit was recognized for these charges.

For the six months ended September 30, 2024, we recognized discrete tax benefits of \$58 million related to an election to change the tax status of a foreign affiliate, \$38 million related to the tax impact of share-based compensation, and \$47 million related to the reduction in unrecognized tax benefits due to a change in case law, partially offset by a discrete tax expense of \$37 million related to interest expense accrued on unrecognized tax benefits.

We recognized a net discrete tax benefit of \$147 million in the six months ended September 30, 2023 primarily related to the repatriation of certain intellectual property between McKesson wholly-owned legal entities that are based in different tax jurisdictions. Refer to [Financial Note 4, "Income Taxes,"](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report for more information.

***Net Income Attributable to Noncontrolling Interests***

Net income attributable to noncontrolling interests for the three and six months ended September 30, 2024 and 2023 primarily represents the proportionate results of third-party equity interests in ClarusONE Sourcing Services LLP, Vantage Oncology Holdings, LLC, and SCRI Oncology, LLC. The increase in net income attributable to noncontrolling interests was primarily driven by higher volumes in our ClarusONE joint venture.

***Net Income Attributable to McKesson Corporation***

Net income attributable to McKesson Corporation was \$241 million and \$664 million for the three months ended September 30, 2024 and 2023, respectively, and \$1.2 billion and \$1.6 billion for the six months ended September 30, 2024 and 2023, respectively. Diluted earnings per common share attributable to McKesson Corporation was \$1.87 and \$4.92 for the three months ended September 30, 2024 and 2023, respectively, and \$8.89 and \$11.95 for the six months ended September 30, 2024 and 2023, respectively. Our diluted earnings per share includes the cumulative effects of share repurchases during each period.

***Weighted-Average Diluted Common Shares Outstanding***

Diluted earnings per common share was calculated based on a weighted-average number of shares outstanding of 129.3 million and 134.8 million for the three months ended September 30, 2024 and 2023, respectively, and 130.0 million and 135.7 million for the six months ended September 30, 2024 and 2023, respectively. Weighted-average diluted shares outstanding for the three and six months ended September 30, 2024 decreased from the same prior year periods primarily due to the cumulative effect of share repurchases, as discussed in the "[Share Repurchases Plans](#)" section of this Financial Review.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

**Overview of Segment Results:**

**Segment Revenues:**

<i>(Dollars in millions)</i>	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
<b>Segment revenues</b>						
U.S. Pharmaceutical	\$ 85,726	\$ 69,766	23 %	\$ 157,441	\$ 136,926	15 %
Prescription Technology Solutions	1,265	1,140	11	2,506	2,384	5
Medical-Surgical Solutions	2,948	2,834	4	5,584	5,445	3
International	3,709	3,475	7	7,400	6,943	7
Corporate	3	—	—	3	—	—
Total revenues	\$ 93,651	\$ 77,215	21 %	\$ 172,934	\$ 151,698	14 %

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

***U.S. Pharmaceutical***

Three Months Ended September 30, 2024 vs. 2023

U.S. Pharmaceutical revenues for the three months ended September 30, 2024 increased \$16 billion or 23% compared to the same prior year period. Within the segment, sales to pharmacies and healthcare providers increased \$14.2 billion and sales to specialty practices and other increased \$1.8 billion. Overall, these increases were primarily due to higher volumes from retail national account customers and growth in specialty pharmaceuticals, partially offset by branded to generic drug conversions.

Six Months Ended September 30, 2024 vs. 2023

U.S. Pharmaceutical revenues for the six months ended September 30, 2024 increased \$20.5 billion or 15% compared to the same prior year period. Within the segment, sales to pharmacies and healthcare providers increased \$17.1 billion and sales to specialty practices and other increased \$3.4 billion. Overall, these increases were primarily due to higher volumes from retail national account customers and growth in specialty pharmaceuticals, partially offset by branded to generic drug conversions.

***Prescription Technology Solutions***

Three Months Ended September 30, 2024 vs. 2023

RxTS revenues for the three months ended September 30, 2024 increased \$125 million or 11% compared to the same prior year period due to increased volumes from our third-party logistics and higher technology service revenues.

Six Months Ended September 30, 2024 vs. 2023

RxTS revenues for the six months ended September 30, 2024 increased \$122 million or 5% compared to the same prior year period due to increased volumes from our third-party logistics and higher technology service revenues.

***Medical-Surgical Solutions***

Three Months Ended September 30, 2024 vs. 2023

Medical-Surgical Solutions revenues for the three months ended September 30, 2024 increased \$114 million or 4% compared to the same prior year period. Within the segment, sales to primary care customers increased \$106 million and sales to extended care customers increased \$17 million, driven by underlying business growth. These increases were partially offset by Other sales which declined \$9 million driven by lower contribution from the kitting and distribution of ancillary supplies used to administer COVID-19 vaccines.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

Six Months Ended September 30, 2024 vs. 2023

Medical-Surgical Solutions revenues for the six months ended September 30, 2024 increased \$139 million or 3% compared to the same prior year period. Within the segment, sales to primary care customers increased \$159 million and sales to our extended care customers increased \$2 million, driven by underlying business growth. These increases were partially offset by Other sales which declined \$22 million driven by lower contribution from the kitting and distribution of ancillary supplies used to administer COVID-19 vaccines.

***International***

Three Months Ended September 30, 2024 vs. 2023

International revenues for the three months ended September 30, 2024 increased \$234 million or 7% compared to the same prior year period. Within the segment, sales in Canada increased by \$272 million primarily driven by higher pharmaceutical distribution volumes and sales in Norway increased by \$26 million primarily driven by growth in retail pharmacy. These increases were partially offset by unfavorable effects of foreign currency exchange fluctuations of \$64 million.

Six Months Ended September 30, 2024 vs. 2023

International revenues for the six months ended September 30, 2024 increased \$457 million or 7% compared to the same prior year period. Within the segment, sales in Canada increased by \$520 million primarily driven by higher pharmaceutical distribution volumes and sales in Norway increased by \$66 million primarily driven by growth in retail pharmacy. These increases were partially offset by unfavorable effects of foreign currency exchange fluctuations of \$129 million.

***Corporate***

Three Months Ended September 30, 2024 vs. 2023

Corporate reflects revenues from services derived in the U.S. related to certain technology operations. The increase compared to the prior year was immaterial.

Six Months Ended September 30, 2024 vs. 2023

Corporate reflects revenues from services derived in the U.S. related to certain technology operations. The increase compared to the prior year was immaterial.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

**Segment Operating Profit and Corporate Expenses, Net:**

<i>(Dollars in millions)</i>	Three Months Ended September 30,			Six Months Ended September 30,		
	2024	2023	Change	2024	2023	Change
<b>Segment operating profit (loss) <sup>(1)</sup></b>						
U.S. Pharmaceutical <sup>(2)</sup>	\$ 1,075	\$ 593	81 %	\$ 1,856	\$ 1,420	31 %
Prescription Technology Solutions <sup>(3)</sup>	205	238	(14)	408	469	(13)
Medical-Surgical Solutions <sup>(4)</sup>	89	244	(64)	277	471	(41)
International <sup>(5)</sup>	(508)	66	(870)	(418)	123	(440)
Subtotal	861	1,141	(25)	2,123	2,483	(14)
Corporate expenses, net <sup>(6)</sup>	(249)	(164)	52	(352)	(368)	(4)
Interest expense	(78)	(61)	28	(153)	(108)	42
Income before income taxes	<u>\$ 534</u>	<u>\$ 916</u>	(42) %	<u>\$ 1,618</u>	<u>\$ 2,007</u>	(19) %
<b>Segment operating profit margin</b>						
U.S. Pharmaceutical	1.25 %	0.85 %	40 bp	1.18 %	1.04 %	14 bp
Prescription Technology Solutions	16.21	20.88	(467)	16.28	19.67	(339)
Medical-Surgical Solutions	3.02	8.61	(559)	4.96	8.65	(369)
International	(13.70)	1.90	(1,560)	(5.65)	1.77	(742)

Any percentage changes displayed above which are not meaningful are displayed as zero percent.

bp - basis points

- (1) Segment operating profit includes gross profit, net of total operating expenses, as well as other income, net, for our reportable segments.
- (2) Operating profit for our U.S. Pharmaceutical segment includes the following:
  - a credit of \$203 million for the three and six months ended September 30, 2024 due to the reassessment of our initial estimates made in conjunction with the previously reserved prepetition balances owed by Rite Aid. We recognized a provision for bad debts of \$210 million for the three and six months ended September 30, 2023, which represented the uncollected trade accounts receivable balance as of September 30, 2023 due from Rite Aid as discussed in the [“Trends and Uncertainties”](#) section;
  - cash receipts for our share of antitrust legal settlements of \$63 million and \$79 million for the three months ended September 30, 2024 and 2023, respectively, and \$153 million and \$197 million for the six months ended September 30, 2024 and 2023, respectively;
  - a credit of \$2 million and a charge of \$55 million related to the LIFO method of accounting for inventories for the three months ended September 30, 2024 and 2023, respectively and a credit of \$4 million and a charge of \$87 million for the six months ended September 30, 2024 and 2023, respectively;
  - restructuring charges of \$64 million for the three and six months ended September 30, 2024 for restructuring initiatives as discussed in [Financial Note 3, “Restructuring, Impairment, and Related Charges, Net;”](#)
  - a charge of \$57 million for the six months ended September 30, 2024 related to our estimated liability for opioid-related claims as discussed previously in the [“Trends and Uncertainties”](#) section; and
  - a loss of \$43 million for the six months ended September 30, 2024 related to one of the Company’s equity method investments.
- (3) Operating profit for our RxTS segment for the three and six months ended September 30, 2023 includes gains of \$48 million and \$76 million, respectively, resulting from fair value adjustments of our contingent consideration liability related to the Rx Savings Solutions, LLC acquisition completed in November 2022.
- (4) Operating profit for our Medical-Surgical Solutions segment for the three and six months ended September 30, 2024 includes restructuring charges of \$144 million related to a broad set of initiatives to drive operational efficiencies and increase cost optimization efforts as discussed in [Financial Note 3, “Restructuring, Impairment, and Related Charges, Net;”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.
- (5) Operating profit (loss) for our International segment includes a charge of \$593 million for the three and six months ended September 30, 2024 to remeasure the assets and liabilities of the Canadian retail disposal group to fair value less costs to sell, as discussed in [Financial Note 2, “Held for Sale;”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.



**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

(6) Corporate expenses, net includes the following:

- a charge of \$50 million for the three and six months ended September 30, 2024 related to the effect of accumulated other comprehensive loss components from our Canadian retail disposal group, as discussed in [Financial Note 2, “Held for Sale.”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report;
- a net gain of \$95 million for the six months ended September 30, 2024 related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry, as discussed in [Financial Note 9, “Fair Value Measurements.”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report;
- a net charge of \$51 million for the six months ended September 30, 2024 related to our estimated liability for opioid-related claims as discussed previously in the [“Trends and Uncertainties”](#) section; and
- a restructuring charge of \$46 million for the six months ended September 30, 2023 for restructuring initiatives as discussed in [Financial Note 3, “Restructuring, Impairment, and Related Charges, Net.”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

***U.S. Pharmaceutical***

**Three Months Ended September 30, 2024 vs. 2023**

Operating profit for this segment increased for the three months ended September 30, 2024 compared to the same prior year period primarily due to a prior year provision for bad debts of \$210 million and a fiscal 2025 credit of \$203 million related to the reassessment of our initial estimates made in conjunction with the previously reserved prepetition balances owed by Rite Aid, and growth in specialty pharmaceuticals, partially offset by an increase in operating expenses to support higher volumes, and a decrease from net cash proceeds received representing our share of antitrust legal settlements.

**Six Months Ended September 30, 2024 vs. 2023**

Operating profit for this segment increased for the six months ended September 30, 2024 compared to the same prior year period primarily due to a prior year provision for bad debts of \$210 million and a fiscal 2025 credit of \$203 million related to the reassessment of our initial estimates made in conjunction with the previously reserved prepetition balances owed by Rite Aid, and growth in specialty pharmaceuticals, offset by an increase in operating expenses to support higher volumes, a charge of \$57 million related to our estimated liability for opioid-related claims, a loss related to one of our equity method investments, and a decrease from net cash proceeds received representing our share of antitrust legal settlements.

***Prescription Technology Solutions***

**Three Months Ended September 30, 2024 vs. 2023**

Operating profit for this segment decreased for the three months ended September 30, 2024 compared to the same prior year period driven by the gain of \$48 million recognized in the prior year resulting from a fair value adjustment of our contingent consideration liability related to the Rx Savings Solutions, LLC acquisition, and higher operating expenses, partially offset by contributions from technology services.

**Six Months Ended September 30, 2024 vs. 2023**

Operating profit for this segment decreased for the six months ended September 30, 2024 compared to the same prior year period driven by the gain of \$76 million recognized in the prior year resulting from a fair value adjustment of our contingent consideration liability related to the Rx Savings Solutions, LLC acquisition, and higher operating expenses, partially offset by contributions from technology services.

***Medical-Surgical Solutions***

**Three Months Ended September 30, 2024 vs. 2023**

Operating profit for this segment decreased for the three months ended September 30, 2024 compared to the same prior year period primarily due to higher restructuring charges recorded in fiscal 2025.

**Six Months Ended September 30, 2024 vs. 2023**

Operating profit for this segment decreased for the six months ended September 30, 2024 compared to the same prior year period due to higher restructuring charges recorded in fiscal 2025, a decline in our core primary care business, and a lower contribution from kitting and distribution of ancillary supplies for COVID-19 vaccines.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

***International***Three Months Ended September 30, 2024 vs. 2023

Operating (loss) for this segment for the three months ended September 30, 2024 compared to an operating profit for the same prior year period was largely due to remeasurement charges related to our Canadian retail disposal group held for sale, as discussed in [Financial Note 2, “Held for Sale,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

Six Months Ended September 30, 2024 vs. 2023

Operating (loss) for this segment for the six months ended September 30, 2024 compared to an operating profit for the same prior year period was largely due to remeasurement charges related to our Canadian retail disposal group held for sale, as discussed in [Financial Note 2, “Held for Sale,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report, partially offset by higher pharmaceutical distribution volumes across the segment.

***Corporate Expenses, Net***Three Months Ended September 30, 2024 vs. 2023

Corporate expenses, net increased for the three months ended September 30, 2024 compared to the same prior year period primarily due to remeasurement charges related to our Canadian retail disposal group held for sale, as discussed in [Financial Note 2, “Held for Sale,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report, and higher restructuring charges recorded in the second quarter of fiscal 2025 compared to the same prior year period.

Six Months Ended September 30, 2024 vs. 2023

Corporate expenses, net decreased for the six months ended September 30, 2024 compared to the same prior year period primarily due to a net gain of \$95 million related to our investments in equity securities of certain U.S. growth stage companies in the healthcare industry and lower restructuring charges recorded in the first half of fiscal 2025 compared to the same prior year period, partially offset by remeasurement charges related to our Canadian retail disposal group held for sale, as discussed in [Financial Note 2, “Held for Sale,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report, and a net charge of \$51 million related to our estimated liability for opioid-related claims.

**New Accounting Pronouncements**

New accounting pronouncements that we have recently adopted as well as those that have been recently issued but not yet adopted by us are included in [Financial Note 1, “Significant Accounting Policies,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
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**FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES**

We expect our available cash generated from operations and our short-term investment portfolio, together with our existing sources of liquidity from our credit facilities, commercial paper program, and other borrowings will be sufficient to fund our short-term and long-term capital expenditures, working capital, and other cash requirements. We remain adequately capitalized, including access to liquidity from our \$4.0 billion revolving credit facility. At September 30, 2024, we were in compliance with all debt covenants, and believe we have the ability to continue to meet our debt covenants in the future.

The following table summarizes the net change in cash, cash equivalents, and restricted cash for the periods shown:

<i>(Dollars in millions)</i>	Six Months Ended September 30,		Change
	2024	2023	
Net cash provided by (used in):			
Operating activities	\$ 720	\$ (87)	\$ 807
Investing activities	(373)	(315)	(58)
Financing activities	(2,408)	(1,752)	(656)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1	(1)	2
Change in cash, cash equivalents, and restricted cash classified as Assets held for sale	(14)	—	(14)
<b>Net change in cash, cash equivalents, and restricted cash</b>	<b>\$ (2,074)</b>	<b>\$ (2,155)</b>	<b>\$ 81</b>

***Operating Activities***

Operating activities provided cash of \$720 million and used cash of \$87 million during the six months ended September 30, 2024 and 2023, respectively. Cash flows from operations can be significantly impacted by factors such as the timing of receipts from customers, inventory receipts, and payments to vendors. Additionally, working capital is primarily a function of sales and purchase volumes, inventory requirements, and vendor payment terms.

Operating activities for the six months ended September 30, 2024 were affected by net income of \$1.2 billion, adjusted for non-cash items, including charges of \$643 million to remeasure the assets and liabilities of our Canadian retail disposal group to fair value less cost to sell, as well as increases in accounts payable of \$6.2 billion, receivables of \$3.5 billion, and inventories of \$3.3 billion, all primarily driven by higher revenues and timing. Our litigation liabilities decreased by \$386 million due to payments made in the second quarter of fiscal 2025 associated with various settlement agreements for opioid-related claims of states, subdivisions, and Native American tribes, partially offset by an accrual in the first quarter of fiscal 2025 related to a proposed settlement with third party payors as discussed in [Financial Note 10, “Commitments and Contingent Liabilities,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

Operating activities for the six months ended September 30, 2023 were affected by net income of \$1.7 billion, adjusted for non-cash items, as well as increases in drafts and accounts payable of \$4.3 billion, receivables of \$3.2 billion, and inventories of \$2.3 billion, all primarily driven by higher revenues and timing. Our litigation liabilities also decreased by \$529 million due to payments made during the second quarter of fiscal 2024 associated with various settlement agreements for opioid-related claims of states, subdivisions, and Native American tribes.

***Investing Activities***

Investing activities used cash of \$373 million and \$315 million during the six months ended September 30, 2024 and 2023, respectively. Investing activities for the six months ended September 30, 2024 and 2023 includes \$385 million and \$264 million, respectively, in capital expenditures for property, plant, and equipment and capitalized software. Investing activities for the six months ended September 30, 2024 was also impacted by the receipt of proceeds of \$92 million related to the sale of equity securities, as discussed in [Financial Note 9, “Fair Value Measurements,”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

***Financing Activities***

Financing activities used cash of \$2.4 billion and \$1.8 billion during the six months ended September 30, 2024 and 2023, respectively. On September 10, 2024, we completed a public offering of 4.25% Notes due September 15, 2029 in a principal amount of \$500 million. Proceeds received from this note issuance, net of discounts and offering expenses, were approximately \$496 million. We utilized the net proceeds from this note issuance along with cash on hand to redeem our \$500 million outstanding principal amount of 5.25% Notes due February 15, 2026 prior to maturity at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the settlement date.

On June 15, 2023, we completed a public offering of 4.90% Notes due July 15, 2028 in a principal amount of \$400 million and 5.10% Notes due July 15, 2033 in a principal amount of \$600 million, for proceeds received, net of discounts and offering expenses, of \$397 million and \$592 million, respectively. A portion of the net proceeds from these notes was utilized to fund the repurchase of our then outstanding 3.80% Notes due March 15, 2024 (the "2024 Notes") discussed below, while the remaining net proceeds was available for general corporate purposes.

On June 16, 2023, we completed a cash tender offer for any and all of our then outstanding 2024 Notes with a principal amount of \$918 million, which was made concurrently with the June 15, 2023 notes offering described above. Using a portion of the proceeds from the June 15, 2023 notes offering, we paid an aggregate consideration of \$268 million to repurchase \$271 million principal amount of the 2024 Notes. Following the consummation of this tender offer, on June 16, 2023, we irrevocably deposited U.S. government obligations with the trustee under the indenture governing the 2024 Notes sufficient to fund the payment of accrued and unpaid interest of the remaining \$647 million principal amount of the 2024 Notes as it became due, and of the principal amount of those 2024 Notes on their March 15, 2024 maturity date.

Financing activities for the six months ended September 30, 2024 and 2023 includes \$2.0 billion and \$1.5 billion of cash paid for share repurchases, as well as \$162 million and \$149 million of cash paid for dividends, respectively. Financing activities also includes cash receipts and cash repayments each of \$6.9 billion and \$2.0 billion for the six months ended September 30, 2024 and 2023, respectively, related to short-term borrowings of commercial paper.

Cash used for other financing activities generally includes the cash value of shares surrendered for tax withholding and payments to noncontrolling interests.

***Share Repurchase Plans***

The Board has authorized the repurchase of common stock. We may repurchase common stock from time-to-time through open market transactions, privately negotiated transactions, accelerated share repurchase programs, or by combinations of such methods, any of which may use pre-arranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934 ("Exchange Act"). The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including our stock price, corporate and regulatory requirements, tax implications, restrictions under our debt obligations, other uses for capital, impacts on the value of remaining shares, cash generated from operations, and market and economic conditions.

During the three months ended September 30, 2024, we repurchased 2.9 million shares of common stock for \$1.5 billion through open market transactions at an average price per share of \$533.46, of which \$22 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets for share repurchases that were executed in late September 2024 and settled in early October 2024. During the three months ended June 30, 2024, we repurchased 1.0 million shares of common stock for \$528 million through open market transactions at an average price per share of \$548.20.

During the three months ended September 30, 2023, we repurchased 2.0 million shares of common stock for \$840 million through open market transactions at an average price per share of \$422.39, of which \$23 million was accrued within "Other accrued liabilities" in the Company's Condensed Consolidated Balance Sheets for share repurchases that were executed in late September 2023 and settled in early October 2023. During the three months ended June 30, 2023, we repurchased 1.8 million shares of common stock for \$673 million through open market transactions at an average price per share of \$379.14.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONTINUED)**  
**(UNAUDITED)**

Effective January 1, 2023, our repurchase of common stock, adjusted for allowable items, are subject to a 1% excise tax as a result of the Inflation Reduction Act of 2022. Excise taxes incurred on share repurchases of an entity's own common stock are direct and incremental costs to purchase treasury stock, and accordingly are included in the total cost basis of the common stock acquired and reflected as a reduction of stockholders' equity within "Treasury shares" in our Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Stockholders' Deficit. Excise taxes do not reduce our remaining authorization for the repurchase of common stock. Excise taxes of \$15 million and \$8 million were incurred and accrued for shares repurchased during the three months ended September 30, 2024 and 2023, respectively. Excise taxes of \$16 million and \$12 million were incurred and accrued for shares repurchased during the six months ended September 30, 2024 and 2023, respectively. As of September 30, 2024 and March 31, 2024, the amounts accrued for excise taxes were \$41 million and \$25 million, respectively, within "Other accrued liabilities" in our Condensed Consolidated Balance Sheets.

In July 2024, the Board approved an increase of \$4.0 billion in the authorization for the repurchase of common stock. The total remaining authorization outstanding for repurchases of common stock at September 30, 2024 was \$8.6 billion.

***Selected Measures of Liquidity and Capital Resources***

<i>(Dollars in millions)</i>	<b>September 30, 2024</b>		<b>March 31, 2024</b>	
Cash, cash equivalents, and restricted cash	\$	2,511	\$	4,585
Working capital		(5,430)		(4,387)
Debt to capital ratio <sup>(1)</sup>		158.8 %		124.0 %

(1) This ratio describes the relationship and changes within our capital resources, and is computed as the sum of total debt divided by the sum of total debt and McKesson stockholders' deficit, which excludes noncontrolling interests and accumulated other comprehensive loss.

Cash equivalents, which are readily convertible to known amounts of cash, are carried at fair value. Cash equivalents are primarily invested in AAA-rated U.S. government money market funds, short-term deposits with financial institutions, and short-term commercial papers issued by non-financial institutions. Deposits with financial institutions are primarily denominated in U.S. dollars and the functional currencies of our foreign subsidiaries, including Canadian dollars. Deposits could exceed the amounts insured by the Federal Deposit Insurance Corporation in the U.S. and similar deposit insurance programs in other jurisdictions. We mitigate the risk of our short-term investment portfolio by depositing funds with reputable financial institutions and monitoring risk profiles and investment strategies of money market funds.

Our cash and cash equivalents balance as of September 30, 2024 and March 31, 2024 included approximately \$1.7 billion and \$1.6 billion, respectively, of cash held by our subsidiaries outside of the U.S. Our primary intent is to utilize this cash for foreign operations for an indefinite period of time. Although the majority of cash held outside the U.S. is available for repatriation, doing so could subject us to foreign withholding taxes and state income taxes. We may remit foreign earnings to the U.S. to the extent it is tax efficient to do so. We do not anticipate the tax impact from remitting these earnings to be material. Following enactment of the 2017 Tax Cuts and Jobs Act, the repatriation of cash to the U.S. is generally no longer taxable for federal income tax purposes.

Working capital primarily includes cash and cash equivalents, receivables, inventories, and prepaid expenses, net of drafts and accounts payable, short-term borrowings, current portion of long-term debt, current portion of operating lease liabilities, and other accrued liabilities. Working capital also includes net assets and liabilities classified as held for sale which have increased in fiscal 2025 as a result of the expected divestiture of our Canadian retail disposal group. Our businesses require substantial investments in working capital that are susceptible to large variations during the year as a result of inventory purchase patterns and seasonal demands. Inventory purchase activity is a function of sales activity and other requirements.

Consolidated working capital decreased at September 30, 2024 compared to March 31, 2024 primarily due to an increase in drafts and accounts payable from increased purchasing driven by increased sales and timing, and a decrease in cash and cash equivalents, partially offset by an increase in receivables, net and inventories, net, driven by higher sales and timing, an increase in net current assets held for sale related to our Canadian retail disposal group, and a decrease in other accrued liabilities.

Our debt to capital ratio increased for the six months ended September 30, 2024 due to share repurchases and dividend payments, partially offset by net income attributable to McKesson for fiscal 2025.

**McKESSON CORPORATION**  
**FINANCIAL REVIEW (CONCLUDED)**  
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In July 2024, we raised our quarterly dividend from \$0.62 to \$0.71 per share of common stock for dividends declared on or after such date by the Board. We anticipate that we will continue to pay quarterly cash dividends in the future. However, the payment and amount of future dividends remain within the discretion of the Board and will depend upon our future earnings, financial condition, capital requirements, legal requirements, and other factors.

#### *Capital Resources*

We fund our working capital requirements primarily with cash and cash equivalents, proceeds from short-term borrowings from our commercial paper issuances, and longer-term credit agreements and debt offerings. Funds necessary for future debt maturities and our other cash requirements, including any future payments that may be made related to our total estimated litigation liability of \$6.4 billion as of September 30, 2024 payable under the terms of various settlement agreements for opioid-related claims, are expected to be met by existing cash balances, cash flow from operations, existing credit sources, and future borrowings. Long-term debt markets and commercial paper markets, our primary sources of capital after cash flow from operations, are open and accessible to us should we decide to access those markets. Detailed information regarding our debt and financing activities is included in [Financial Note 7, “Debt and Financing Activities.”](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report.

We believe that our future operating cash flow, financial assets, and access to capital and credit markets, including our credit facilities, give us the ability to meet our financing needs for the foreseeable future. However, there can be no assurance that an increase in volatility or disruption in the global capital and credit markets will not impair our liquidity or increase our costs of borrowing.

#### **CAUTIONARY NOTICE ABOUT FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2 of Part I of this report, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements may be identified by their use of terminology such as “believes,” “expects,” “anticipates,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “projects,” “plans,” “estimates,” “targets,” or the negative of these words or other comparable terminology. The discussion of proposed acquisition or disposition transactions, financial trends, strategy, plans, assumptions, expectations, or intentions may also include forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, they include, but are not limited to, the factors discussed in the “Risk Factors” section in Item 1A of Part I of the 2024 Annual Report and in our publicly available SEC filings and press releases. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date such statements were first made. Except to the extent required by federal securities laws, we undertake no obligation to publicly release the result of any revisions to any forward-looking statements to reflect events or circumstances after the date the statements are made, or to reflect the occurrence of unanticipated events.

#### **AVAILABLE INFORMATION**

We routinely post on our company website, and via our social media channels, information that may be material to investors, including details and updates to information disclosed elsewhere, which may include business developments, earnings and financial performance, sustainability matters, and materials for presentations to investors and financial analysts. Investors are encouraged to monitor our website [www.mckesson.com](http://www.mckesson.com). Interested parties can sign up on our website, including our Investor Relations site, to receive automated e-mail alerts, such as via RSS newsfeed, when we post certain information. Interested parties can also follow our social media feed @McKesson on X. The content on any website or social media channel is not incorporated by reference into this report, unless expressly noted otherwise.

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

We believe there has been no material change in our exposure to risks associated with fluctuations in interest and foreign currency exchange rates as disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

**Item 4. Controls and Procedures.**

Our Chief Executive Officer and our Chief Financial Officer, with the participation of other members of the Company's management, have evaluated the effectiveness of the Company's "disclosure controls and procedures" (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report, and our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

There were no changes in our "internal control over financial reporting" (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 and 15d-15 that occurred during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION****Item 1. Legal Proceedings.**

The information set forth in [Financial Note 10, "Commitments and Contingent Liabilities,"](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, and in [Financial Note 17, "Commitments and Contingent Liabilities,"](#) to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, is incorporated herein by reference. Disclosure of an environmental proceeding with a governmental agency generally is included only if we expect monetary sanctions in the proceeding to exceed \$1 million, unless otherwise material.

**Item 1A. Risk Factors.**

Other than factual updates discussed in this Quarterly Report on Form 10-Q, there have been no material changes for the period covered by this Quarterly Report on Form 10-Q to the risk factors disclosed in Part I of Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

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

Our Board of Directors has authorized the repurchase of common stock. We may repurchase common stock from time-to-time through open market transactions, privately negotiated transactions, accelerated share repurchase programs, or by combinations of such methods, any of which may use pre-arranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Exchange Act. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including our stock price, corporate and regulatory requirements, tax implications, restrictions under our debt obligations, other uses for capital, impacts on the value of remaining shares, cash generated from operations, and market and economic conditions.

Refer to [Financial Note 11, "Stockholders' Deficit,"](#) to the accompanying condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a full discussion of the Company's share repurchases for the three and six months ended September 30, 2024 and 2023.

## McKESSON CORPORATION

The following table provides information on the Company's share repurchases during the three months ended September 30, 2024:

<i>(In millions, except price per share)</i>	Share Repurchases <sup>(1)</sup>			Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs <sup>(2)</sup>
	Total Number of Shares Purchased	Average Price Paid Per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of a Publicly Announced Program <sup>(3)</sup>	
July 1, 2024 – July 31, 2024	0.3	578.47	0.3	\$ 9,928
August 1, 2024 – August 31, 2024	0.9	548.97	0.9	9,453
September 1, 2024 – September 30, 2024	1.7	509.96	1.7	8,574
Total	2.9		2.9	

(1) This table does not include the value of equity awards surrendered to satisfy tax withholding obligations or forfeitures of equity awards.

(2) The average price paid per share excludes \$15 million of excise taxes incurred on share repurchases for the three months ended September 30, 2024. The remaining authorization outstanding for repurchases of common stock excludes \$41 million of cumulative excise taxes incurred on share repurchases through September 30, 2024.

(3) In July 2024, the Board authorized the Company to repurchase up to an additional \$4.0 billion shares of common stock, which has no expiration date.

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

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

On November 7, 2024, the Company entered into an amendment (the "Amendment") to its Credit Agreement, dated November 7, 2022, among the Company, as borrower, the lenders party thereto, the letter of credit issuers party thereto, Bank of America, N.A., as administrative agent, and the other parties thereto (the "Existing Credit Agreement", as amended by the Amendment, the "Amended Credit Agreement").

The Amendment, among other things, (1) extends the maturity date of the revolving credit facility provided for in the Credit Agreement from November 7, 2028 to November 7, 2029, (2) changes the applicable benchmark with respect to Loans denominated in Canadian Dollars from CDOR to the Term CORRA and (3) reduces the SOFR Adjustment to 0% for Loans bearing interest by reference to SOFR with a one-month tenor. Capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the Amended Credit Agreement. A copy of the Amendment is attached as Exhibit 10.1 to this report and is incorporated herein by reference.

**Pre-arranged Trading Plans**

The following discussion includes trading arrangements adopted, modified, or terminated by our directors and officers during the three months ended September 30, 2024.

On August 17, 2024, Thomas Rodgers, our Executive Vice President and Chief Strategy and Business Development Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 4,080 shares of the Company's common stock. The duration of the trading arrangement is until August 18, 2025, or earlier if all transactions under the trading arrangement are completed or if the trading arrangement is otherwise terminated according to its terms. The trading arrangement was entered into during an open trading window period and Mr. Rodgers represented to us that he intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement includes shares that may be withheld by the Company to satisfy income tax withholding and remittance obligations in connection with the net settlement of equity awards.



**McKESSON CORPORATION**

On September 9, 2024, LeAnn Smith, our Executive Vice President and Chief Human Resources Officer, adopted a Rule 10b5-1 trading arrangement for the sale of up to 3,592 shares of the Company's common stock. The duration of the trading arrangement is until September 9, 2025, or earlier if all transactions under the trading arrangement are completed or if the trading arrangement is otherwise terminated according to its terms. The trading arrangement was entered into during an open trading window period and Ms. Smith represented to us that she intended for it to satisfy the requirements for the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The number of shares subject to the arrangement includes shares that may be withheld by the Company to satisfy income tax withholding and remittance obligations in connection with the net settlement of equity awards.

**Item 6. Exhibits.**

Exhibits identified under “Incorporated by Reference” in the table below are on file with the SEC and are incorporated by reference as exhibits hereto.

Exhibit Number	Description	Incorporated by Reference			
		Form	File Number	Exhibit	Filing Date
4.1	<a href="#">Officer’s Certificate, dated as of September 10, 2024, and related Form of 2029 Note.</a>	8-K	1-13252	4.1	September 10, 2024
10.1†	<a href="#">First Amendment to Credit Agreement dated as of November 7, 2024, to the Credit Agreement dated as of November 7, 2022, among the Company, as borrower, the lenders party thereto, the letter of credit issuers party thereto, Bank of America, N.A., as administrative agent, and the other parties thereto.</a>	—	—	—	—
31.1†	<a href="#">Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	—	—	—	—
31.2†	<a href="#">Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	—	—	—	—
32††	<a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	—	—	—	—
101†	The following materials from the McKesson Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Stockholders’ Deficit, (v) Condensed Consolidated Statements of Cash Flows, and (vi) related Financial Notes.	—	—	—	—
104†	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).	—	—	—	—

† Filed herewith.

†† Furnished herewith.

**McKESSON CORPORATION**

**SIGNATURES**

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

McKESSON CORPORATION

Date: November 7, 2024

/s/ Britt J. Vitalone

**Britt J. Vitalone**

Executive Vice President and Chief Financial Officer

McKESSON CORPORATION

Date: November 7, 2024

/s/ Napoleon B. Rutledge Jr.

**Napoleon B. Rutledge Jr.**

Senior Vice President and Controller

This FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of November 7, 2024 (this “*Amendment*”), which amends that certain Credit Agreement, dated as of November 7, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “*Credit Agreement*”; the Credit Agreement, as amended by this Amendment, the “*Amended Credit Agreement*”) among McKesson Corporation, a Delaware corporation (the “*Company*”) and certain of its subsidiaries party thereto from time to time as borrowers (together with the Company, collectively, the “*Borrowers*” and each, a “*Borrower*”), the financial institutions party thereto from time to time as lenders (the “*Lenders*”), Bank of America, N.A., as administrative agent (the “*Administrative Agent*”) and the other parties named therein.

WHEREAS, pursuant to Section 11.01 of the Credit Agreement, the Administrative Agent, the Borrowers, each Lender and each L/C Issuer desire to amend the Credit Agreement, subject to the terms and conditions set forth in this Amendment.

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

Section 1.01 **Defined Terms.** Capitalized terms used but not otherwise defined herein (including the preliminary statements hereto) have the meanings assigned to them in the Amended Credit Agreement.

Section 2.01 **Extension of Existing Maturity Date.** The Company hereby requests that each Lender and each L/C Issuer extend the Existing Maturity Date (previously extended to November 7, 2028 pursuant to that certain Extension Acknowledgement, dated as of November 7, 2023 (the “*First Maturity Extension*”)) from November 7, 2028 to November 7, 2029 effective on and as of the First Amendment Effective Date (such extension, the “*Second Maturity Extension*”). Each of the Administrative Agent, each L/C Issuer and each Lender hereby consents to the Second Maturity Extension. The Second Maturity Extension shall constitute one request for extension of the Existing Maturity Date pursuant to Section 2.17(a) of the Credit Agreement.

Section 3.01 **Amendments to the Credit Agreement.** Subject to the satisfaction of the conditions set forth in Section 6.01 of this Amendment, effective as of the First Amendment Effective Date (as defined below), the Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages attached as Exhibit A hereto.

Section 4.01 **Notice.** As of the First Amendment Effective Date, the Administrative Agent hereby (i) notifies the Borrowers and each Lender of the implementation of Term CORRA as the Relevant Rate for Canadian Dollars and the effectiveness of the Conforming Changes made in connection therewith, in each case pursuant to this Amendment and (ii) revokes (and the Required Lenders hereby direct the Administrative Agent to revoke) that certain notice to the Company, dated as of June 26, 2024, suspending the obligation of the Lenders to make or maintain Eurocurrency Rate Loans in Canadian Dollars. To the extent the Credit Agreement requires the Administrative Agent to provide notice that any of the foregoing events has occurred, this Amendment constitutes such notice.

Section 5.01 **Representations and Warranties.** The Company, on behalf of itself and each other Borrower, represents and warrants (which representations and warranties in the case of any Borrower other than the Company shall be limited to such Borrower and its Subsidiaries and other facts and circumstances known to the Company) to the Administrative Agent and each Lender as of the First Amendment Effective Date that:

(a) The representations and warranties of the Company and each other Borrower contained in Article V of the Credit Agreement and any other Loan Document, or which are contained in any document furnished at any time under or in connection therewith, are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the First Amendment Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Amendment, the

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representations and warranties contained in Section 5.08(a) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant Sections 6.01(a) and 6.01(b) of the Credit Agreement, respectively;

(b) (i) the Company has all requisite power and authority to execute, deliver and perform its obligations under this Amendment, (ii) the execution, delivery and performance by the Company of this Amendment (1) are within the Company's corporate or other powers, (2) have been duly authorized by all necessary corporate or other organizational action and (3) do not contravene the terms of the Company's Organization Documents, (iii) this Amendment has been duly executed and delivered by the Company and (iv) this Amendment constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability; and

(c) No Default or Event of Default has occurred and is continuing or will result after giving effect to this Amendment and the transactions contemplated hereby.

Section 6.01 **Effectiveness.** This Amendment shall become effective on and as of the date (such date, the "**First Amendment Effective Date**") on which each of the following conditions is satisfied:

(a) The Administrative Agent shall have executed a counterpart hereof and shall have received duly executed counterparts of this Amendment that, when taken together, bear the signatures of the Company, each Lender and each L/C Issuer under the Credit Agreement;

(b) The Administrative Agent shall have received all expenses for which invoices have been presented (including the reasonable and documented out-of-pocket fees and expenses of legal counsel to the Administrative Agent), on or before the First Amendment Effective Date;

(c) The Administrative Agent shall have received, for its own account or account of each Lender, any fees payable in connection with this Amendment;

(d) No Default or Event of Default has occurred and is continuing prior to and after giving effect to this Amendment and the transactions contemplated hereby;

(e) The Administrative Agent shall have received a certificate signed by the chief financial officer or treasurer of the Company as required by Section 2.17(f)(iv) of the Credit Agreement;

(f) The representations and warranties contained in Article V of the Credit Agreement, the other Loan Documents, and in any document furnished at any time under or in connection therewith are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) as of such earlier date and except that the representations and warranties contained in Section 5.08(a) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant Sections 6.01(a) and 6.01(b) of the Credit Agreement; and

(g) No Material Adverse Effect has occurred since March 31, 2024.

Section 7.01 **Effect of this Amendment.** (a) 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 Administrative Agent or the Lenders under the Credit 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 Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall (i) be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, any other Loan Document or any of the instruments or agreements

referred to in any thereof, in similar or different circumstance, (ii) be deemed to be a consent to, or a waiver, modification or forbearance of, any Default or Event of Default, whether or not known to the Administrative Agent or any of the Lenders or (iii) prejudice any right or remedy which the Administrative Agent or any of the Lenders may now have or have in the future against any Person under or in connection with the Credit Agreement, any of the instruments or agreements referred to therein or any of the transactions contemplated thereby.

(a) On and after the First Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import, and each reference to the Credit Agreement in any other Loan Document (and the other documents and instruments delivered pursuant to or in connection therewith), shall be deemed to be a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and the other Loan Documents.

(b) Except as expressly provided, nothing herein contained shall be construed as a substitution or novation, or a payment and reborrowing, or a termination, of the Obligations outstanding under the Credit Agreement or instruments guaranteeing or securing the same, which shall remain in full force and effect, except as modified hereby or by instruments executed concurrently herewith.

Section 8.01 **Modifications.** Neither this Amendment, nor any provision hereof, may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the parties hereto.

Section 9.01 **Counterparts.** This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page by telecopier or electronic mail (in a .pdf format) shall be effective as delivery of a manually executed counterpart. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, 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 New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to agree to accept Electronic Signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Section 10.01 **Governing Law.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; *PROVIDED* THAT THE ADMINISTRATIVE AGENT, EACH L/C ISSUER AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW. The provisions of Sections 11.16(b) and 11.17 of the Amended Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

Section 11.01 **Headings.** Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

**MCKESSON CORPORATION**, as a Borrower

By: :/s/ Akinjide Falaki  
Name: Akinjide Falaki  
Title: Vice President and Treasurer

[Signature Page to First Amendment to Credit Agreement]

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**BANK OF AMERICA, N.A.**, as Administrative Agent

By: /s/ Kyle D Harding  
Name: Kyle D Harding  
Title: Vice President

[Signature Page to First Amendment to Credit Agreement]

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**BANK OF AMERICA, N.A.**, as a Lender and L/C Issuer

By: /s/ Joseph L. Corah  
Name: Joseph L. Corah  
Title: Managing Director

[Signature Page to First Amendment to Credit Agreement]

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**JPMORGAN CHASE BANK, N.A.**, as a Lender and L/C Issuer

By: /s/ Gregory T. Martin  
Name: Gregory T. Martin  
Title: Executive Director

[Signature Page to First Amendment to Credit Agreement]

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**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as a Lender and L/C Issuer

By: /s/ Andrea S Chen  
Name: Andrea S Chen  
Title: Managing Director

[Signature Page to First Amendment to Credit Agreement]

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**BARCLAYS BANK PLC**, as a Lender and L/C Issuer

By: /s/ Evan Moriarty  
Name: Evan Moriarty  
Title: Authorized Signatory

[Signature Page to First Amendment to Credit Agreement]

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**CITIBANK, N.A.**, as a Lender and L/C Issuer

By: /s/ Richard Rivera  
Name: Richard Rivera  
Title: Vice President

[Signature Page to First Amendment to Credit Agreement]

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**GOLDMAN SACHS BANK USA**, as a Lender and L/C Issuer

By: /s/ Nicholas Merino  
Name: Nicholas Merino  
Title: Authorized Signatory

[Signature Page to First Amendment to Credit Agreement]

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**BNP PARIBAS**, as a Lender

By: /s/ John Bosco  
Name: John Bosco  
Title: Managing Director

By: /s/ Claudia Zarate  
Name: Claudia Zarate  
Title: Managing Director

[Signature Page to First Amendment to Credit Agreement]

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**DEUTSCHE BANK AG NEW YORK BRANCH**, as a Lender

By: /s/ Ming K. Chu  
Name: Ming K. Chu  
Title: Director

By: /s/ Alison Lugo  
Name: Alison Lugo  
Title: Vice President

[Signature Page to First Amendment to Credit Agreement]

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**HSBC BANK USA, NATIONAL ASSOCIATION**, as a Lender

By: /s/ Virginia Cosenza  
Name: Virginia Cosenza  
Title: Sr. Vice President #23310

[Signature Page to First Amendment to Credit Agreement]

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**PNC BANK, NATIONAL ASSOCIATION**, as a Lender

By: /s/ Alexander Jodry  
Name: Alexander Jodry  
Title: Vice President

[Signature Page to First Amendment to Credit Agreement]

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**THE BANK OF NOVA SCOTIA**, as a Lender

By: /s/ Robb Gass  
Name: Robb Gass  
Title: Managing Director

[Signature Page to First Amendment to Credit Agreement]

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**THE TORONTO-DOMINION BANK, NEW YORK BRANCH, as a Lender**

By: /s/ Mike Tkach  
Name: Mike Tkach  
Title: Authorized Signatory

[Signature Page to First Amendment to Credit Agreement]

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**TRUIST BANK**, as a Lender

By: /s/ Alexandra Korchmar  
Name: Alexandra Korchmar  
Title: Vice President

[Signature Page to First Amendment to Credit Agreement]

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**U.S. BANK NATIONAL ASSOCIATION**, as a Lender

By: /s/ Maria Massimino  
Name: Maria Massimino  
Title: Senior Vice President

[Signature Page to First Amendment to Credit Agreement]

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**ING BANK N.V., DUBLIN BRANCH**, as a Lender

By: /s/ Cormac Langford  
Name: Cormac Langford  
Title: Managing Director

By: /s/ Sean Hassett  
Name: Sean Hassett  
Title: Director

[Signature Page to First Amendment to Credit Agreement]

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**SOCIETE GENERALE**, as a Lender

By: /s/ Shelley Yu  
Name: Shelley Yu  
Title: Director

[Signature Page to First Amendment to Credit Agreement]

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**UNICREDIT BANK GMBH, NEW YORK BRANCH**, as a Lender

By: /s/ Kimberly Sousa  
Name: Kimberly Sousa  
Title: Managing Director

By: /s/ Laura Shelmerdine  
Name: Laura Shelmerdine  
Title: Director

[Signature Page to First Amendment to Credit Agreement]

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**Exhibit A**

[Attached.]

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Published Deal CUSIP: 58155CAN4  
Revolver CUSIP: 58155CAP9

**CREDIT AGREEMENT**

Dated as of November 7, 2022,

as amended by the First Amendment to Credit Agreement, dated as of November 7, 2024

**MCKESSON CORPORATION**

and

**CERTAIN SUBSIDIARIES**

as Borrowers,

**BANK OF AMERICA, N.A.,**

as Administrative Agent,

**JPMORGAN CHASE BANK, N.A.**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**

as Co-Syndication Agents,

**BARCLAYS BANK PLC,**

**CITIBANK, N.A.**

and

**GOLDMAN SACHS BANK USA,**

as Co-Documentation Agents

and

The Other Lenders and L/C Issuers Party Hereto

**BOFA SECURITIES, INC.,**

**BARCLAYS BANK PLC,**

**CITIBANK, N.A.,**

**GOLDMAN SACHS BANK USA,**

**JPMORGAN CHASE BANK, N.A.**

and

**WELLS FARGO SECURITIES, LLC,**

as Joint Lead Arrangers and Joint Book Runners

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## CREDIT AGREEMENT

This CREDIT AGREEMENT (“Agreement”) is entered into as of November 7, 2022, among MCKESSON CORPORATION, a Delaware corporation (the “Company”), any Designated Borrower (as defined below) or any Subsidiary of the Company that has executed and delivered to the Administrative Agent a joinder agreement in the form of Exhibit F hereto pursuant to Section 7.02(d), as applicable (together with the Company and any Designated Borrower, the “Borrowers” and each a “Borrower”), each lender from time to time party hereto (collectively, the “Lenders” and each individually, a “Lender”), each L/C Issuer from time to time party hereto and BANK OF AMERICA, N.A., as Administrative Agent.

The Borrowers have requested that the Lenders make available, for the purposes specified in this Agreement, a revolving credit facility, and the Lenders are willing to make available to the Borrowers such revolving credit facility upon 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:

### 1.

#### DEFINITIONS AND ACCOUNTING TERMS

**1.1. Defined Terms.** As used in this Agreement (including the introductory clauses hereto), the following terms shall have the meanings set forth below:

“Acquired Debt Default” means an event of default under a Relevant Obligation of a Person which becomes a Subsidiary after the date hereof, which event of default occurs by reason of the change of control of such Person by virtue of the transaction pursuant to which it becomes a Subsidiary. For avoidance of doubt, an event of default under another Relevant Obligation of the Company or a Subsidiary by virtue of a cross default to an event of default described in the preceding sentence is not an Acquired Debt Default.

“Additional Commitment Lender” has the meaning specified in Section 2.17.

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

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

“Administrative Questionnaire” means, with respect to any currency, an Administrative Questionnaire in a form supplied by the Administrative Agent.

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

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Agent Parties” has the meaning specified in Section 11.02(c).

“Agent” means the Administrative Agent.

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

“Aggregate Commitments” means the aggregate Commitments of all the Lenders. The Aggregate Commitments as of the Closing Date are equal to \$4,000,000,000.

“Agreement” means this Credit Agreement.

“Alternative Currency” means each of the following currencies: Euro, Sterling, and Canadian Dollars.

“Alternative Currency Sublimit” means an amount equal \$3,600,000,000.00. The Alternative Currency Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Anti-Money Laundering Laws” means laws and regulations related to terrorism financing or money laundering, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56), and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act”, 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

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

“Applicable Rate” means, from time to time, the rate, expressed in basis points per annum, corresponding to the applicable Debt Rating as set forth below:

<b>Pricing Level</b>	<b>Debt Ratings S&amp;P/Moody's/Fitch</b>	<b>Facility Fee</b>	<b>Eurocurrency Rate and Letters of Credit</b>	<b>Base Rate Loans</b>
1	Greater than or equal to A/A2/A	6.5	68.5	0
2	A-/A3/A-	7.5	80.0	0
3	BBB+/Baa1/BBB+	9.0	91.0	0
4	BBB/Baa2/BBB	11.0	101.5	1.5
5	Less than or equal to BBB-/Baa3/BBB-	15.0	110.0	10.0

“Debt Rating” means, as of any date of determination, the available ratings as determined by S&P, Moody’s and/or Fitch (collectively, the “Debt Ratings”) of the Company’s non-credit-enhanced, senior unsecured long-term debt; provided that (1) if the Company shall maintain a Debt Rating from all three of S&P, Moody’s and Fitch and there is a difference in such Debt Ratings, (a) if there is a Debt Rating differential of (i) one Pricing Level between the highest and lowest Debt Ratings or (ii) more than one Pricing Level between the highest and lowest Debt Ratings, with two Debt Ratings that are equivalent and the third Debt Rating lower, in each case, the higher Pricing Level shall apply and (b) otherwise, one Pricing Level below the Pricing Level corresponding to the highest of the three Debt Ratings shall apply, (2) if the Company shall maintain Debt Ratings from only two of S&P, Moody’s and Fitch, (a) if there is a split in Debt Ratings of more than one Pricing Level, the Pricing Level that is one Pricing Level lower than

the higher of the Company's two Debt Ratings shall apply and (b) otherwise, the higher of such two Debt Ratings shall apply, (3) if the Company shall maintain Debt Ratings from only one of S&P, Moody's and Fitch, then that single Debt Rating shall apply or (4) if the Company shall maintain Debt Ratings from none of S&P, Moody's and Fitch, then the Applicable Rate shall be based on Pricing Level 5.

Initially, the Applicable Rate shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to Section 4.01(a)(vi). Thereafter, each change in the Applicable Rate shall be effective during the period commencing on the effective date of such change in the Debt Rating and ending on the date immediately preceding the effective date of the next such change.

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

"Applicant Borrower" shall have the meaning specified in Section 2.16(a).

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arrangers" means BofA Securities, Inc., Barclays Bank PLC, Citibank, N.A., Goldman Sachs Bank USA, JPMorgan Chase Bank, N.A. and Wells Fargo Securities, LLC, each in its capacity as joint lead arranger and joint book runner.

"Assignment and Assumption" means an Assignment and Assumption substantially in the form of Exhibit D.

"Attorney Costs" means and includes all reasonable fees, expenses and disbursements of any law firm or other external counsel and, without duplication, the reasonable allocated cost of internal legal services and all reasonable expenses and disbursements of internal counsel; provided that no fees, expenses or disbursements shall qualify as Attorney Costs unless written evidence, prepared in reasonable detail, substantiating such fees, expenses and disbursements is available to the Company upon request.

"Attributable Indebtedness" means, on any date, (a) in respect of any capital or finance lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital or finance lease.

"Audited Financial Statements" means the audited consolidated balance sheet of the Company and its Subsidiaries for the fiscal year ended March 31, 2022, and the related consolidated statements of operations, shareholders' equity and cash flows for such fiscal year of the Company and its Subsidiaries, including the notes thereto.

"Authorization" has the meaning specified in Section 5.03.

"Availability Period" means the period from and including the date hereof to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to Section 2.06, and (c) the date of termination of the Commitment of each Lender to make Loans and of the obligation of the L/C Issuers to make L/C Credit Extensions pursuant to Section 8.02.

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

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

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

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

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

“Base Rate Loan” means a Loan made to a Borrower that is a U.S. Person that bears interest based on the Base Rate. All Base Rate Loans shall be denominated in Dollars.

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

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

“Beneficiary” means, in relation to a Letter of Credit, from time to time, the initial beneficiary, a transferee beneficiary, a successor beneficiary, a nominated bank, a negotiating bank or a confirming bank with respect to such Letter of Credit, as applicable.

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

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

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

“Borrower Materials” has the meaning specified in Section 6.02.

“Borrower Notice” has the meaning specified in Section 7.02(d).

“Borrowing” means a Committed Borrowing.

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

(a) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in Dollars, any fundings, disbursements, settlements and payments in Dollars in respect of any such Eurocurrency Rate Loan, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan, means any such day that is also a U.S. Government Securities Business Day;

(b) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Eurocurrency Rate Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan, means a TARGET Day;

(c) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in Sterling, also excludes any day on which banks are closed for general business in London;

(d) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan denominated in a currency other than Dollars or Euro, means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the London or other applicable offshore interbank market for such currency; and

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

“Canadian Dollars” and “Cdn.\$” each means the lawful money of Canada.

“Cash Collateralize” has the meaning specified in Section 2.03(g).

“Cash Collateral” has the meaning specified in Section 2.03(g).

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

“Change of Control” means an event or series of events by which (a) with respect to the Company, any “person” or “group” (as such terms 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 or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 51% or more of the equity securities of the Company entitled to vote for members of the board of directors or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) (provided that “Change of Control” shall not include any such acquisition which occurs as part of a transaction consisting of (x) the Company becoming a wholly owned subsidiary of a holding company and (y) the holders of the voting stock of such holding company immediately following such transaction are substantially the same as the holders of the Company’s voting stock immediately prior to such transaction) and (b) with respect to the Domestic Subsidiary that becomes a



Borrower pursuant to Section 7.02(d), any “person” or “group” other than the Company becomes the “beneficial owner”, directly or indirectly, of any equity securities of such Domestic Subsidiary entitled to vote for members of the board of directors or equivalent governing body of such Domestic Subsidiary on a fully-diluted basis.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 11.01, which date is November 7, 2022.

“Code” means the Internal Revenue Code of 1986.

“Commitment” means, as to each Lender, its obligation to (a) make Committed Loans to the Borrowers pursuant to ARTICLE II or (b) purchase participations in L/C Obligations, in an aggregate principal amount at any one time outstanding not to exceed the Dollar amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The Commitment for any Lender that has an Affiliate is a single value for such Lender and its Affiliate taken together.

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

“Committed Loan” has the meaning specified in Section 2.01.

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

“Company” has the meaning specified in the introductory clause hereto.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

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

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

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) consolidated interest expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts

attributable to depreciation and amortization for such period, (iv) all non-cash share-based compensation expenses for such period, (v) all restructuring, integration, and other costs and expenses for such period that relate to any acquisition, merger, consolidation, amalgamation, joint venture investment, divestiture or other business combination or related transactions not prohibited hereunder, (vi) all LIFO inventory-related non-cash expense adjustments for such period, (vii) non-cash impairment charges for such period, (viii) all net charges with respect to litigation for such period, (ix) all losses, charges and expenses attributable to the early extinguishment or conversion of Indebtedness (including deferred financing expenses written off or forgiven and premiums paid), (x) all losses on sales of assets outside the ordinary course of business for such period and (xi) all other extraordinary, non-recurring or unusual non-cash charges or losses for such period (including, for the avoidance of doubt, any non-cash charges in respect of any claims or litigation in excess of \$1,000,000,000.00 that the Company excluded from its “Adjusted Earnings (Non-GAAP)” for the fiscal quarter ended December 31, 2020, as reported in a current report on Form 8-K reporting operating results for such period), and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, the sum of (i) consolidated interest tax benefit for such period, (ii) all extraordinary, non-recurring or unusual non-cash gains for such period, (iii) all LIFO inventory-related non-cash credit for such period, (iv) all litigation recovery gains for such period and (v) all gains on sales of assets outside of the ordinary course of business for such period. In the event that the Company or any Subsidiary shall have completed a Material Acquisition or a Material Disposition during any relevant period, Consolidated EBITDA shall be determined for such period on a pro forma basis as if such Material Acquisition or Material Disposition, and any related incurrence or repayment of Indebtedness, had occurred at the beginning of such period.

“Consolidated Net Income” means, for any period, the net income (or loss) of the Company and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or loss) of any Person (other than the Company) that is not a Subsidiary, except to the extent of the amount of dividends or other distributions actually paid to the Company or any of its Subsidiaries during such period, (b) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into, amalgamated with or consolidated with the Company or any Subsidiary or the date that such Person’s assets are acquired by the Company or any Subsidiary and (c) the income (or loss) of, and any amounts referred to in clause (a) above paid to, any Subsidiary that is not wholly owned by the Company to the extent such income (or loss) or such amounts are attributable to the non-controlling interest in such Subsidiary.

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

“Control” has the meaning specified in the definition of “Affiliate.”

“Core Components” means core components to the Sustainability Linked Loan Principles, being: ‘Selection of KPIs’, ‘Calibration of SPTs’, ‘Loan Characteristics’, ‘Reporting’ and ‘Verification’, each as more particularly described in the Sustainability Linked Loan Principles.

“CORRA” means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

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

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

“Debt Rating” has the meaning specified in the definition of “Applicable Rate.”

“Debtor Relief Laws” means the Bankruptcy Code of the United States and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership,

insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

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

“Default Rate” means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2% per annum; provided, however that, with respect to a Eurocurrency Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum, in each case to the fullest extent permitted by applicable Laws.

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

“Defaulting Lender” means, subject to Section 2.18, any Lender that (i) has failed to fund any portion of the Committed Loans or participations in L/C Obligations required to be funded by it hereunder within two Business Days of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (which conditions precedent, together with the applicable default, if any, shall be specifically identified in such writing) has not been satisfied, (ii) 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 two Business Days of the date when due, unless the subject of a good faith dispute, (iii) has notified any Borrower, the Administrative Agent or any other Lender in writing 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 (unless such writing or public statement relates to such Lenders’ obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with the applicable default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied) or generally under other agreements in which it commits to extend credit, (iv) has failed, within three (3) Business Days after request by the Administrative Agent, to confirm in a manner reasonably satisfactory to the Administrative Agent that it will comply with its funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (iv) upon receipt of such written confirmation by the Administrative Agent) or (v) has, or has a direct or indirect parent company that has, (w) become the subject of an Insolvency Proceeding, (x) 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, or (y) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment (provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender) or (z) has become the subject of a Bail-In Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (i) through (v) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower, each L/C Issuer and each other Lender promptly following such determination.

“Designated Borrower” means any consolidated Subsidiary of the Company that becomes eligible to receive Loans hereunder pursuant to Section 2.16.

“Designated Borrower Effective Date” has the meaning specified in Section 2.16(a).

“Designated Borrower Jurisdiction” means the United States, any state thereof or the District of Columbia, Canada, United Kingdom, Germany, Ireland, Luxembourg, The Netherlands or other jurisdictions approved by each Lender.

“Designated Borrower Notice” shall have the meaning specified in Section 2.16(a).

“Designated Borrower Request and Assumption Agreement” shall have the meaning specified in Section 2.16(a).

“Designated Foreign Borrower” shall have the meaning specified in Section 2.16.

“Designated Jurisdiction” means any country or territory that itself is the subject of any comprehensive territorial Sanctions, currently, Cuba, Crimea region of Ukraine, Iran, North Korea, Syria, the so-called Luhansk People’s Republic, the so-called Donetsk People’s Republic and non-government controlled areas of the Kherson and Zaporizhzhia Regions of Ukraine.

“Disqualified Institution” means at any time any Person that is a competitor of the Company or an affiliate of a competitor of the Company, in each case as so identified on a list provided by the Company to the Administrative Agent on or after the date hereof. The Company may update such list from time to time with any competitor of the Company or any affiliate of a competitor of the Company by providing written notice to the Administrative Agent.

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

“Dollar Equivalent” means, at any time, (a) as to any amount denominated in Dollars, the amount thereof as such time, and (b) as to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

“Domestic Subsidiary” means each Subsidiary that is not a Foreign Subsidiary or a FSHCO.

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

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

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

“Electronic Signature” has the meanings assigned to it by 15 USC § 7006, as it may be amended from time to time.

“Eligible Assignee” has the meaning specified in Section 11.06(g).

“Environmental Laws” means any and all federal, state, provincial, municipal, local, and foreign statutes, laws (including common law), regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution or the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines or penalties), of the Company or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials or (d) the release or threatened release of any Hazardous Materials into the environment.

“Equity Interests” of any Person mean any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent or in endangered or critical status; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

“ESG” has the meaning specified in Section 2.19.

“ESG Amendment” has the meaning specified in Section 2.19.

“ESG Applicable Rate Adjustments” has the meaning specified in Section 2.19.

“ESG Pricing Provisions” has the meaning specified in Section 2.19.

“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.

“EURIBOR” has the meaning specified in the definition of Eurocurrency Rate.

“Euro” and “€” mean the single currency of the Participating Member States.

“Eurocurrency Rate” means, with respect to any Credit Extension:

(a) for any rate calculation with respect to a Eurocurrency Rate Loan on any date:

(i) denominated in Dollars, the rate per annum equal to the Term SOFR Screen Rate two U.S. Government Securities Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period; provided that if the rate is not published prior to 5:00 p.m. on such determination date then Term SOFR means the Term SOFR Screen Rate on the first U.S. Government Securities Business Day immediately prior thereto, in each case, plus the SOFR Adjustment (“Term SOFR”).

(ii) denominated in Sterling, the rate per annum equal to the Sterling Overnight Index Average Reference Rate published on the fifth Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (“SONIA”); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

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

(iv) denominated in Canadian Dollars, the rate per annum equal to the forward-looking term rate based on CORRA (“Term CORRA”, as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the “Term CORRA Rate”) two Business Days prior to the commencement of such Interest Period with a term equivalent to such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that, to the extent such market practice is not administratively feasible for the Administrative Agent, then such other day as otherwise reasonably determined by the Administrative Agent) plus the Term CORRA Adjustment for such Interest Period;

(b) for any rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to the Term SOFR Screen Rate with a term of one month commencing that day;

provided that to the extent a comparable or successor rate is approved by the Administrative Agent in connection with any rate set forth in this definition, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent; and if the Eurocurrency Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Eurocurrency Rate Loan” means a Committed Loan that bears interest at the Eurocurrency Rate calculated at a rate based on clause (a) of the definition of “Eurocurrency Rate”. Eurocurrency Rate Loans may be denominated in Dollars (if based on clause (a)(i) of such definition) or in an Alternative Currency (if based on clauses (a)(ii) through (a)(iv) of such definition). All Committed Loans denominated in an Alternative Currency must be Eurocurrency Rate Loans.

“Event of Default” has the meaning specified in Section 8.01.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Company under Section 11.15) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a)(iii) or (c), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Existing Letters of Credit” means those letters of credit issued prior to the date hereof for the account of the Company or one of its Subsidiaries, as identified by the applicable L/C Issuer to the Administrative Agent in a writing confirmed by the Company on or prior to the date hereof.

“Existing Maturity Date” has the meaning specified in Section 2.17.

“Existing Revolving Credit Agreement” means that certain Credit Agreement dated as of September 25, 2019 among the Company, any designated borrower, each lender from time to time party thereto, Bank of America, N.A., as administrative agent, and the L/C issuers party thereto, as amended to date.

“Extending Lender” has the meaning specified in Section 2.17.

“Extension Date” has the meaning specified in Section 2.17.

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

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

“Fee Letter” means, collectively, (a) the letter agreement, dated October 12, 2022, between the Company and Bank of America and (b) any fee letter agreement entered into among the Company and any of the Arrangers in connection with this Agreement.

“Fitch” means Fitch Ratings Inc., and any successor thereto.

“Foreign Designated Borrower Sublimit” means an amount equal to the lesser of the Aggregate Commitments and \$3,600,000,000. The Foreign Designated Borrower Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Foreign Lender” means, with respect to any Borrower, (a) if such Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if such Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary that (a) is a “controlled foreign corporation” within the meaning of the Code or (b) is a “disregarded as an entity separate from its owner” within the meaning of Treasury Regulation Section 301.7701-3 and is a direct Subsidiary of a “controlled foreign corporation” within the meaning of the Code.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“FSHCO” means any Subsidiary (i) that is organized under the laws of the United States, any state thereof or the District of Columbia and (ii) substantially all of the assets of which constitute the Equity Interests of Foreign Subsidiaries.

“Fronting Exposure” means, at any time there is a Defaulting Lender, such Defaulting Lender’s Pro Rata Share of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied; provided that, to the extent related to McKesson Europe, “GAAP” means either the foregoing or IFRS, consistently applied.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, 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).

“Granting Lender” has the meaning specified in Section 11.06(h).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranty” means, collectively, (a) a document substantially in the form of Exhibit I and (b) each other guaranty and guaranty supplement delivered pursuant to Section 2.16(b).

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law due to their toxic or deleterious nature.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following:

- (a) all obligations of such Person for borrowed money;



- (b) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
- (c) all non-contingent reimbursement or payment obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments;
- (d) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (e) capital or finance leases and Synthetic Lease Obligations;
- (f) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); and
- (g) all indebtedness referred to in clauses (a) through (f) above (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person, whether or not such indebtedness shall have been assumed by such Person or is limited in recourse.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any capital or finance lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Liabilities" has the meaning set forth in Section 11.04.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning set forth in Section 11.04.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors; undertaken under any Debtor Relief Law.

"Interest Payment Date" means, (a) as to any Eurocurrency Loan that bears interest at a rate based on clause (a)(ii) of the definition of "Eurocurrency Rate", the last Business Day of each March, June, September and December to occur during any period in which such Loan is outstanding and the Maturity Date, (b) as to any Eurocurrency Loan that bears interest at a rate based on clause (a)(i), (a)(iii) or (a)(iv) of the definition of "Eurocurrency Rate", the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however that if any Interest Period exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (c) as to any Base Rate Loan, (i) the tenth calendar day following the end of each calendar quarter and (ii) the Maturity Date.

"Interest Period" means, as to each Eurocurrency Rate Loan, the period commencing on the date such Eurocurrency Rate Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan and ending on the date one, three or six months thereafter (or in the case of a Eurocurrency Rate Loan denominated in Canadian Dollars, one or three months thereafter) (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by the applicable Borrower in its Committed Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter Credit Application, and any other document, agreement and instrument entered into by the applicable L/C Issuer and the applicable Borrower (or any Subsidiary) or in favor of such L/C Issuer and relating to any such Letter of Credit.

“Joint Sustainability Coordinators” means ING Capital LLC and BNP Paribas, each in its capacity as such.

“KPI” has the meaning specified in Section 2.19.

“Laws” means, collectively, all international, foreign, federal, state, provincial, municipal and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share. All L/C Advances shall be denominated in Dollars.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing. All L/C Borrowings shall be denominated in Dollars.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

“L/C Issuer” means each of Bank of America, N.A., Barclays Bank PLC, Citibank, N.A., Wells Fargo Bank, National Association, Goldman Sachs Bank USA and JPMorgan Chase Bank, N.A., in each case, in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder and each Lender that shall have become an L/C Issuer hereunder as provided in Section 2.03(n). If there is more than one L/C Issuer at any given time, the term L/C Issuer shall refer to the relevant L/C Issuers(s).

“L/C Obligations” means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.07. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Lender” has the meaning specified in the introductory paragraph hereto and, as the context requires, includes each L/C Issuer.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Company and the Administrative Agent which office may include any Affiliate of such Lender or any domestic or foreign branch of such Lender or such Affiliate. Unless the context otherwise requires each reference to a Lender shall include its applicable Lending Office.

“Letter of Credit” means (a) any letter of credit issued hereunder and (b) each of the Existing Letters of Credit. A Letter of Credit may be a commercial letter of credit or a standby letter of credit and may be issued in Dollars or in an Alternative Currency; provided that (i) Barclays Bank PLC and Goldman Sachs Bank USA shall only be required to issue standby Letters of Credit and (ii) Letters of Credit denominated in Alternative Currencies shall be issued by Bank of America, N.A.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable L/C Issuer.

“Letter of Credit Expiration Date” means the day that is five Business Days prior to the Maturity Date then in effect.

“Letter of Credit Sublimit” means an amount equal to \$175,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

“Leverage Ratio” means, on any date of determination, the ratio of (a) Total Debt as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters of the Company immediately last ended as of such date of determination.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing); provided that “Lien” shall not include (i) the interest of a lessor under an operating lease or (ii) the sale of accounts receivable.

“Loan” means an extension of credit by a Lender to a Borrower under ARTICLE II in the form of a Committed Loan.

“Loan Documents” means this Agreement, any Guaranty, any joinder agreement delivered pursuant to Section 2.16 (including any Designated Borrower Notice or any Designated Borrower Request and Assumption Agreement) or 7.02(d), any Notes, Letter of Credit Applications and Letters of Credit and the Fee Letter.

“Loan Parties” means, collectively, the Borrowers.

“Local Time” means with respect to a Loan, Borrowing or Letter of Credit denominated in (a) Dollars, New York City time, (b) Sterling or Euros, London time and (c) Canadian Dollars, Toronto time.

“Margin Stock” means “margin stock” as such term is defined in Regulation T, U or X of the FRB.

“Master Agreement” has the meaning set forth in the definition of “Swap Contract.”

“Material Acquisition” means any acquisition, or a series of related acquisitions, of (a) Equity Interests in any Person if, after giving effect thereto, such Person will become a Subsidiary or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that the aggregate consideration therefor exceeds US\$500,000,000.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of any Borrower to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Borrower of any Loan Document to which it is a party.

“Material Disposition” means any sale, transfer or other disposition, or a series of related sales, transfers or other dispositions, of (a) all or substantially all the issued and outstanding Equity Interests in any Person that are owned by the Company and its Subsidiaries or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; provided that the aggregate consideration therefor exceeds US\$500,000,000.

“Material Subsidiary” means, at any time, (a) any Subsidiary that is a Borrower hereunder and (b) any other Subsidiary having at such time 10% or more of the Company’s consolidated total (gross) revenues for the preceding four fiscal quarter period, as of the last day of the preceding fiscal quarter based upon the Company’s most recent annual or quarterly financial statements delivered to the Administrative Agent under Section 6.01.

“Maturity Date” means the later of (a) November 7, 2029 or (b) if the term of this Agreement is extended pursuant to Section 2.17, such extended termination date as determined pursuant to such Section; provided, however that, in each case, if such date is not a Business Day, the next preceding Business Day; provided, further that with respect to any Non-Extending Lender, the Maturity Date of such Non-Extending Lender’s Commitment shall be the Existing Maturity Date notwithstanding the extension of Commitments by any other Lender pursuant to Section 2.17.

“McKesson Europe” means McKesson Europe AG, a stock corporation organized under the laws of Germany.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Net Worth” means the shareholders’ equity of the Company and its consolidated Subsidiaries on any date of determination as set forth on the consolidated balance sheet of the Company and its Subsidiaries most recently delivered to the Administrative Agent on or prior to such date of determination pursuant to Section 6.01.

“Non-SOFR Successor Rate” has the meaning specified in Section 3.03(c).

“Note” means a promissory note executed by a Borrower in favor of a Lender pursuant to Section 2.11, substantially in the form of Exhibit B with respect to Loans.

“Notice Date” has the meaning specified in Section 2.17.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Organization Documents” means, with respect to (a) any corporation, the certificate or articles of incorporation and the bylaws, (b) any limited liability company, the certificate of formation and limited liability company agreement or operating agreement, (c) any partnership, the certificate of formation and partnership agreement, and (d) any organization incorporated or formed in any non-U.S. jurisdiction, constitutive documents with respect to such organization that are equivalent or comparable to the foregoing, as may be applicable.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

“Outstanding Amount” means (a) with respect to Committed Loans on any date, the Dollar Equivalent amount of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Committed Loans occurring on such date and (b) with respect to any L/C Obligations on any date, the Dollar Equivalent amount of the aggregate outstanding amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date (in each case expressed in Dollars in the Dollar Equivalent amount thereof in case of Letters of Credit denominated in an Alternative Currency).

“Overnight Rate” means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in an Alternative Currency, the rate of interest per annum at which overnight deposits in the applicable Alternative Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of Bank of America in the applicable offshore interbank market for such currency to major banks in such interbank market.

“Participant” has the meaning specified in Section 11.06(d)(i).

“Participant Register” has the meaning specified in Section 11.06(d)(ii).

“Participating Member State” means any member state of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Company or any ERISA Affiliate or to which the Company or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

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

“PF2 JV” means PF2 NewCo LLC, a Delaware limited liability company, formed on June 17, 2016.

“Plan” means any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) established by any Borrower or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

“Pro Rata Share” means, with respect to each Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Commitments at such time; provided that if the Commitment of each Lender to make Loans and the obligation of any L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof. The initial Pro Rata Share of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Protesting Lender” has the meaning set forth in Section 2.16.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Qualified Receivables Transaction” means any transaction or series of transactions entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries sells, conveys or otherwise transfers to (i) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries) and (ii) any other Person (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in (all of the following constituting “Receivables Program Assets”), any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

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

“Rate Determination Date” means two (2) Business Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in such interbank market, as determined by the Administrative Agent; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such other day as otherwise reasonably determined by the Administrative Agent).

“Receivables Subsidiary” means a Subsidiary of the Company which engages in no activities other than in connection with the financing of accounts receivable or inventory (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction), (ii) is recourse or obligates the Company or any Subsidiary of the Company in any way other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction or (iii) subjects any property or asset of the Company or any Subsidiary of the Company (other than accounts receivable or inventory and related assets as provided in the definition of “Qualified Receivables Transaction”), directly or indirectly,

contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with a Qualified Receivables Transaction, (b) with which neither the Company nor any Subsidiary of the Company has any material contract, agreement, arrangement or understanding other than on terms customary for securitization of receivables or inventory and (c) with which neither the Company nor any Subsidiary of the Company has any obligations to maintain or preserve such Subsidiary's financial condition or cause such Subsidiary to achieve certain levels of operating results. CGSF Funding Corporation, a Delaware corporation, shall be deemed a Receivables Subsidiary.

“Recipient” means the Administrative Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Register” has the meaning set forth in Section 11.06(c).

“Related Parties” means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, consultants, service providers and representatives of such Person and of such Person's Affiliates.

“Relevant Obligation” has the meaning set forth in Section 8.01(e).

“Relevant Rate” means with respect to any Credit Extension denominated in (a) Dollars, Term SOFR, (b) Canadian Dollars, the Term CORRA Rate, (c) Sterling, the SONIA Rate and (d) Euro, the EURIBOR Rate.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Request for Credit Extension” means (a) with respect to a Committed Borrowing, conversion or continuation of Committed Loans, a Committed Loan Notice and (b) with respect to an L/C Credit Extension, a Letter of Credit Application.

“Required Lenders” means, as of any date of determination, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders; provided that the Total Credit Exposures held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders; provided, further that, the amount of any Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the L/C Issuer, in making such determination.

“Requirement of Law” means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination, decree or order of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject, including but not limited to any Environmental Law.

“Resignation Effective Date” has the meaning specified in Section 9.06.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Response Deadline” has the meaning specified in Section 2.17.

“Responsible Officer” means the chief executive officer, president, chief financial officer, corporate vice president or the treasurer of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer, employee or other designated representative of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Revaluation Date” means (a) with respect to any Loan, each of the following: (i) each date of a Borrowing of a Eurocurrency Rate Loan denominated in an Alternative Currency, (ii) each date of a continuation of a Eurocurrency Rate Loan denominated in an Alternative Currency pursuant to Section 2.02, and (iii) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by the L/C Issuer under any Letter of Credit denominated in an Alternative Currency, and (iv) such additional dates as the Administrative Agent or the applicable L/C Issuer shall determine or the Required Lenders shall require.

“Revolving Credit Exposure” means, as to any Lender at any time, the aggregate Outstanding Amount at such time of its Committed Loans and the aggregate Outstanding Amount of such Lender’s participation in L/C Obligations at such time.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global Inc., and any successor thereto.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“SPC” has the meaning specified in Section 11.06(h).

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the L/C Issuer, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

“Sanction(s)” means any sanction or restrictive measures enacted, administered, imposed or enforced by the United States Government (including without limitation, OFAC and the U.S. Department of State), the United Nations Security Council, the European Union, His Majesty’s Treasury (“HMT”), Canada or the Hong Kong Monetary Authority.

“Scheduled Unavailability Date” has the meaning specified in Section 3.03(c)(ii).

“SOFR Adjustment” means 0% for an Interest Period of one-month’s duration and 0.10% per annum for an Interest Period of three-months’ duration or six-month’s duration.

“SONIA” has the meaning specified in the definition of Eurocurrency Rate.

“Specified L/C Sublimit” means, with respect to any L/C Issuer, (i) in the case of Bank of America, \$25,000,000, (ii) in the case of Barclays Bank PLC, \$25,000,000, (iii) in the case of Citibank, N.A., \$25,000,000, (iv) in the case of Wells Fargo Bank, National Association, \$25,000,000, (v) in the case of Goldman Sachs Bank USA, \$25,000,000 or (vi) in the case of JPMorgan Chase Bank, N.A., \$25,000,000 in each case, such other amount as specified in the agreement pursuant to which such person becomes an L/C Issuer hereunder or, in



each case, as each of the foregoing amounts may be decreased or increased from time to time with the written consent of the Company and the L/C Issuers (provided that any increase in the Specified L/C Sublimit with respect to any L/C Issuer shall require the consent of only the Company and such L/C Issuer). Any successor L/C Issuer appointed pursuant to Section 2.03(p) or (q) shall assume the Specified L/C Sublimit of such replaced or resigning L/C Issuer, as applicable.

“Spot Rate” for a currency means the rate determined by the Administrative Agent or the applicable L/C Issuer, as applicable, to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. Local Time on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent or the applicable L/C Issuer may obtain such spot rate from another financial institution designated by the Administrative Agent or the L/C Issuer if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency; and provided, further that the applicable L/C Issuer may use such spot rate quoted on the date as of which the foreign exchange computation is made in the case of any Letter of Credit denominated in an Alternative Currency.

“Sterling” and “£” mean the lawful currency of the United Kingdom.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company, unlimited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person; provided, for the avoidance of doubt, that, for so long as the Company does not have the power to elect a majority of the board of directors or other governing body of PF2 JV, neither PF2 JV nor any of its subsidiaries shall constitute a Subsidiary of the Company for purposes of this Agreement. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Company.

“Successor Rate” has the meaning specified in Section 3.03(c).

“Sustainability Linked Loan Principles” means the Sustainability Linked Loan Principles as most recently published by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association, as may be amended from time to time.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind (other than Eligible ASRs, as defined below), and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement relating to any of the foregoing (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement (other than Eligible ASRs). “Eligible ASR” shall mean any accelerated share repurchase documented under a Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s)

determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

“TARGET Day” means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term CORRA” has the meaning set forth in the definition of “Eurocurrency Rate”.

“Term CORRA Adjustment” means (i) 0.29547% (29.547 basis points) for an Interest Period of one-month’s duration and (ii) 0.32138% (32.138 basis points) for an Interest Period of three-months’ duration.

“Term CORRA Rate” has the meaning set forth in the definition of “Eurocurrency Rate”.

“Term SOFR” has the meaning specified in the definition of “Eurocurrency Rate”.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (or any successor administrator satisfactory to the Administrative Agent).

“Term SOFR Screen Rate” means the forward-looking SOFR term rate administered by the Term SOFR Administrator and published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“Term SOFR Successor Rate” has the meaning specified in Section 3.03(c).

“Total Credit Exposure” means, as to any Lender at any time, the unused Commitments and Revolving Credit Exposure of such Lender at such time.

“Total Debt” means, on any date of determination, the difference of (a) all Indebtedness of the Company and its Subsidiaries determined on a consolidated basis on such date, minus (b) Indebtedness of any Receivables Subsidiary incurred in connection with a Qualified Receivables Transaction as of such date.

“Total Outstandings” means, as of any date of determination, the aggregate Outstanding Amount of all Loans and all L/C Obligations as of such date.

“Trade Date” has the meaning set forth in Section 11.06(b).

“Type” means with respect to a Committed Loan, its character as a Base Rate Loan or a Eurocurrency Rate Loan.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or

any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“United States” and “U.S.” mean the United States of America.

“Unreimbursed Amount” has the meaning set forth in Section 2.03(c)(i).

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“Wholly-Owned Subsidiary” means any Subsidiary in which (other than directors’ qualifying shares required by law) 100% of the capital stock of each class or other interests having ordinary voting power, and 100% of the capital stock of every other class or other interests, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

## **1.2. Other Interpretive Provisions**

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

1.2.1.1. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

1.2.1.2. (i) 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.

1.2.1.2.1. Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

1.2.1.2.2. The term “including” is by way of example and not limitation.

1.2.1.2.3. 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.

1.2.1.3. 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”.

1.2.1.4. Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.2.1.5. Any reference herein to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

**1.3 Accounting Terms.** (a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

1.2.1.6. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Company or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Company shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.2.1.7. If the Company shall elect as of the end of any financial reporting period to prepare financial statements in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board (“IFRS”), rather than GAAP, then, following delivery to Administrative Agent of a completed Compliance Certificate attaching the information required to be delivered for such financial reporting period, the parties hereto shall use their best efforts to amend (in a manner mutually satisfactory to Lenders and Borrowers) the thresholds or methods of calculation of any financial ratio or requirement set forth in any Loan Document such that compliance therewith is neither more nor less burdensome (as determined by the Required Lenders in their sole discretion) to Borrowers as a result of such conversion to IFRS and, thereafter, all references in the Loan Documents to GAAP shall be deemed references to IFRS.

1.2.1.8. All references herein to consolidated financial statements of the Borrower and its Subsidiaries or to the determination of any amount for the Borrower and its Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that such Borrower is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

**1.4 Rounding.** Any financial ratios required to be maintained by the Company pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.5 References to Agreements and Laws.** Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be

deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

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

**1.7 Letter of Credit Amounts.** 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, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**1.8 Exchange Rates; Currency Equivalents.**

(a) The Administrative Agent or the applicable L/C Issuer, as applicable, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the applicable L/C Issuer, as applicable.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Rate Loan, the issuance, amendment or extension of a Letter of Credit or any assignment, any required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Eurocurrency Rate Loan or Letter of Credit or any such assignment is denominated in an Alternative Currency, such amount expressed in Dollars shall be deemed to be an amount expressed in the applicable Alternative Currency.

(c) The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "Eurocurrency Rate" or with respect to any comparable or successor rate thereto.

**1.09 Change of Currency.**

(a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption. If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Committed Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Committed Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

## 2.

### THE COMMITMENTS AND CREDIT EXTENSIONS

#### 2.1. Committed Loans.

Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a “Committed Loan”) to the Borrowers in Dollars or in one or more Alternative Currencies from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender’s Commitment; provided, however, that after giving effect to any Borrowing, (i) the Total Outstandings shall not exceed the Aggregate Commitments, (ii) the Total Outstandings denominated in Alternative Currencies shall not exceed the Alternative Currency Sublimit, (iii) the Revolving Credit Exposure of any Lender shall not exceed such Lender’s Commitment and (iv) the Total Outstandings of Designated Borrowers that are Foreign Subsidiaries of the Company shall not exceed the Foreign Designated Borrower Sublimit. Within the limits of each Lender’s Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01, prepay under Section 2.05, and reborrow under this Section 2.01. Committed Loans may be Base Rate Loans or Eurocurrency Rate Loans, as further provided herein.

#### 2.2. Borrowings, Conversions and Continuations of Committed Loans.

2.2.1.1. Each Committed Borrowing, each conversion of Committed Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans shall be made upon the applicable Borrower’s irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Committed Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Committed Loan Notice. Each Committed Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in Dollars or of any conversion of Eurocurrency Rate Loans denominated in Dollars to Base Rate Committed Loans, (ii) four Business Days prior to the requested date of any Borrowing or continuation of Eurocurrency Rate Loans denominated in Alternative Currencies and (iii) on the requested date of any Borrowing of Base Rate Committed Loans. Each telephonic notice by a Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the applicable Borrower. Each Borrowing, conversion or continuation of Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Except as provided in Section 2.03(c), each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the applicable Borrower is requesting a Borrowing, a conversion of Committed Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, (ii) the identity of the Borrower and the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Committed Loans to be borrowed, converted or continued, (iv) the Type of Committed Loans to be borrowed or to which existing Committed Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto and (vi) the requested currency of such Borrowing. If the applicable Borrower fails to specify a currency in a Committed Loan Notice requesting a Borrowing, then the Committed Loan so requested shall be made in Dollars. If the Borrower fails to specify a Type of Committed Loan in a Committed Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Committed Loans shall be made as, or converted to, Base Rate Loans; provided, however, that in the case of a failure to timely request a continuation of Committed Loans denominated in an Alternative Currency, such Loans shall be continued as Eurocurrency Rate Loans in their original currency with an Interest Period of one month. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, they will be deemed to have specified an Interest Period of one month. No Committed Loan may be converted to or continued as

a Loan denominated in a different currency but instead must be prepaid in the original currency of such Committed Loan and reborrowed in the other currency.

2.2.1.2. Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount (and currency) of its Pro Rata Share of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the applicable Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans, or continuation of Committed Loans denominated in an Alternative Currency, in each case described in Section 2.02(a). In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office not later than 1:00 p.m. in the case of any Committed Loan denominated in Dollars, and not later than the Applicable Time specified by the Administrative Agent in the case of any Committed Loan in an Alternative Currency, in each case on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.03 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Agent either by (i) crediting the account of the such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Agent by the applicable Borrower; provided, however, that if, on the date the Committed Loan Notice with respect to such Borrowing is given by a Borrower, there are unpaid amounts due in respect of L/C Borrowings outstanding, then the proceeds of such Borrowing shall be applied, first to the payment in full of any such unpaid amounts and L/C Borrowings, and second, to the applicable Borrower as provided above.

2.2.1.3. Except as otherwise provided herein, a Eurocurrency Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurocurrency Rate Loans (whether in Dollars or any Alternative Currency) without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Eurocurrency Rate Loans denominated in an Alternative Currency be prepaid, or redenominated into Dollars in the amount of the Dollar Equivalent thereof, on the last day of the then current Interest Period with respect thereto.

2.2.1.4. The Administrative Agent shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans upon determination of such interest rate. The determination of the Eurocurrency Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

2.2.1.5. After giving effect to all Borrowings, all conversions of Committed Loans from one Type to the other, and all continuations of Committed Loans as the same Type, there shall not be more than ten Interest Periods in effect at any time with respect to Committed Loans.

### **2.3. Letters of Credit.**

#### **2.3.1.1. The Letter of Credit Commitment.**

2.3.1.1.1. Subject to the terms and conditions set forth herein, (A) each L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the date hereof until the Letter of Credit Expiration Date, to issue Letters of Credit denominated in Dollars or one or more Alternative Currencies for the account of the Borrowers or certain Subsidiaries, and to amend or extend Letters of Credit previously issued by it, in accordance with Section 2.03(b), and (2) to honor drafts under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrowers; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit (i) the Total Outstandings shall not exceed the Aggregate Commitments, (ii) the

Total Outstandings denominated in Alternative Currencies shall not exceed the Alternative Currency Sublimit, (iii) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Commitment, (iv) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit, (v) with respect to the applicable L/C Issuer, the stated amount of all outstanding Letters of Credit issued by such L/C Issuer shall not exceed the applicable Specified L/C Sublimit of such L/C Issuer then in effect and (vi) in the case of the Lender acting as the L/C Issuer with respect to such Letter of Credit (whether directly or through an Affiliate), unless such Lender shall agree otherwise in its sole discretion, such Lender's Revolving Credit Exposure plus (without duplication) the aggregate face amount of outstanding Letters of Credit issued by such L/C Issuer shall not exceed such Lender's Commitment. Within the foregoing limits, and subject to the terms and conditions hereof, each Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly each Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

2.3.1.1.2. An L/C Issuer shall be under no obligation to issue any Letter of Credit if:

2.3.1.1.2.1. any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the date hereof, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the date hereof and which such L/C Issuer in good faith deems material to it;

2.3.1.1.2.2. the issuance of such Letter of Credit would violate one or more policies of such L/C Issuer applicable to letters of credit and letter of credit applicants generally;

2.3.1.1.2.3. subject to Section 2.03(b)(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required Lenders have approved such expiry date;

2.3.1.1.2.4. the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless arrangements have been made to cash collateralize such Letter of Credit on or before such Letter of Credit Expiration Date or all the Lenders have approved such expiry date;

2.3.1.1.2.5. such Letter of Credit is in an initial amount less than \$100,000, in the case of a commercial Letter of Credit, or \$500,000, in the case of a standby Letter of Credit, or is to be denominated in a currency other than Dollars or an Alternative Currency; provided that the \$500,000 minimum amount relating to a standby Letter of Credit shall not be applicable if the applicable Borrower pays to such L/C Issuer in respect of such Letter of Credit an additional issuance fee in an amount to be agreed between such Borrower and such L/C Issuer from time to time; or

2.3.1.1.2.6. a default of any Lender's obligations to fund under Section 2.03(c) exists or any Lender is at such time a Defaulting Lender hereunder, unless (i) the applicable Borrower shall have Cash Collateralized an amount equal to such Lender's Pro Rata Share of the full amount of such Letter of Credit, provided that the Cash Collateral in respect of such Lender's Pro Rata Share shall be released to such Borrower promptly upon request after the effective date of the replacement of such Lender in accordance with Section 11.15, or (ii) such L/C Issuer has otherwise entered into satisfactory arrangements with such Borrower or such Lender to eliminate such L/C Issuer's actual or potential Fronting Exposure.



2.3.1.1.3. An L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the Beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

2.3.1.1.4. On and after the date hereof, the Existing Letters of Credit shall be deemed for all purposes, including for purposes of the fees and charges to be collected pursuant to this Section 2.03 for periods on and after the date hereof, and reimbursement of costs and expenses to the extent provided herein, to be Letters of Credit outstanding under this Agreement and entitled to the benefits of this Agreement and the other Loan Documents, and shall be governed by the applications and agreements pertaining thereto and by this Agreement; provided, however, that, notwithstanding any other provision of this Agreement, no fees with respect to the initial issuance of the Existing Letters of Credit shall be due hereunder.

2.3.1.2. Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

2.3.1.2.1. Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the applicable Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of such Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least three Business Days (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the Beneficiary thereof; (E) the documents to be presented by such Beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such Beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; (H) the proposed currency and (I) such other matters as the L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may require. Additionally, the applicable Borrower shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may require.

2.3.1.2.2. Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the applicable Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in ARTICLE IV shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the applicable Borrower (or the applicable Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

2.3.1.2.3. If the applicable Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer shall issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of

such Letter of Credit) by giving prior notice to the Beneficiary thereof not later than a day (the “Non-Extension Notice Date”) in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued; provided, further that the L/C issuer shall not exercise its right to prevent any such renewal unless the L/C Issuer determines that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms of this Agreement. Unless otherwise directed by the L/C Issuer, the applicable Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or the applicable Borrower that one or more of the applicable conditions specified in Section 4.03 is not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

2.3.1.2.4. Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the Beneficiary thereof, the L/C Issuer will also deliver to the applicable Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

2.3.1.3. Drawings and Reimbursements; Funding of Participations.

2.3.1.3.1. Upon receipt from the Beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the applicable Borrower and the Administrative Agent thereof; provided that any failure to give or delay in giving such notice shall not relieve the applicable Borrower of its obligation to reimburse such L/C Issuer with respect to any such disbursement. In the case of a Letter of Credit denominated in an Alternative Currency, the applicable Borrower shall reimburse the L/C Issuer in such Alternative Currency, unless (A) the L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, the applicable Borrower shall have notified the L/C Issuer promptly following receipt of the notice of drawing that applicable Borrower will reimburse the L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the L/C Issuer shall notify the applicable Borrower of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. Not later than 12:00 noon Local Time on the Business Day following the date of any payment by the L/C Issuer under a Letter of Credit to be reimbursed in Dollars, or the Applicable Time (to be specified by the L/C Issuer to the applicable Borrower prior to such date of payment) on the date of any payment by the L/C Issuer under a Letter of Credit to be reimbursed in an Alternative Currency (each such date, an “Honor Date”), such Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. In the event that (A) a drawing denominated in an Alternative Currency is to be reimbursed in Dollars pursuant to the second sentence in this Section 2.03(c)(i) and (B) the Dollar amount paid by the applicable Borrower, whether on or after the Honor Date, shall not be adequate on the date of that payment to purchase in accordance with normal banking procedures a sum denominated in the Alternative Currency equal to the drawing, the applicable Borrower agrees, as a separate and independent obligation, to indemnify the L/C Issuer for the loss resulting from its inability on that date to purchase the Alternative Currency in the full amount of the drawing. If the applicable Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Dollar Equivalent thereof in the case of a Letter of Credit denominated in an Alternative Currency) (the “Unreimbursed Amount”), and the amount of such Lender’s Pro Rata Share thereof. In such event, the applicable Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of

the unutilized portion of the Aggregate Commitments and the conditions set forth in Section 4.03 (other than the delivery of a Committed Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

2.3.1.3.2. Each Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Office for Dollar denominated payments in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. Local Time on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Lender that so makes funds available shall be deemed to have made a Base Rate Committed Loan to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer in Dollars.

2.3.1.3.3. With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Base Rate Loans because the conditions set forth in Section 4.03 cannot be satisfied or for any other reason, the applicable Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

2.3.1.3.4. Until each Lender funds its Committed Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

2.3.1.3.5. Each Lender's obligation to make Committed Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the applicable Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Committed Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.03 (other than delivery by the applicable Borrower of a Committed Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the applicable Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

2.3.1.3.6. If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the applicable Overnight Rate from time to time in effect, plus any administrative, processing or similar fees customarily charged by the L/C Issuer in connection with the foregoing. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

#### 2.3.1.4. Repayment of Participations.

2.3.1.4.1. At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of

the related Unreimbursed Amount or interest thereon (whether directly from the applicable Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in Dollars and in the same funds as those received by the Administrative Agent.

2.3.1.4.2. If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the applicable Overnight Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

2.3.1.5. Obligations Absolute. The obligation of the applicable Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

2.3.1.5.1. any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

2.3.1.5.2. the existence of any claim, counterclaim, setoff, defense or other right that the applicable Borrower or any Subsidiary may have at any time against any Beneficiary or any transferee of such Letter of Credit (or any Person for whom any such Beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

2.3.1.5.3. any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

2.3.1.5.4. any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any Beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

2.3.1.5.5. any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to the Company or any Subsidiary or in the relevant currency markets generally; or

2.3.1.5.6. any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the applicable Borrower or any Subsidiary.

The applicable Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Company's instructions or other irregularity, the Company will immediately notify the L/C Issuer. Each Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

2.3.1.6. Role of L/C Issuer. Each Lender and each Borrower agrees that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Each Borrower hereby assumes all risks of the acts or omissions of any Beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the applicable Borrower's pursuing such rights and remedies as it may have against the Beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (vi) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the applicable Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to such Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which such Borrower proves were caused by, as determined by a court of competent jurisdiction by final and nonappealable judgment, the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the Beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

2.3.1.7. Cash Collateral. Upon the request of the Administrative Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the applicable Borrowers shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. Sections 2.03(a)(ii)(F), 2.05, 2.18(a)(v) and 8.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Sections 2.03, 2.05, 2.18(a)(v) and Section 8.02(c), "Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, as applicable, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. Each Borrower hereby grants to the Administrative Agent for the benefit of the L/C Issuer and the Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. For purposes of this Section 2.03, "Cash Collateral" means the cash and deposit account balances pledged and deposited with or delivered to the Agent, pursuant to a requirement to Cash Collateralize the L/C Obligations. Additionally, if the Administrative Agent notifies the Company at any time that the Outstanding Amount of all L/C Obligations at such time exceeds the Letter of Credit Sublimit then in effect, then, within two Business Days after receipt of such notice, the Company shall provide Cash Collateral for the Outstanding Amount of the L/C Obligations in an amount not less than the amount by which the Outstanding Amount of all L/C Obligations exceeds the Letter of Credit Sublimit.

2.3.1.8. Applicability of ISP and UCP. Unless otherwise expressly agreed by the L/C Issuer and the applicable Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP, with the exception of Rule 5.09 thereof, shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit.

2.3.1.9. Letter of Credit Fees. The applicable Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share a letter of credit fee for each Letter of Credit equal to the Applicable Rate times the daily maximum amount available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit). Such letter of credit fees shall be computed on a quarterly basis in arrears. Such letter of credit fees shall be due and payable on the tenth calendar day following the end of each calendar quarter, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

2.3.1.10. Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The applicable Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit in an amount equal to 0.125 % per annum times the daily maximum amount available to be drawn under such Letter of Credit. Such fronting fees shall be computed on a quarterly basis in arrears. Such fronting fees shall be due and payable on the first Business Day after the end of each calendar quarter, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.07. In addition, the applicable Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges (including reasonable out-of-pocket expenses relating to issuances, amendments, renewals, extensions and any demands for payment), of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

2.3.1.11. Conflict with Issuer Document. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

2.3.1.12. Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the applicable Borrower shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit and to make any Cash Collateral deposits required hereunder. The Company hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Company, and that the Company's business derives substantial benefits from the businesses of such Subsidiaries.

2.3.1.13. Reports to Administrative Agent. The L/C Issuer shall deliver to the Administrative Agent, upon each calendar month end, a report setting forth for such period the daily aggregate amount available to be drawn under the Letters of Credit that were outstanding during such month.

2.3.1.14. Designation of L/C Issuer. The Company may, at any time and from time to time, upon notice to the Administrative Agent, designate as an L/C Issuer one or more Lenders that agree to serve in such capacity as provided below. The acceptance by a Lender of an appointment as an L/C Issuer hereunder shall be evidenced by an agreement, which shall be in form and substance reasonably satisfactory to such L/C Issuer, executed by each Borrower, the Administrative Agent and such designated Lender and, from and after the effective date of such agreement, as the case may be, (x) such Lender shall have all the rights and obligations of an L/C Issuer under this Agreement and (y) references herein to the term "L/C Issuer" shall be deemed to include such Lender in its capacity as an issuer of Letters of Credit hereunder.

2.3.1.15. Letter of Credit Reports. On (i) the last Business Day of each calendar month, and (ii) each date that an L/C Credit Extension occurs with respect to any Letter of Credit, the L/C Issuer shall deliver to the Administrative Agent a written report in the form of Exhibit K hereto, appropriately completed with the information for every Letter of Credit issued by the L/C Issuer that is outstanding hereunder.

2.3.1.16. Replacement of an L/C Issuer. An L/C Issuer may be replaced at any time by written agreement among the Company, 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. From and after the effective date of any such replacement, (x) the successor L/C Issuer shall have all the rights and obligations of the L/C Issuer being replaced under this Agreement with respect to Letters of Credit to be issued thereafter and (y) 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 current and previous L/C Issuers, as the context shall require. After the 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 an L/C Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

2.3.1.17. Resignation of an L/C Issuer. Notwithstanding anything to the contrary contained herein, any L/C Issuer may, upon 30 days’ notice to the Administrative Agent, the Company and the Lenders, resign as an L/C Issuer. In the event of any such resignation as an L/C Issuer, the Company shall be entitled to appoint from among the Lenders a successor L/C Issuer willing to accept its appointment as successor L/C Issuer hereunder; provided, that no failure by the Company to appoint any such successor shall affect the resignation of the applicable L/C Issuer as an L/C Issuer. If the applicable L/C Issuer resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit issued by it and outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Committed Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). Upon the appointment of a successor L/C Issuer, (x) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the resigning L/C Issuer and (y) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the applicable resigning L/C Issuer to effectively assume the obligations of the applicable resigning L/C Issuer with respect to such Letters of Credit.

2.4. [Reserved].

2.5. **Prepayments.**

2.5.1.1. Any Borrower may, upon notice (in a form acceptable by the Administrative Agent) to the Agent, at any time or from time to time voluntarily prepay Committed Loans, as the case may be, in whole or in part without premium or penalty; provided that (i) such notice must be received by the Agent not later than 9:00 a.m., in the case of a prepayment of Loans, (A) three Business Days prior to any date of prepayment of Eurocurrency Rate Loans denominated in Dollars, (B) four Business Days prior to any date of prepayment of Eurocurrency Rate Loans denominated in Alternative Currencies and (C) on the date of prepayment of Base Rate Committed Loans; and (ii) any prepayment of Committed Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) and currency of Committed Loans to be prepaid. The Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender’s Pro Rata Share of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurocurrency Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05. Each such prepayment shall be applied to the Committed Loans of the Lenders in accordance with their respective Pro Rata Shares.

2.5.1.2. If for any reason (other than a change in exchange rates, in which case clause (d) shall apply) the Total Outstandings at any time exceed the Aggregate Commitments then in effect, the applicable Borrower shall immediately prepay Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided, however, that the Borrowers shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(b) unless after the prepayment in full of the Committed Loans the Total Outstandings exceed the Aggregate Commitments then in effect.

2.5.1.3. [Reserved].

2.5.1.4. (i) If the Administrative Agent notifies the Company at any time that the Outstanding Amount of all Loans denominated in Alternative Currencies at such time exceeds the Alternative Currency Sublimit then in effect, then, within two Business Days after receipt of such notice, the Borrowers shall prepay Loans and/or Cash Collateralize L/C Obligations in an aggregate amount sufficient to reduce such Outstanding Amount as of such date of payment to an amount not to exceed the Alternative Currency Sublimit then in effect.

(ii) If at any time, solely as a result of fluctuations in currency exchange rates, the sum of the aggregate principal amount of all of the Revolving Credit Exposures exceeds the Aggregate Commitments, the applicable Borrower shall (x) immediately repay Loans or (y) Cash Collateralize L/C Obligations in an account with the Administrative Agent pursuant to and within the time period required by Section 2.03(g), in the case of each of clauses (x) and (y) in an aggregate principal amount sufficient to cause the aggregate amount of all Revolving Credit Exposure to be less than or equal to the Aggregate Commitments.

**2.6. Termination or Reduction of Commitments.** The Company may, upon notice to the Agent, terminate the Aggregate Commitments, or from time to time permanently reduce the Aggregate Commitments; provided that (i) any such notice shall be received by the Agent not later than 9:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Company shall not terminate or reduce the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Outstandings would exceed the Aggregate Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Commitments, the Alternative Currency Sublimit, the Letter of Credit Sublimit or the Foreign Designated Borrower Sublimit exceeds the amount of the Aggregate Commitments, such sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Commitments. Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender, according to its Pro Rata Share. All facility fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

**2.7. Repayment of Loans.** Each Borrower shall repay to the Lenders on the Maturity Date the aggregate principal amount of its Committed Loans outstanding on such date.

**2.8. Interest.**

2.8.1.1. Subject to the provisions of Section 2.08(b), (i) each Eurocurrency Rate Committed Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate and (ii) each Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

2.8.1.2. If any amount payable by a Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall, upon the request of the Required Lenders (provided no such request shall be required in the case of an Event of Default under Section 8.01(f)(iii) or 8.01(g)) thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Furthermore, upon the request of the Required Lenders, while any Event of Default exists, the Borrowers shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.



2.8.1.3. Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

**2.9. Fees.** In addition to certain fees described in Sections 2.03(i) and 2.03(j):

2.9.1.1. Facility Fee. The Company shall pay to the Administrative Agent for the account of each Lender in accordance with its Pro Rata Share, a facility fee payable in Dollars on the tenth calendar day following the end of each calendar quarter, which shall be equal to the Applicable Rate times the actual daily amount of the Aggregate Commitments (or, if the Aggregate Commitments have terminated, on the Outstanding Amount of all Committed Loans and L/C Obligations), regardless of usage. The facility fee shall accrue at all times during the Availability Period (and thereafter so long as any Committed Loans or L/C Obligations remain outstanding), including at any time during which one or more of the conditions in ARTICLE IV are not met, and shall be due and payable quarterly in arrears on each date specified above following the end of each calendar quarter, commencing with the first such date to occur after the date hereof, and on the last day of the Availability Period (and, if applicable, thereafter on demand). The facility fee shall be calculated on a calendar quarter basis in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

2.9.1.2. Other Fees. (i) The Company shall pay to the Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and, except to the extent expressly otherwise agreed, shall not be refundable for any reason whatsoever.

2.9.1.2.1. The Borrowers shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and, except to the extent expressly otherwise agreed, shall not be refundable for any reason whatsoever.

**2.10. Computation of Interest and Fees.** All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year) or, in the case of interest in respect of other Loans denominated in Alternative Currencies as to which market practice differs from the foregoing, in accordance with such market practice. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

**2.11. Evidence of Debt.**

2.11.1.1. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Agent in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Agent, the applicable Borrower shall execute and deliver to such Lender (through the Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may

attach Schedules to its Note and endorse thereon the date, Type (if applicable), amount, currency and maturity of its Loans and payments with respect thereto.

2.11.1.2. In addition to the accounts and records referred to in Section 2.11(a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

## **2.12. Payments Generally.**

2.12.1.1. All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 12:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States or such other address as the Administrative Agent specifies from time to time. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent amount of the Alternative Currency payment amount. The Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by an Agent after the applicable time specified in this Section 2.12(a) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by a Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

2.12.1.2.(i) Unless the Agent shall have received notice from a Lender prior to (a) the proposed date of any Borrowing of Eurocurrency Rate Loans or (b) two hours prior to the proposed time of any Borrowing of Base Rate Loans that such Lender will not make available to the Agent such Lender's share of such Borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Agent, then such Lender and the applicable Borrower severally agree to pay to the Agent forthwith on demand such corresponding amount in Same Day Funds with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Agent, at (A) in the case of a payment to be made by such Lender, a rate per annum equal to the applicable Overnight Rate from time to time in effect plus any administrative, processing or similar fees customarily charged by the Agent in connection with the foregoing, and (B) in the case of a payment to be made by any Borrower, the interest rate applicable to the applicable Borrowing. If the applicable Borrower and such Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly remit to the applicable Borrower the amount of such interest paid by the applicable Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Borrowing. Any payment by the applicable Borrower shall be without prejudice to any claim the applicable Borrower may have against a Lender that shall have failed to make such payment to the Agent.

2.12.1.2.1. Unless the Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders or the L/C Issuers hereunder that the applicable Borrower will not make such payment, the Agent may assume that the applicable Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the L/C Issuers, as the case may be, the amount due. In such event, if the applicable Borrower has not in fact made such payment, then each of the Lenders or the L/C Issuers, as the case may be, severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender or L/C Issuer, in Same Day Funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at rate per annum equal to the applicable Overnight Rate from time to time in effect.

A notice of the Agent to any Lender or the applicable Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

2.12.1.3. If any Lender makes available to the Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this ARTICLE II, and such funds are not made available to the applicable Borrower by the Agent because the conditions to the applicable Credit Extension set forth in ARTICLE IV are not satisfied or waived in accordance with the terms hereof, the Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

2.12.1.4. The obligations of the Lenders hereunder to make Committed Loans, to fund participations in Letters of Credit and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation, to make any such purchase or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, fund any participation or to make any purchase or payment.

2.12.1.5. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

**2.13. Sharing of Payments.** If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Committed Loans made by it, or the participations in L/C Obligations held by it, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Committed Loans made by them and/or such subparticipations in the participations in L/C Obligations held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Committed Loans, or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 11.05 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. Each Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 11.08) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section 2.13 and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section 2.13 shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this

Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

**2.14. [Reserved].**

**2.15. Increase in Commitments.**

2.15.1.1. Provided there exists no Default, upon notice to the Administrative Agent (which shall promptly notify the Lenders), the Company may from time to time, request an increase in the Aggregate Commitments (which increase may take the form of additional Commitments, new term loan tranches or any combination of the foregoing) by an aggregate amount (for all such requests) not exceeding \$1,000,000,000. At the time of sending such notice (such notice, for the avoidance of doubt, shall be required regardless of whether such increase takes the form of additional Commitments, new term loan tranches or a combination of the foregoing), the Company (in consultation with the Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders). Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Commitment or to provide any commitment with respect to the new term loan tranche(s), as applicable (and, for the avoidance of doubt, no such Lender shall have an obligation to so agree), and, if so, whether by an amount equal to, greater than, or less than its Pro Rata Share of such requested increase or, in the case of a commitment in respect of a new term loan tranche, the amount of such commitment. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment or to provide any commitment with respect to the new term loan tranche(s), as applicable. The Administrative Agent shall notify the Company and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase, the Company may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to the Administrative Agent and its counsel. Notwithstanding the foregoing provisions of this Section 2.15(a), during the first 90 days following the date hereof, the Company may invite Eligible Assignees to become Lenders under this Agreement in connection with a requested increase without first providing any Lender with the opportunity to increase its Commitment as provided above.

2.15.1.2. If the Aggregate Commitments are increased in accordance with this Section 2.15, the Administrative Agent and the Company shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. The Administrative Agent shall promptly notify the Company and the Lenders of the final allocation of such increase and the Increase Effective Date. As a condition precedent to such increase, the Company shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (ii) in the case of the Company, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in ARTICLE V and the other Loan Documents are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) as of such earlier date, and except that, for purposes of this Section 2.15, (1) the representation and warranty contained in Section 5.08(a) shall be deemed to refer to the most recent statements furnished pursuant to Section 6.01(a) and 6.01(b), respectively, and (2) the reference to "the date hereof" in Section 5.08(b) shall be deemed to refer to the Increase Effective Date and (B) no Default exists. The Company shall prepay any Committed Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Committed Loans ratable with any revised Pro Rata Shares arising from any nonratable increase in the Commitments under this Section 2.15.

2.15.1.3. In the event of an increase in Commitments pursuant to this Section 2.15, the provisions of this Section 2.15 shall govern any conflicts with provisions in Sections 2.13 or 11.01.

2.15.1.4. To the extent that the increase of the Aggregate Commitments shall take the form of a term loan tranche, this Agreement shall be amended, in form and in substance satisfactory to the Administrative Agent and the Company to include such terms as are customary for a term loan commitment, including but not limited to the following:

2.15.1.4.1. the final maturity of any such term loan tranche shall not be earlier than the Existing Maturity Date at the time of establishment of such term loan tranche; and

2.15.1.4.2. except as otherwise agreed by the lenders providing the relevant term loan tranche in connection with any acquisition, investments and repayments, repurchases and redemptions of indebtedness not prohibited by the terms of this Agreement, (A) no Event of Default shall exist immediately prior to or after giving effect to such new term loan tranche and (B) the representations and warranties of the Loan Parties set forth in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of the initial borrowing under such term loan tranche with the same effect as though such representations and warranties had been made on and as of such date; provided that to the extent that any representation and warranty specifically refers to a given date or period, it shall be true and correct in all material respects as of such date or for such period; provided, further, that any representation or warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

## **2.16. Designation of Borrowers.**

2.16.1.1. The Company may at any time, upon not less than 15 Business Days’ notice from the Company to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), designate any consolidated Subsidiary of the Company that is organized in a Designated Borrower Jurisdiction and that is engaged in a line of business that is substantially similar to those lines of businesses conducted by the Company and its Subsidiaries on the date hereof (an “Applicant Borrower”) as a Designated Borrower to receive Loans hereunder by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Lender) a duly executed notice and agreement in substantially the form of Exhibit E-1 (a “Designated Borrower Request and Assumption Agreement”). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the credit facilities provided for herein the Administrative Agent and the Lenders shall have received such “know your customer” information, Beneficial Ownership Certification, supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent or the Required Lenders (or in the case of “know your customer” information and Beneficial Ownership Certification, each Lender) in their sole discretion, including, without limitation, with respect to an Applicant Borrower that is organized under the laws of Germany, evidence satisfactory to the Administrative Agent that such Applicant Borrower (i) is an entity incorporated under the laws of the Federal Republic of Germany as a limited liability company (*Gesellschaft mit beschränkter Haftung*) and (ii) satisfies asset, revenue, and minimum employee tests required under the laws of Germany to permit a U.S. Lender to lend to such Applicant Borrower and Notes signed by such new Borrowers to the extent any Lenders so require. If the Administrative Agent and the Required Lenders agree that an Applicant Borrower shall be entitled to receive Loans hereunder, then promptly following receipt of all such requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a notice in substantially the form of Exhibit E-2 (a “Designated Borrower Notice”) to the Company and the Lenders specifying the effective date upon which the Applicant Borrower shall constitute a Designated Borrower for purposes hereof (the “Designated Borrower Effective Date”), whereupon each of the Lenders agrees to permit such Designated Borrower to receive Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Designated Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no Committed Loan Notice or Letter of Credit Application may be submitted by or on behalf of such Designated Borrower until the date five Business Days after the Designated Borrower Effective Date applicable to such Designated Borrower.

2.16.1.2. The Obligations of the Company and each Designated Borrower that is a Domestic Subsidiary shall be joint and several in nature. The Obligations of all Designated Borrowers that are Foreign Subsidiaries shall be several in nature. The Company shall execute a Guaranty in respect of any Designated Borrower prior to or on the Designated Borrower Effective Date applicable to such Designated Borrower. Any Designated Borrower that is a Domestic Subsidiary shall execute a Guaranty in respect of the Company's and any other Designated Borrower's Obligations hereunder prior to or on the Designated Borrower Effective Date applicable to such Designated Borrower. In the case the Company designates a Designated Borrower, the Company and each Designated Borrower that is a Domestic Subsidiary shall execute and deliver to the Administrative Agent a reaffirmation agreement in form and substance reasonably satisfactory to the Administrative Agent in respect of such Person's Guaranty prior to or on the Designated Borrower Effective Date applicable to such Designated Borrower so designated by the Company.

2.16.1.3. Each Subsidiary of the Company that becomes a "Designated Borrower" pursuant to this Section 2.16 hereby irrevocably appoints the Company as its agent for all purposes relevant to this Agreement and each of the other Loan Documents, including (i) the giving and receipt of notices, (ii) the execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto, and (iii) the receipt of the proceeds of any Loans made by the Lenders to any such Designated Borrower hereunder. Any acknowledgment, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by all Borrowers, or by each Borrower acting singly, shall be valid and effective if given or taken only by the Company, whether or not any such other Borrower joins therein. Any notice, demand, consent, acknowledgement, direction, certification or other communication delivered to the Company in accordance with the terms of this Agreement shall be deemed to have been delivered to each Designated Borrower.

(d) The Company may from time to time, upon not less than 15 Business Days' notice from the Company to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Designated Borrower's status as such, provided that there are no outstanding Loans payable by such Designated Borrower, or other amounts payable by such Designated Borrower on account of any Loans made to it, as of the effective date of such termination. The Administrative Agent will promptly notify the Lenders of any such termination of a Designated Borrower's status.

(e) Notwithstanding the foregoing, with respect to any Designated Borrower not organized under the laws of the United States or any State thereof (a "Designated Foreign Borrower"), no Lender shall be required to make Loans to such Designated Foreign Borrower and no L/C Issuer shall be required to issue or amend any Letter of Credit for such Designated Foreign Borrower in the event that the making of such Loans or issuance or amendment of such Letter of Credit would reasonably be expected to (a) breach or violate any internal policy of such Lender or L/C Issuer or any law or regulation to which such Lender or L/C Issuer is subject, or would be upon the making of such Loan or issuance or amendment of such Letter of Credit or (b) result in materially adverse tax consequences to such Lender (any such Lender, a "Protesting Lender"); provided that (i) any Protesting Lender, which is relying solely on such internal policies as the basis for not making Loans or issuing or amending Letters of Credit may do so only if such internal policies are being applied by such Protesting Lender to all similarly situated borrowers seeking loans, letters of credit or other extensions of credit from or with respect to such jurisdiction; and (ii) each Protesting Lender shall use reasonable efforts to designate (or identify) a different lending office for funding or booking its Loans to such Designated Foreign Borrower or issuing or amending Letters of Credit for the account of such Designated Foreign Borrower or to assign (or identify for purposes of assignment of) its rights and obligations hereunder to make its Loans to, or issue or amend Letters of Credit for the account of, such Designated Foreign Borrower to another of its offices, branches or affiliates, if, in the good faith judgment of such Protesting Lender, such designation or assignment would permit it to make Loans to such Designated Foreign Borrower or issue or amend Letters of Credit for the account of such Designated Foreign Borrower and would not otherwise be materially disadvantageous to such Protesting Lender, as applicable (and the Company and the relevant Designated Foreign Borrower shall agree to pay all reasonable out-of-pocket costs and expenses incurred by such Lender or L/C Issuer in connection with any such designation or assignment). As soon as practicable (but in any event not more than five Business Days) after receipt of notice from the Company or the Administrative Agent of the Company's intent to designate a Designated Foreign Borrower, any Protesting Lender shall notify the Company and the Administrative Agent in writing of its inability to lend to such Designated Foreign Borrower. The Company shall,

effective on or before the date that such Designated Foreign Borrower shall have the right to borrow hereunder, either (A) with respect to each Protesting Lender, replace such Protesting Lender with Lenders willing (in their sole discretion) to increase their existing Commitments, or other financial institutions willing (in their sole discretion) to become Lenders and extend new commitments, on terms consistent with Section 11.15, or (B) cancel its request to designate such Designated Foreign Borrower as a “Designated Borrower”.

## **2.17. Extension of Maturity Date.**

2.17.1.1. Requests for Extension. The Company may, by notice to the Administrative Agent, at any time request that each Lender and L/C Issuer, extend the Maturity Date then in effect (the “Existing Maturity Date”), for a period of one year from such Existing Maturity Date; provided that (i) no more than three such requests may be made during the term of this Agreement and (ii) no such request may be submitted on or after the date that is 65 days prior to the Existing Maturity Date. The Administrative Agent shall promptly notify each Lender and L/C Issuer of the Company’s request for such extension (the date such notice is given being referred to herein as the “Notice Date” and the proposed date of effectiveness of such extension being referred to herein at the “Extension Date”).

2.17.1.2. Lender Elections to Extend. Each Lender and L/C Issuer, in each case, acting in its sole discretion, shall, by notice to the Administrative Agent given not later than 10 days following the Notice Date (the “Response Deadline”), advise the Administrative Agent whether or not such Lender or L/C Issuer agrees to such extension (each such Lender or L/C Issuer that determines not to so extend its Commitment being referred to as a “Non-Extending Lender”). Any Lender or L/C Issuer that does not so advise the Administrative Agent on or before the Response Deadline shall be deemed to be a Non-Extending Lender. The election of any Lender or L/C Issuer to agree to such extension of the Maturity Date shall not obligate any other Lender to so agree.

2.17.1.3. Notification by Administrative Agent. The Administrative Agent shall notify the Company of each Lender’s and L/C Issuer’s determination under this Section 2.17 within five Business Days after the Response Deadline.

2.17.1.4. Additional Commitment Lenders. The Company shall have the right on or before the related Extension Date to replace each Non-Extending Lender with, and add as “Lender” and/or “L/C Issuer”, as applicable, under this Agreement in place thereof, one or more Eligible Assignees (each, an “Additional Commitment Lender”) as provided in Section 11.06, provided that each such Additional Commitment Lender shall enter into an Assignment and Assumption Agreement pursuant to which such Additional Commitment Lender shall undertake a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender’s Commitment hereunder on such date).

2.17.1.5. Minimum Extension Requirement. If (and only if) the total of the Commitments of the Lenders (including L/C Issuers) that have agreed to so extend the Maturity Date (each, an “Extending Lender”) and the Commitments of the Additional Commitment Lenders shall be more than 51% of the aggregate amount of the Commitments in effect immediately prior to the related Extension Date, then, effective as of the related Extension Date (but subject to the prior satisfaction of the conditions set forth in clause (f) below), the Maturity Date of this Agreement and the Maturity Date with respect to the Commitments of each Extending Lender and of each Additional Commitment Lender shall be extended to the date falling one year after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date as so extended shall be the next preceding Business Day) and each Additional Commitment Lender shall thereupon become a “Lender” and/or “L/C Issuer”, as applicable, for all purposes of this Agreement. Notwithstanding anything herein to the contrary, the Commitment of each Non-Extending Lender shall remain in full force and effect until and shall terminate on the Existing Maturity Date for such Non-Extending Lender, unless such Non-Extending Lender is replaced prior to the related Extension Date by an Additional Commitment Lender as provided in clause (d) above.

2.17.1.6. Conditions to Effectiveness of Extensions. Notwithstanding the foregoing, the extension of the Maturity Date pursuant to this Section shall not be effective with respect to any Lender or L/C Issuer unless:

2.17.1.6.1. no Default shall exist, or would result from such extension;

2.17.1.6.2. the representations and warranties contained in this Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) as of such earlier date;

2.17.1.6.3. as of such Extension Date, with respect to such extension no Material Adverse Effect has occurred since the date of the most recently delivered audited financial statements pursuant to Section 6.01(a); and

2.17.1.6.4. the chief financial officer or treasurer of the Company shall have delivered to the Administrative Agent a certificate, dated such Extension Date with respect to such extension, as to the matters referred to in clauses (i) through (iii) above.

2.17.1.7. Payment of Non-Extending Lenders. On the Maturity Date of any Non-Extending Lender, the Company shall repay any outstanding Loans and L/C Advances, accrued interest and fees thereon and other amounts payable to such Non-Extending Lender hereunder and under the other Loan Documents (and pay any additional amounts required pursuant to Sections 2.09 and 3.05).

2.17.1.8. Conflicting Provisions. This Section shall supersede any provisions in Section 11.01 to the contrary.

## **2.18. Defaulting Lenders.**

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

2.18.1.1.1. Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 11.01.

2.18.1.1.2. Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Agent by that Defaulting Lender pursuant to Section 11.08), will be applied at such time or times as may be determined by the Agent as follows: FIRST, to the payment of any amounts owing by that Defaulting Lender to the Agent hereunder; SECOND, to the payment on a pro rata basis of any amounts owing by that Defaulting Lender to any L/C Issuer hereunder; THIRD, if so determined by Administrative Agent or requested by any L/C Issuer, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Letter of Credit; FOURTH, as the Company may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by Administrative Agent; FIFTH, if so determined by Administrative Agent and the Company and subject to Section 2.03(g), to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; SIXTH, to the payment of any amounts owing to the Lenders or any L/C Issuer as a result of any judgment of a court of competent jurisdiction obtained by any Lender or such L/C Issuer against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; SEVENTH, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of



competent jurisdiction obtained by the Borrowers against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and EIGHTH, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (1) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which that Defaulting Lender has not fully funded its appropriate share and (2) such Loans or L/C Borrowings were made at a time when the conditions set forth in Section 4.03 were satisfied or waived, such payment will be applied solely to pay the Loans of, and L/C Borrowings owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, that Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.18(a)(ii), will be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

2.18.1.1.3. Certain Fees. A Defaulting Lender (x) shall be entitled to receive any facility fee pursuant to Section 2.09(a) for any period during which that Lender is a Defaulting Lender only to extent allocable to the sum of (1) the Outstanding Amount of the Committed Loans funded by it and (2) its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral (and the Borrowers shall (A) be required to pay to each L/C Issuer the amount of such fee allocable to its Fronting Exposure arising from that Defaulting Lender and (B) not be required to pay the remaining amount of such fee that otherwise would have been required to have been paid to that Defaulting Lender) and (y) shall be limited in its right to receive letter of credit fees as provided in Section 2.03(i). Each Defaulting Lender shall be entitled to receive letter of credit fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral. With respect to any facility fee or letter of credit fee not required to be paid to any Defaulting Lender, the Borrowers shall (x) pay to each non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each L/C Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

2.18.1.1.4. Reallocation of Pro Rata Shares to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations shall be reallocated among the non-Defaulting Lenders in accordance with their respective Pro Rata Shares (calculated without regard to such Defaulting Lender's Commitment), but only to the extent that such reallocation does not cause the aggregate Revolving Credit Exposure of any non-Defaulting Lender to exceed such non-Defaulting Lender's Commitment and provided that each such reallocation will be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation.

2.18.1.1.5. Cash Collateral. If the reallocation described in clause (a)(iv) above cannot, or can only partially, be effected, the Company shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, Cash Collateralize the applicable L/C Issuers' Fronting Exposure.

2.18.1.2. Defaulting Lender Cure. If the Company, Administrative Agent and each L/C Issuer agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other Lenders or take such other actions as Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Shares (without giving effect to Section 2.18(a)(iv)), whereupon that Lender will cease to be a Defaulting Lender; provided that (x) to the extent that any non-Defaulting Lender incurs any loss, cost or expense as

a result of such purchase of any Eurocurrency Rate Loan on a day other than the last day of the Interest Period for such Loan, such Defaulting Lender shall reimburse such non-Defaulting Lenders for any such loss, cost or expense, (y) no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender and (z) except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

## **2.19. Sustainability Adjustments.**

2.19.1.1. ESG Amendment. After the Closing Date, the Company, in consultation with the Joint Sustainability Coordinators, on a mutually agreed date, may establish specified key performance indicators ("KPI's") with respect to certain environmental, social and governance ("ESG") targets of the Company and its Subsidiaries. Notwithstanding anything set forth in Section 11.01 to the contrary, the Joint Sustainability Coordinators, the Company, the Administrative Agent and the Required Lenders may enter into an amendment to this Agreement (such amendment, an "ESG Amendment") solely for purposes of incorporating the KPI's and other related provisions (the "ESG Pricing Provisions") into this Agreement, which shall provide that, based on the Company's performance against the KPI's, certain adjustments (increase, decrease or no adjustment) (such adjustments, the "ESG Applicable Rate Adjustments") to the otherwise applicable facility fee, Applicable Rate for Base Rate Loans, Eurocurrency Rate Loans, and letter of credit fees will be made; provided that (1) the amount of such adjustments shall not exceed (i) in the case of the Applicable Rate for Base Rate Loans, Eurocurrency Rate Loans, and letter of credit fees, an increase and/or decrease of 0.040% and (ii) in the case of the facility fee, an increase and/or decrease of 0.010%, (2) for the avoidance of doubt, (i) in no event shall the applicable facility fee, Applicable Rate for Base Rate Loans, Eurocurrency Rate Loans, and letter of credit fees be less than zero, (ii) the ESG Applicable Rate Adjustments shall not be cumulative year-over-year and (iii) the ESG Applicable Rate Adjustments shall only apply until the date on which the next adjustment is due to take place and (3) notwithstanding anything herein to the contrary, at any time prior to the effectiveness of an ESG Amendment, the Loan Parties shall not (and shall ensure that none of their Subsidiaries will) make any disclosure that references any credit facility hereunder or any Loan as "sustainability-linked". The KPIs, the Company's performance against the KPIs, and any related ESG Applicable Rate Adjustments resulting therefrom, will be determined based on certain certificates, reports and other documents, in each case, setting forth the calculation and measurement of the KPIs in a manner that is aligned with the Core Components of the Sustainability Linked Loan Principles, including certain reporting requirements and third-party assurance of KPI performance, and to be mutually agreed between the Company and the Joint Sustainability Coordinators (each acting reasonably). Notwithstanding anything set forth in Section 11.01 to the contrary, following the effectiveness of an ESG Amendment, any modification to the ESG Pricing Provisions shall be subject only to the consent of the Company and the Required Lenders so long as such modification does not have the effect of reducing the facility fee or the Applicable Rate for Base Rate Loans, Eurocurrency Rate Loans, and letter of credit fees to a level not otherwise permitted by this paragraph on the Closing Date. For the avoidance of doubt, in no event shall the Company be obligated to enter into the ESG Amendment and the failure to do so shall not result in a Default or Event of Default.

2.19.1.2. Joint Sustainability Coordinators. The Joint Sustainability Coordinators will (i) assist the Company in determining the ESG Pricing Provisions in connection with the ESG Amendment and (ii) assist the Company in preparing informational materials focused on ESG to be used in connection with the ESG Amendment. Each party hereto agrees that neither the Administrative Agent nor the Joint Sustainability Coordinators (i) makes any assurances with regard to environmental or social impact and sustainability performance or that the characteristics of the relevant KPIs meet any industry standards for sustainability-linked credit facilities, (ii) shall have any duty to ascertain, inquire into or otherwise independently verify any such information (or any liability in respect thereof), or (iii) shall have any responsibility for (or be liable for) the completeness or accuracy of any such information.

2.19.1.3. Conflicting Provisions. This Section shall supersede any provision in Section 11.01.

**3.**

**TAXES, YIELD PROTECTION AND ILLEGALITY**

**3.1. Taxes.**

3.1.1.1. (i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding.

(ii) [reserved]

(iii) If any Loan Party or the Administrative Agent shall be required by any applicable Laws to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required, (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions and withholdings applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

3.1.1.2. Without limiting the provisions of subsection (a) above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

3.1.1.3. (i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender or an L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or an L/C Issuer, shall be conclusive absent manifest error.

(ii) Each Lender and L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender or the L/C Issuer (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Party to do so), (y) the Administrative Agent and the Loan Party, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent and the Loan Party, as applicable, against any Excluded Taxes attributable to such Lender or L/C Issuer, in each case, that are payable or paid by the Administrative Agent or a Loan Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender and L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or L/C Issuer, as the case may

be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

3.1.1.4. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority as provided in this Section 3.01, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

3.1.1.5. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation prescribed by applicable law or the taxing authorities of a jurisdiction pursuant to such applicable law or reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation either (A) set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below or (B) required by applicable law other than the Code, or by the taxing authorities of the jurisdiction that promulgated such applicable law to satisfy the requirements for exemption or reduction of withholding tax in that jurisdiction) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Company and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(II) executed copies of IRS Form W-8ECI;

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit J-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Company within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BENE (or W-8BEN, as applicable); or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BENE (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Administrative Agent in writing of its legal inability to do so.

3.1.1.6. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or an L/C Issuer, or have any obligation to pay to any Lender or L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or L/C Issuer,

as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that each Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to such Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

3.1.1.7. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or an L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

**3.2. Illegality.** If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to perform any of its obligations hereunder or make, maintain or fund Eurocurrency Rate Loans (whether denominated in Dollars or an Alternative Currency), or charge interest with respect to Credit Extensions or to determine or charge interest rates based upon the Eurocurrency Rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars or any Alternative Currency in the applicable interbank market, then, on notice thereof by such Lender to the Company through the Agent, (i) any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Credit Extension or to make or continue Eurocurrency Rate Loans in the affected currency or currencies or to convert Base Rate Committed Loans to Eurocurrency Rate Loans shall be suspended and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate, in each case until such Lender notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrowers shall, upon demand from such Lender (with a copy to the Agent), prepay or, solely in the case of Eurocurrency Rate Loans denominated in Dollars convert all Eurocurrency Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Agent without reference to the Eurocurrency Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurocurrency Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurocurrency Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurocurrency Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurocurrency Rate. If any of the circumstances set forth above arise with respect to Loans denominated in an Alternative Currency, such Alternative Currency denominated Loans shall be made or maintained, as applicable, at a rate for short term borrowings of such Alternative Currency determined in a customary manner in good faith by the Administrative Agent in consultation with the Company. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

### 3.3 Inability to Determine Rates.

3.2.1.1. If in connection with any request for a Eurocurrency Rate Loan or a conversion to or a continuation thereof, (i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (A) no Successor Rate for the Relevant Rate for the applicable Agreed Currency has been determined in accordance with Section 3.03(b) or Section 3.03(c) and the circumstances under clause (i) of Section 3.03(b) or of Section 3.03(c) or the Scheduled Unavailability Date, or the Term SOFR Scheduled Unavailability Date, has occurred with respect to such Relevant Rate (as applicable), or (B) adequate and reasonable means do not otherwise exist for determining the Relevant Rate for the applicable Agreed Currency for any determination date(s) or requested Interest Period, as applicable, with respect to an existing or proposed Eurocurrency Rate Loan or (ii) the Administrative Agent or the Required Lenders determine that for any reason that the Relevant Rate with respect to a proposed Loan denominated in an Agreed Currency for any requested Interest Period or determination date(s) does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Company and each Lender.

Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans in the affected currency or currencies shall be suspended in each case to the extent of the affected Eurocurrency Rate Loans or Interest Period or determination date(s), as applicable, and (y) in the event of a determination described in the preceding sentence with respect to the Term SOFR component of the Base Rate, the utilization of the Term SOFR component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice.

Upon receipt of such notice, (i) the applicable Borrower may revoke any pending request for a Borrowing of, or conversion to, or continuation of Eurocurrency Rate Loans to the extent of the affected Eurocurrency Rate Loans or Interest Period or determination date(s), as applicable or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount specified therein and (ii) any outstanding affected Eurocurrency Rate Loans, at the Company's election, shall either (1) be converted into a Committed Borrowing of Base Rate Loans denominated in Dollars in the Dollar Equivalent of the amount of such outstanding Eurocurrency Rate Loan at the end of the applicable Interest Period or (2) be prepaid in full at the end of the applicable Interest Period; provided that if no election is made by the Company in the case of a Eurocurrency Rate Loan, by the last day of the current Interest Period for the applicable Eurocurrency Rate Loan, the Company shall be deemed to have elected clause (1) above.

3.2.1.2. Replacement of Term SOFR or Term SOFR Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Company or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Company) that the Company or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining Term SOFR because Term SOFR is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the Applicable Authority referenced in clause (a) of the definition thereof has made a public statement identifying a specific date after which Term SOFR shall or will no longer be made available, or permitted to be used for determining the interest rate of syndicated loans denominated in Dollars, or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide Term SOFR (the date on which Term SOFR is no longer available permanently or indefinitely, the "Term SOFR Scheduled Unavailability Date");

or if the events or circumstances of the type described in Section 3.03(b)(i) or (ii) have occurred with respect to the Term SOFR Successor Rate then in effect, then, the Administrative Agent and the Company may

amend this Agreement solely for the purpose of replacing Term SOFR for Dollars or any then current Term SOFR Successor Rate for Dollars in accordance with this Section 3.03 with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in Dollars for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in Dollars for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, a “Term SOFR Successor Rate”), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Company unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.

3.2.1.3. Replacement of Relevant Rate or Successor Rate. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Company or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Company) that the Company or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining the Relevant Rate (other than Term SOFR) for an Agreed Currency (other than Dollars) because none of the tenors of such Relevant Rate (other than Term SOFR) under this Agreement is available or published on a current basis, and such circumstances are unlikely to be temporary; or

(ii) the Applicable Authority referenced in clause (b) of the definition thereof has made a public statement identifying a specific date after which all tenors of the Relevant Rate (other than Term SOFR) for an Agreed Currency (other than Dollars) under this Agreement shall or will no longer be representative or made available, or permitted to be used for determining the interest rate of syndicated loans denominated in such Agreed Currency (other than Dollars), or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide such representative tenor(s) of the Relevant Rate (other than Term SOFR) for such Agreed Currency (other than Dollars) (the latest date on which all tenors of the Relevant Rate for such Agreed Currency (other than Dollars) under this Agreement are no longer representative or available permanently or indefinitely, the “Scheduled Unavailability Date”);

or if the events or circumstances of the type described in Section 3.03(c)(i) or (ii) have occurred with respect to the Successor Rate then in effect, then, the Administrative Agent and the Company may amend this Agreement solely for the purpose of replacing the Relevant Rate for an Agreed Currency or any then current Successor Rate for an Agreed Currency in accordance with this Section 3.03 with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Agreed Currency for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Agreed Currency for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, a “Non-SOFR Successor Rate”, and collectively with the Term SOFR Successor Rate, each a “Successor Rate”), and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Company unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders object to such amendment.



3.2.1.4. Successor Rate. The Administrative Agent will promptly (in one or more notices) notify the Company and each Lender of the implementation of any Successor Rate:

Any Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

Notwithstanding anything else herein, if at any time any Successor Rate as so determined would otherwise be less than 0%, the Successor Rate will be deemed to be 0% for the purposes of this Agreement and the other Loan Documents.

In connection with the implementation of a Successor Rate the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Company and the Lenders reasonably promptly after such amendment becomes effective.

3.2.1.5. For purposes of this Section 3.03, those Lenders that either have not made, or do not have an obligation under this Agreement to make, the relevant Loans in the relevant Alternative Currency shall be excluded from any determination of Required Lenders.

### **3.4 Increased Cost and Reduced Return; Capital Adequacy.**

3.2.1.1. Increased Costs Generally. If any Change in Law shall:

3.2.1.1.1. impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurocurrency Rate) or L/C Issuer;

3.2.1.1.2. subject any Lender, L/C Issuer or Agent to any taxes of any kind whatsoever (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b)-(d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

3.2.1.1.3. impose on any Lender or L/C Issuer or any applicable interbank market any other condition, cost or expense affecting this Agreement or Eurocurrency Rate Loans made by such Lender or any Letter of Credit or participation therein;

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

3.2.1.2. Capital Requirements. If any Lender or L/C Issuer determines that any Change in Law affecting such Lender or L/C Issuer or any Lending Office of such Lender or such Lender's or L/C Issuer's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or L/C Issuer's capital or on the capital of such Lender's or L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters

of Credit held by, such Lender, or the Letters of Credit issued by such L/C Issuer, to a level below that which such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or L/C Issuer's policies and the policies of such Lender's or L/C Issuer's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or L/C Issuer or such Lender's or L/C Issuer's holding company for any such reduction suffered.

3.2.1.3. The Company shall pay (or cause the applicable Designated Borrower to pay) to each Lender, as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed as a result of a Change in Law in respect of the maintenance of the Commitments or the funding of the Eurocurrency Rate Loans denominated in a currency other than U.S. Dollars, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith), which in each case shall be due and payable on each date on which interest is payable on such Loan, provided the Company shall have received at least 30 days' prior notice (with a copy to the Administrative Agent) of such additional costs from such Lender. If a Lender fails to give notice 30 days prior to the relevant Interest Payment Date, such additional costs shall be due and payable 30 days from receipt of such notice.

3.2.1.4. Delay in Requests. Failure or delay on the part of any Lender or L/C Issuer to demand compensation pursuant to this Section 3.04 shall not constitute a waiver of such Lender's or L/C Issuer's right to demand such compensation; provided that, notwithstanding the provisions of Sections 3.04(a), 3.04(b) and 3.04(c), (i) the Borrowers shall only be liable for amounts in respect of increased costs or reductions for the period beginning up to six months prior to the date on which such demand was made (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six month period referred to above shall be extended to include the period of retroactive effect thereof), and (ii) the Lender claiming compensation therefor shall have applied consistent return metrics applied to other similarly situated borrowers or obligors with respect to such increased costs or reductions.

**3.5 Funding Losses.** Upon demand of any Lender or L/C Issuer (with a copy to the Administrative Agent) from time to time, the Company shall promptly compensate such Lender or L/C Issuer for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

3.2.1.1. any continuation, conversion, payment or prepayment of any Eurocurrency Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

3.2.1.2. any failure by a Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Eurocurrency Rate Loan on the date or in the amount notified by such Borrower;

3.2.1.3. any failure by any Borrower to make payment of any Loan or drawing under any Letter of Credit (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency; or

3.2.1.4. any assignment of a Eurocurrency Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Company pursuant to Section 11.15;

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained for the performance of any foreign exchange contracts, in each case, excluding loss of any anticipated profits;

provided that the Company shall have no obligation to pay to any Lender any of the foregoing amounts incurred in connection with such Lender being a Defaulting Lender.

### **3.6 Matters Applicable to Illegality and all Requests for Compensation.**

3.2.1.1. A certificate of the Administrative Agent or any Lender or L/C Issuer claiming compensation under this ARTICLE III and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error; provided that, in the case of any such certificate delivered pursuant to Section 3.04, such certificate (i) sets forth in reasonable detail (which detail shall not include any confidential or price sensitive information or any other information to the extent prohibited by law) the amount or amounts payable to such Lender or L/C Issuer pursuant to Section 3.04(a) and 3.04(b) and the basis for determining such amount or amounts and (ii) explains the methodology used to determine such amount. The Borrowers shall pay such Lender or L/C Issuer the amount shown as due on any such certificate within 10 days after receipt thereof. In determining such amount, the Administrative Agent or such Lender or L/C Issuer may use any reasonable averaging and attribution methods.

3.2.1.2. Each Lender may make any Credit Extension to any Borrower through any Lending Office, provided that the exercise of this option shall not affect the obligation of the applicable Borrower to repay the Credit Extension in accordance with the terms of this Agreement. If any Lender requests compensation under Section 3.04, or requires any Borrower to pay any Indemnified Taxes or additional amounts to any Lender, L/C Issuer, or any Governmental Authority for the account of any Lender or L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Company such Lender or L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or Section 3.04, as the case may be, in the future, or eliminate the need for notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not, in the good faith judgment of such Lender or L/C Issuer, as the case may be, otherwise be materially disadvantageous to such Lender or L/C Issuer, as the case may be. The Company hereby agrees to pay (or cause the applicable Designated Borrower to pay) all reasonable costs and expenses incurred by any Lender or L/C Issuer in connection with any such designation or assignment requested by the Company.

3.2.1.3. Upon any Lender's making a claim for compensation under Section 3.04 or if any Borrower is required to pay amounts to any Lender under Section 3.01 as a result of any Taxes or Other Taxes, in each case the Company may, subject to Section 3.06(b), replace such Lender in accordance with Section 11.15. Upon any Lender's giving notice and suspending its obligations relating to Eurocurrency Rate Loans in accordance with Section 3.02(a), the Company may replace such Lender in accordance with Section 11.15.

**3.7 Survival.** All of the Borrowers' obligations under this ARTICLE III shall survive termination of the aggregate Commitments and repayment of all other Obligations hereunder.

## **4.**

### **CONDITIONS PRECEDENT TO CREDIT EXTENSIONS**

**4.1. Conditions to Effectiveness.** Effectiveness of this Agreement is subject to satisfaction of the following conditions precedent:

4.1.1.1. The Administrative Agent's receipt of the following, each of which shall be originals, facsimiles or PDFs (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the date hereof (or, in the case of certificates of governmental officials, a recent date before the date hereof) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

4.1.1.1.1. executed counterparts of this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender and each Loan Party;

4.1.1.1.2. if requested by any Lender at least two Business Days before the date hereof, a Note executed by the Borrowers in favor of each Lender so requesting a Note;

4.1.1.1.3. such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers or the corporate secretary or assistant secretary of the Company as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

4.1.1.1.4. each of the following documents:

4.1.1.1.4.1. the Articles or certificate of incorporation and the bylaws of the Company as in effect on the date hereof, certified by the Secretary or Assistant Secretary of the Company as of the date hereof; and

4.1.1.1.4.2. a good standing and tax good standing certificate for the Company from the applicable Secretary of State (or similar, applicable Governmental Authority) of the States of Delaware and California dated as of a recent date;

4.1.1.1.5. favorable opinions, addressed to the Agent and the Lenders, of (A) Saralisa Brau, Corporate Secretary and Assistant General Counsel of the Company, in form and substance satisfactory to the Administrative Agent regarding such matters as the Administrative Agent may reasonably request; and (B) Morrison & Foerster LLP, special counsel to the Company, as to certain matters of New York law;

4.1.1.1.6. a certificate signed by a Responsible Officer of the Company:

4.1.1.1.6.1. certifying that:

4.1.1.1.6.1.1. the representations and warranties contained in ARTICLE V and the other Loan Documents are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of such date, as though made on and as of such date (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date);

4.1.1.1.6.1.2. no Default or Event of Default exists or, if applicable, would result from the initial Borrowing;

4.1.1.1.6.1.3. there has occurred since March 31, 2022, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

4.1.1.1.6.1.4. each of the conditions in Sections 4.01(a) and 4.01(b) has been satisfied on the part of the Company as of the date hereof;

4.1.1.1.6.2. designating the date hereof; and

4.1.1.1.6.3. indicating the Debt Ratings; and

4.1.1.1.7. such other assurances, certificates, documents, consents or opinions as the Administrative Agent, the L/C Issuers or the Required Lenders reasonably may require.

4.1.1.2. Any fees required by the Loan Documents to be paid, and all reimbursable expenses for which invoices have been presented, to the Agent, the L/C Issuers, the Arrangers or any Lender on or before the date hereof shall have been paid, to the extent that such invoices have been presented to the Company on or before the date hereof.

4.1.1.3. Unless waived by the Administrative Agent, the Company shall have paid all Attorney Costs of the Administrative Agent to the extent invoiced to the Company prior to or on the date hereof, plus such additional amounts of Attorney Costs as shall constitute its reasonable estimate of Attorney Costs incurred or to be incurred by it through the proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Company and the Administrative Agent).

4.1.1.4. Since March 31, 2022, no Material Adverse Effect shall have occurred or become known to the Administrative Agent.

4.1.1.5. The commitments of the lenders under the Existing Revolving Credit Agreement shall have been terminated and all the obligations under the Existing Revolving Credit Agreement shall have been repaid or prepaid (which repayment or prepayment may be made with the proceeds of the initial Credit Extension hereunder), and the Administrative Agent shall have received evidence satisfactory to it thereof.

(f) The Administrative Agent shall have received, (i) at least three (3) Business Days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act, as is reasonably requested in writing by the Administrative Agent at least ten (10) Business Days prior to the Closing Date and (ii) at least three (3) Business Days prior to the Closing Date, any Loan Party that qualifies as a “legal entity customer” under the Beneficial Ownership Regulation shall have delivered, to each Lender that so requests at least ten (10) Business Days prior to the Closing Date, a Beneficial Ownership Certification in relation to such Loan Party.

Without limiting the generality of the provisions of Section 9.05, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter explicitly required under this Section 4.01 to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed date hereof specifying its objection thereto.

**4.2. Existing Revolving Credit Agreement** (a) On the date hereof, the “Commitments” as defined in the Existing Revolving Credit Agreement shall terminate, without further action by any party thereto.

(b) The Lenders which are parties to the Existing Revolving Credit Agreement, comprising the “Required Lenders” as defined in the Existing Revolving Credit Agreement hereby waive any requirement of prior notice of termination of the Commitments (as defined in the Existing Revolving Credit Agreement) pursuant to Section 2.06 thereof and of prepayment of loans thereunder, to the extent necessary to give effect to 4.01(e) hereof, provided that any such prepayment of loans thereunder shall be subject to Section 2.05 of the Existing Revolving Credit Agreement.

**4.3. Conditions to all Credit Extensions.** The obligation of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type, or a continuation of Eurocurrency Rate Loans) is subject to the following conditions precedent:

4.3.1.1. The representations and warranties contained in ARTICLE V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) as of such earlier date, and except that for purposes of this Section 4.03, the representations and warranties contained in Section 5.08(a) shall be deemed to refer to the most recent statements furnished pursuant Sections 6.01(a) and 6.01(b), respectively.

4.3.1.2. No Default shall exist, or would result from such proposed Credit Extension.

4.3.1.3. The Administrative Agent and, if applicable, any L/C Issuer, shall have received a Request for Credit Extension in accordance with the requirements hereof.

4.3.1.4. If the applicable Borrower is a Designated Borrower, then the conditions of Section 2.16 related to the designation of such Borrower as a Designated Borrower shall have been met to the satisfaction of the Administrative Agent.

Each Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of Eurocurrency Rate Loans) submitted by the Company, shall be deemed to be a representation and warranty that the conditions specified in Sections 4.03(a), (b) and (d) have been satisfied on and as of the date of the applicable Credit Extension.

## 5. REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants (which representations and warranties in the case of any Borrower other than the Company shall be limited to such Borrower and its Subsidiaries and other facts and circumstances known to such Borrower and its Subsidiaries) to the Administrative Agent and each Lender that:

### 5.1. Corporate Existence and Power. Each Borrower:

5.1.1.1. is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization;

5.1.1.2. has the power and authority and all required governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its obligations under the Loan Documents to which it is a party;

5.1.1.3. is duly qualified and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and

5.1.1.4. is in compliance with all Requirements of Law;

except, with respect to clause (c) or clause (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

### 5.2. Corporate Authorization; No Contravention. The execution, delivery and performance by each Borrower of this Agreement and each other Loan Document to which such Borrower is party, and any Borrowing as of the date of such Borrowing have been duly authorized by all necessary corporate action, and do not and will not:

5.2.1.1. contravene the terms of any Borrower's Organization Documents;

5.2.1.2. conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which any Borrower is a party or any order, injunction, writ or decree of any Governmental Authority to which any Borrower or its property is subject; or

5.2.1.3. violate any Requirement of Law.

**5.3. Governmental Authorization.** No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority (each of the foregoing, an “Authorization”) is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Borrower of the Agreement or any other Loan Document, except to the extent that failure to have obtained or completed, as applicable, such Authorization would not result in a Material Adverse Effect.

**5.4. Binding Effect.** This Agreement and each other Loan Document to which each Borrower is a party constitute the legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors’ rights generally or by equitable principles relating to enforceability.

**5.5. Litigation.** There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of each Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any Borrower, or its Subsidiaries or any of their respective properties which:

5.5.1.1. purport to pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

5.5.1.2. if determined adversely to the Company or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect which has not been disclosed in the Company’s annual report for any fiscal period on Form 10-K. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

**5.6. No Default.** No Default or Event of Default exists or would result from the incurring of any Obligations by any Borrower. As of the date hereof, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect as of the date hereof, or that would, if such default had occurred after the date hereof, create an Event of Default under Section 8.01(e).

**5.7. Use of Proceeds; Margin Regulations.** The proceeds of the Loans are to be used solely for the purposes set forth in Section 6.10. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or carrying Margin Stock (other than the Company’s own treasury stock) or extending credit for the purpose of purchasing or carrying Margin Stock.

**5.8. Financial Condition.** (a) The Audited Financial Statements:

5.8.1.1.1. were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject in the case of the unaudited statements to ordinary, good faith year end audit adjustments;

5.8.1.1.2. fairly present in all material respects the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

5.8.1.1.1.3. show all material indebtedness and other liabilities, direct or contingent, of the Company and its consolidated Subsidiaries as of the date thereof required to be shown in accordance with GAAP.

5.8.1.1. As of the date hereof, since March 31, 2022, there has been no Material Adverse Effect.

**5.9. Regulated Entities.** None of the Company, any Person controlling the Company, or any Subsidiary, is or is required to be registered as an “investment company” within the meaning of the Investment Company Act of 1940.

**5.10. Taxes.** Except to the extent that failure to have so filed or paid would not result in a Material Adverse Effect, each Borrower and its Subsidiaries have timely filed or caused to be filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Borrower or any Subsidiary that would, if made, have a Material Adverse Effect. Neither any Borrower nor any Subsidiary thereof is party to any tax sharing agreement other than an agreement solely between one or more Borrowers or Subsidiaries.

**5.11. Sanctions.** No Borrower, nor any of its Subsidiaries, nor, to the knowledge of the Company, any director, officer, or employee thereof, nor, to the knowledge of the Company, any agent thereof that will act in any capacity in connection with or directly benefit from the credit facility established hereby, is an individual or entity that is, or is owned or controlled by one or more individuals or entities that are (i) currently the subject or target of any Sanctions, (ii) included on OFAC’s List of Specially Designated Nationals, HMT’s Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by OFAC or HMT or (iii) located, organized or resident in a Designated Jurisdiction. Each Borrower and its Subsidiaries conduct their businesses in compliance in all material respects with all applicable Sanctions. Each Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve compliance with all applicable Sanctions.

**5.12. Anti-Corruption Laws and Anti-Money Laundering Laws.** Each Borrower and its Subsidiaries are in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions in which the Borrowers or any of their Subsidiaries conduct business and with all applicable Anti-Money Laundering Laws. Each Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve compliance with all applicable anti-corruption laws.

**5.13. ERISA.** No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, would reasonably be expected to result in a Material Adverse Effect.

**5.14. Beneficial Ownership Certification.** As of the Closing Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

## 6. AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than Obligations under Section 11.04(b)) that remain contingent after termination of the Commitments and payment of all other Obligations) hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Lenders waive compliance in writing:

**6.1. Financial Statements.** The Company shall deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Required Lenders:



6.1.1.1. as soon as available, but in any event within 70 days after the end of each fiscal year of the Company, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Deloitte & Touche LLP or another nationally recognized independent certified public accountant, which report and opinion shall be prepared in accordance with GAAP and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

6.1.1.2. as soon as available, but in any event within 55 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Company's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Company as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes. As to any information contained in materials furnished pursuant to Section 6.02(b), the Company shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Company to furnish the information and materials described in Sections 6.01(a) and 6.01(b) at the times specified therein.

**6.2. Certificates; Other Information.** The Company shall deliver to the Administrative Agent:

6.2.1.1. concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and 6.01(b), a duly completed Compliance Certificate signed by a Responsible Officer of the Company;

6.2.1.2. promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Company, and copies of all annual, regular, periodic and special reports and registration statements which the Company may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto;

6.2.1.3. promptly, such additional information regarding the business, financial or corporate affairs of the Borrowers or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request; and

6.2.1.4. promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

Documents required to be delivered pursuant to Sections 6.01(a) or 6.01(b) or 6.02(b) or Section 6.03 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which it is publicly available at no charge on the EDGAR system of the United States Securities and Exchange Commission, (ii) on which the Company posts such documents, or provides a link thereto on the Company's website on the Internet at the website address listed on Schedule 11.02; or (iii) on which such documents are posted on the Company's behalf on IntraLinks, SyndTrak or another similar electronic system (a "Platform"), if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent). The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrowers hereby acknowledge that (a) the Administrative Agent may make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of the Borrowers under Sections 6.01(a), 6.01(b), 6.02(a), 6.02(b), and Section 6.03 (and any other such materials and/or information to the extent the applicable Borrower has previously consented in writing) (collectively, "Borrower Materials") by posting the Borrower Materials on a Platform and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to any of the Borrowers or their respective affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrowers hereby agree that (a) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (b) by marking Borrower Materials "PUBLIC," the Borrowers shall be deemed to have authorized the Administrative Agent, the L/C Issuers and the Lenders to treat such Borrower Materials as publicly available information with respect to the Borrowers or their respective securities for purposes of United States Federal and state securities laws; (c) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of a Platform designated "Public Investor"; and (d) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of a Platform not designated "Public Investor".

**6.3. Notices.** Each Borrower shall promptly notify the Administrative Agent:

6.3.1.1. of the occurrence of any Default;

6.3.1.2. of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;

6.3.1.3. of (i) the occurrence of any ERISA Event with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Borrower or any of its Subsidiaries in an aggregate amount in excess of \$50,000,000 during the term of this Agreement, or (ii) the existence of an amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA), individually or in the aggregate for all Pension Plans (excluding for purposes of such computation any Pension Plans with respect to which assets exceed benefit liabilities), which exceeds 3% of Net Worth.

Notification delivered to the Administrative Agent and each Lender by any Borrower under this Section 6.03 shall satisfy the notice obligation of all Borrowers hereunder. Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Company setting forth details of the occurrence referred to therein and stating what action the Company has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

**6.4. Preservation of Existence, Etc.** Each Borrower shall, and shall cause each of its Material Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.02 and (b) take all reasonable action to maintain all governmental rights, privileges, permits, licenses and franchises necessary in the normal conduct of its business, except in connection with transactions permitted by Section 7.02 and except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

**6.5. Maintenance of Insurance.** Each Borrower shall, and shall cause each of its Material Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance (including self-insurance) with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as the Company reasonably deems prudent from time to time.

**6.6. Payment of Taxes.** Each Borrower shall, and shall cause each of its Material Subsidiaries to, pay and discharge as the same shall become due and payable, all tax liabilities, assessments and governmental charges or

levies upon it or its properties or assets (other than obligations that a Responsible Officer is not aware of or are of a nominal amount), unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Company or such Material Subsidiary, and except to the extent that failure to so pay and discharge, either individually or in the aggregate, would not result in a Material Adverse Effect.

**6.7. Compliance with Laws.** Each Borrower shall, and shall cause each of its Material Subsidiaries to, comply in all material respects with the Requirements of Law applicable to it or to its business, except in such instances in which (a) a Requirement of Law is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

**6.8. Books and Records.** Each Borrower shall, and shall cause each of its Material Subsidiaries to, maintain in all material respects proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Material Subsidiary, as the case may be.

**6.9. Inspection Rights.** Each Borrower shall, and shall cause each of its Material Subsidiaries to, permit representatives and independent contractors of the Administrative Agent, on behalf of itself or a request of any Lender, to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at such reasonable times during normal business hours and upon reasonable advance notice to the Company and the applicable Borrower that is the subject of such inspection; provided, however, that when an Event of Default exists the representatives and independent contractors of the Administrative Agent may do any of the foregoing at the reasonable expense of the Borrowers at any time during normal business hours and upon reasonable advance notice to the Company and the applicable Borrower that is the subject of such inspection; provided, further, that so long as no Event of Default exists, no Borrower shall be required to or to cause any Material Subsidiary to, permit more than one such visit or inspection on more than one occasion in any twelve-month period.

**6.10. Use of Proceeds.** The Borrowers shall use the proceeds of the Credit Extensions for general corporate purposes not in contravention of any Law or of any Loan Document.

**6.11. Anti-Corruption Laws; Sanctions.** The Borrowers shall, and shall cause each Subsidiary to, (i) conduct its businesses in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions in which any Borrower or any of its Subsidiaries conduct business, all applicable Sanctions and all applicable Anti-Money Laundering Laws and (ii) maintain policies and procedures designed to promote and achieve compliance with all applicable anti-corruption laws and all applicable Sanctions.

## 7. NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than Obligations under subsection 11.04(b) that remain contingent after termination of the Commitments and payment of all other Obligations) hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Required Lenders waive compliance in writing:

**7.1. Liens.** No Borrower shall, or shall suffer or permit any of its Material Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

- 7.1.1.1. any Lien existing on property of the Company or any Material Subsidiary on the date hereof securing Indebtedness outstanding on such date and any renewals or extensions thereof; provided that the property covered thereby is not changed or increased;
- 7.1.1.2. any Lien created under any Loan Document;
- 7.1.1.3. Liens for taxes, fees, assessments or other governmental charges not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- 7.1.1.4. carriers', warehousemen's, mechanics', materialmen's, landlords', repairmen's or other like Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty;
- 7.1.1.5. pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;
- 7.1.1.6. Liens on the property of any Borrower or any Material Subsidiary securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;
- 7.1.1.7. easements, rights-of-way, restrictions and other similar encumbrances which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;
- 7.1.1.8. Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by any Borrower or any Material Subsidiary to provide collateral to the depository institution;
- 7.1.1.9. Liens arising out of any Qualified Receivables Transaction;
- 7.1.1.10. Liens existing on any property or asset prior to the acquisition thereof by any Borrower or any Material Subsidiary or existing on a property or asset of a Person prior to such Person becoming a Subsidiary; provided that (x) such Liens were not granted in connection with, or in contemplation of, the acquisition of such property or such asset or such Person becoming a Subsidiary, (y) such Liens secure only the obligations secured immediately prior to the acquisition of such property or asset or Person becoming a Subsidiary (and any modifications, extensions, renewals, replacements or refinancings thereof that does not increase the amount of such original obligations) and (z) such Liens shall not apply to any other property or assets of any Borrower or the Subsidiaries, other than the proceeds of such acquired property or assets and related books and records;
- 7.1.1.11. Liens existing on equipment, computers or software acquired by any Borrower or any Material Subsidiary at the time of Borrower's or Material Subsidiary's, as applicable, acquisition thereof, provided that such Liens are confined solely to the property so acquired or the proceeds thereof and related books and records;
- 7.1.1.12. Liens on deposit or securities accounts (and cash and cash equivalents and other financial assets held therein) established in the ordinary course of business in favor of the financial institution at which such account is held, arising pursuant to such financial institution's standard terms and conditions governing such account and not securing Indebtedness; and

7.1.1.13. Liens securing Indebtedness and other obligations (other than Indebtedness and other obligations secured by Liens described in any of the foregoing Section 7.01(a) through (l)) in an aggregate principal amount that, at the time of incurrence of such secured Indebtedness or obligations, together with all other Indebtedness or obligations secured by Liens permitted in reliance on this clause (m) at such time, does not exceed the greater of (x) \$2,000,000,000 or (y) 25% of Net Worth at such time.

**7.2. Consolidations and Mergers.** No Borrower shall directly or indirectly, liquidate, dissolve, merge, amalgamate, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

7.2.1.1. any Borrower (other than the Company) may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Wholly-Owned Subsidiaries; provided that a Borrower shall be the continuing or surviving corporation and the jurisdiction of incorporation of such Borrower shall be a Designated Borrower Jurisdiction;

7.2.1.2. any Borrower (other than the Company) may amalgamate with any one or more of the Company's Wholly-Owned Subsidiaries; provided that a Borrower shall be the continuing or surviving corporation and the jurisdiction of incorporation of such Borrower shall be a Designated Borrower Jurisdiction;

7.2.1.3. any Borrower (other than the Company) may sell, transfer or exchange all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or another Borrower;

7.2.1.4. the Company may convey, transfer, lease or otherwise dispose of all or substantially all of its pharmacology distribution business to a wholly-owned Domestic Subsidiary that, simultaneously therewith, executes and delivers to the Administrative Agent a joinder agreement in the form of Exhibit F hereto and becomes a Borrower under this Agreement; provided that the parties hereto acknowledge and agree that prior to such Borrower becoming entitled to utilize the credit facilities provided for herein the Administrative Agent and the Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may reasonably be required by the Administrative Agent or the Required Lenders, and Notes signed by such new Borrower to the extent any Lenders so require. If the Administrative Agent and the Required Lenders agree that such Borrower shall be entitled to receive Loans hereunder, then promptly following receipt of all such requested resolutions, incumbency certificates, opinions of counsel and other documents or information, the Administrative Agent shall send a notice in substantially the form of Exhibit G (a "Borrower Notice") to the Company and the Lenders specifying the effective date upon which such Borrower shall constitute a Borrower for purposes hereof, whereupon each of the Lenders agrees to permit such Borrower to receive Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no Committed Loan Notice or Letter of Credit Application may be submitted by or on behalf of such Borrower until the date five Business Days after such effective date; and

7.2.1.5. the Company may merge or consolidate with or into another Person, provided that (i) either (x) the Company shall be the continuing or surviving corporation or (y) (A) the successor Person (if other than the Company) formed by such consolidation or into which the Company is merged (the "Successor") is a corporation, limited liability company or limited partnership organized or existing under the laws of the United States, any state of the United States or the District of Columbia, and (B) the Successor (if any) shall have expressly assumed all of the Company's Obligations pursuant to documentation in form satisfactory to the Administrative Agent, and (ii) no Default or Event of Default is in effect immediately prior to or on the date of or would result from such merger or consolidation.

**7.3. Use of Proceeds.** No Borrower shall, or shall suffer or permit any of its Subsidiaries to, use any Credit Extension, directly or indirectly, (a) to purchase or carry Margin Stock in contravention of Regulation U issued by the Board of Governors of the Federal Reserve, (b) to repay or otherwise refinance indebtedness of the Company or

others incurred to purchase or carry Margin Stock in contravention of said Regulation U, (c) to extend credit for the purpose of purchasing or carrying any Margin Stock in contravention of said Regulation U, or (d) to acquire any security in any transaction that is subject to Section 13 or 14 of the Securities Exchange Act of 1934, in contravention of said Regulation U.

**7.4. Financial Covenant.** The Company will not permit the Leverage Ratio as of the last day of any fiscal quarter to exceed 4.00 to 1.00; provided that upon the consummation of any Material Acquisition that involves payment of cash consideration of at least US\$500,000,000 and the written election of the Company to the Administrative Agent (which shall deliver a copy to the Lenders), the maximum permitted Leverage Ratio set forth above shall increase to 4.50 to 1.00, with respect to the last day of the fiscal quarter of the Company during which such Material Acquisition is consummated and the last day of each of the next three full fiscal quarters of the Company ending after the date of the consummation of such Material Acquisition; provided, however, that the Company shall not be permitted to make such an election if the Company has theretofore made such an election unless at least one full fiscal quarter of the Company shall have ended since the date of such prior election without an increase being in effect.

Solely for purposes of determining compliance with the financial covenant set forth in this Section above and as of the last day of any fiscal quarter with respect to which the financial covenant is tested, (a) the definition of Total Debt shall not include the Indebtedness of any partnership or joint venture that is not a Subsidiary of the Company and in which the Company or any of its Subsidiaries is a general partner or a joint venture to the extent that such Indebtedness is expressly made non-recourse to the Company and its Subsidiaries and (b) the definition of Consolidated EBITDA shall not include any amounts contributed to the Company or any of its Subsidiaries by any such partnership or joint venture referenced in clause (a) except to the extent of the amounts actually received in cash by the Company or its Subsidiaries.

**7.5. Sanctions.** No Borrower shall, nor shall it permit any Subsidiary to, directly or, to the knowledge of such Borrower, indirectly, use the proceeds of any Credit Extension, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business of or with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Arranger, Administrative Agent, L/C Issuer, or otherwise) of Sanctions.

**7.6. Anti-Corruption Laws.** No Borrower shall, nor shall it permit any Subsidiary to, directly or, to the knowledge of such Borrower, indirectly use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions in which any Borrower or any of its Subsidiaries conduct business.

## 8.

### EVENTS OF DEFAULT AND REMEDIES

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

8.1.1.1. Non-Payment. Any Borrower fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan, L/C Obligation, or (ii) within five days after the same becomes due, any interest on any Loan, L/C Obligation, or any facility fee or other fee due hereunder, or any other amount payable hereunder or under any other Loan Document; or

8.1.1.2. Specific Covenants. The Company fails to perform or observe any term, covenant or agreement contained in any of Section 6.03(a), Section 6.04(a) or ARTICLE VII; or

8.1.1.3. Other Defaults. Any Borrower fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or 8.01(b)) contained in any Loan Document on its part to be performed or observed and

such failure continues for 30 days after the date upon which written notice thereof is given to the Company by the Administrative Agent or any Lender; or

8.1.1.4. Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Borrower herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

8.1.1.5. Cross-Default. (i) The Company or any Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than any intercompany Indebtedness or any Indebtedness hereunder) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$200,000,000 (such Indebtedness or Guarantee being a “Relevant Obligation”) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, or (B) fails to observe or perform any other agreement or condition relating to, or contained in any instrument or agreement evidencing, securing or relating to, any Relevant Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, or any other event occurs, the effect of which default or other event is to cause such Relevant Obligation to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Relevant Obligation to be made, prior to its stated maturity, or such cash collateral in respect of such Relevant Obligation to be demanded (provided that an Acquired Debt Default shall not constitute an Event of Default pursuant to this clause (i)(B) so long as such Acquired Debt Default is waived or cured, or the Relevant Obligation giving rise thereto is repaid, within 30 days of consummation of the transaction giving rise thereto) or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Company or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Company or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Company or such Subsidiary as a result thereof is greater than \$200,000,000; or

8.1.1.6. Insolvency; Voluntary Proceedings. The Company or any Material Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

8.1.1.7. Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Material Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company’s or any Material Subsidiary’s properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within sixty (60) days after commencement, filing or levy; (ii) the Company or any Material Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any Material Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

8.1.1.8. ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company or any of its Subsidiaries in an aggregate amount in excess of \$200,000,000 during the term of this Agreement, or (ii) there shall exist an amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA), individually or in the aggregate for all Pension Plans (excluding for purposes of such computation any Pension Plans with respect to which assets exceed benefit liabilities), which exceeds 7% of Net Worth; or

8.1.1.9. Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in any manner the validity or enforceability of any provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

8.1.1.10. Change of Control. There occurs any Change of Control.

**8.2. Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

8.2.1.1. declare the commitment of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

8.2.1.2. declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower;

8.2.1.3. require that the Company Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

8.2.1.4. exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

provided, however, that upon the occurrence of (i) any event described in Section 8.01(f) or (ii) an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, except in the case of Section 8.01(g)(i), in which case upon the expiration of the 60-day period mentioned therein if the curative action mentioned in such clause is not taken, the obligation of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Company to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

**8.3. Application of Funds.** After the exercise of remedies provided for in Section 8.02 (or after the Loans and other Obligations have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under ARTICLE III) payable to the Administrative Agent and the L/C Issuers in their respective capacities as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs and amounts payable under ARTICLE III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;



Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, in each case ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the applicable L/C Issuers to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Company or as otherwise required by Law.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

## 9. ADMINISTRATIVE AGENT

### 9.1. Appointment and Authorization of Agents.

9.1.1.1. Each of the Lenders and L/C Issuers hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this ARTICLE IX are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and the Borrowers shall not have rights as a third party beneficiary of any of such provisions other than the provisions of Section 9.06 relating to the Company's consultation and notice rights.

9.1.1.2. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.1.1.3. Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in this ARTICLE IX with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this ARTICLE IX included such L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to each L/C Issuer.

**9.2. Rights as a Lender.** The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrowers or any

Subsidiary or other Affiliate thereof as if such Person was not the Agent hereunder and without any duty to account therefor to the Lenders.

**9.3. Exculpatory Provisions.** Neither the Agent nor any Joint Sustainability Coordinator shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and, in each case, its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent and each Joint Sustainability Coordinator:

9.3.1.1. shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

9.3.1.2. shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent or any Joint Sustainability Coordinator, as the case may be, is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that neither the Agent nor any Joint Sustainability Coordinator shall be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent or such Joint Sustainability Coordinator, as the case may be, to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

9.3.1.3. shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of their Affiliates that is communicated to or obtained by the Person serving as the Agent, any Joint Sustainability Coordinator or any of their respective Affiliates in any capacity.

9.3.1.4. Neither the Agent nor any Joint Sustainability Coordinator shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or, in the case of the Agent, as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Neither the Agent nor any Joint Sustainability Coordinator shall be deemed to have knowledge of any Default unless and until notice describing such Default is given in writing to the Agent by a Borrower, a Lender or an L/C Issuer.

9.3.1.5. Neither the Agent nor any Joint Sustainability Coordinator shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in ARTICLE IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent or the Joint Sustainability Coordinators, as the case may be.

**9.4. Delegation of Duties.** The Agent may perform any and all of its duties and exercise its rights and powers hereunder or any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

**9.5. Reliance by Agent.** The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice (including without limitation, telephonic or electronic notice, Committed Loan Notices, Letter of Credit Applications and notices of prepayment), request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person or Persons. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Agent may presume that such condition is satisfactory to such Lender or L/C Issuer unless the Agent shall have received notice to the contrary from such Lender or L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**9.6. Successor Agents.**

9.6.1.1. The Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Agent may on behalf of the Lenders and the L/C Issuers (if applicable) appoint a successor Agent meeting the qualifications set forth above; provided that if the Agent shall notify the Company and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective as of the Resignation Effective Date in accordance with such notice and (a) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (b) except for any indemnity payments or other amounts then owed to the retiring Administrative Agent all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender and L/C Issuer directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring (or retired) Administrative Agent as of the Resignation Effective Date), and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Company to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the retiring Administrative Agent’s resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (i) while the retiring Administrative Agent was acting as Administrative Agent and (ii) after such resignation for as long as any of them continues to act in any capacity hereunder or under the other Loan Documents, including (a) acting as collateral agent or otherwise holding any collateral security on behalf of any of the Lenders and (b) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

9.6.1.2. Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as an L/C Issuer. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c). Upon the appointment by the Company of a successor L/C Issuer hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (a) such successor shall succeed to and become vested with

all of the rights, powers, privileges and duties of the resigning L/C Issuer, (b) the resigning L/C Issuer shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

**9.7. Non-Reliance on Agent and Other Lenders.** Each Lender and L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and L/C Issuer also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

**9.8. No Other Duties, Etc.** Anything herein to the contrary notwithstanding, none of the documentation agents, syndication agents, book managers 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 Joint Sustainability Coordinator or a Lender hereunder. Without limiting the foregoing, none of the Lenders or other Persons so listed shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so listed in deciding to enter into this Agreement or in taking or not taking action hereunder.

**9.9. Administrative Agent May File Proofs of Claim.** In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan, or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

9.9.1.1. to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.03(i) and 2.03(j), 2.09 and 11.04) allowed in such judicial proceeding; and

9.9.1.2. to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

**9.10. Certain ERISA Matters.**

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

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

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

9.10.1.1.3. (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

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

9.10.1.2. In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

**10.  
[RESERVED]**

**11.  
MISCELLANEOUS**

**11.1. Amendments, Etc.** No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Company or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Company or the applicable Loan Party, as the case may be,

and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

11.1.1.1. waive any condition set forth in Section 4.01(a) (other than any condition pursuant to Section 4.01(a)(vii)) without the written consent of each Lender;

11.1.1.2. extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) except as permitted by Section 2.15, in each case without the written consent of such Lender;

11.1.1.3. postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

11.1.1.4. other than as provided by Section 2.19 or the ESG Amendment and subject to the terms thereof, reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (v) of the second proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest at the Default Rate;

11.1.1.5. change Sections 2.13 or 8.03 in a manner that would alter the pro rata sharing of payments required thereby or amend the definition of "Pro Rata Share", without the written consent of each Lender;

11.1.1.6. change any provision of this Section 11.01 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

11.1.1.7. release (x) the Company from any Guaranty or (y) substantially all of the value of the Guarantees without the written consent of each Lender; or

(h) change the definition of Alternative Currency or Designated Borrower Jurisdiction without the consent of each Lender.

and, provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuers in addition to the Lenders required above, affect the rights or duties of the L/C Issuers under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; (iii) Section 11.06(h) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; (iv) no amendment, waiver or consent shall, unless in writing and signed by the Joint Sustainability Coordinators in addition to the Lenders required above, affect the rights or duties of the Joint Sustainability Coordinators under this Agreement; and (v) the Fee Letter may be amended, or rights or privileges thereunder waived, only in a writing executed by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender. This Agreement and other Loan Documents may be amended or supplemented by an agreement or agreements in writing entered into by the Administrative Agent and each Borrower as to which such agreement or agreements is to apply, without the need to obtain the consent of any Lender, to implement any modification necessary to effect the provisions of Section 2.15 and Section 2.16 or to comply with local Law or advice of counsel in connection therewith, in each case so long as such modification does not adversely affect the rights of any Lender or L/C Issuer;

provided that the Administrative Agent shall post such amendment to the Lenders (which may be posted to the approved Platform) reasonably promptly after the effectiveness thereof.

## **11.2. Notices and Other Communications; Facsimile Copies.**

11.2.1.1. General. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for hereunder shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

11.2.1.1.1. if to any Borrower, the Administrative Agent or any of the L/C Issuers, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.02; and

11.2.1.1.2. if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

11.2.1.2. Electronic Communications. All notices hereunder to any Borrower shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier (or, to the extent permitted hereunder to be given by telephone, immediately confirmed in a writing so delivered, mailed or sent). Notices and other communications to the Lenders and the L/C Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or L/C Issuer pursuant to ARTICLE II if such Lender or L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

11.2.1.3. The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the

Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to any Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower’s or the Administrative Agent’s transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service through the internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party have any liability to any Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

11.2.1.4. Change of Address, Etc. Each Borrower, the Administrative Agent and each L/C Issuer may change its address, facsimile number, electronic mail address or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile number, electronic mail address or telephone number for notices and other communications hereunder by notice to the Company, the Administrative Agent and the L/C Issuers. Furthermore, each Public Lender (as defined in Section 6.02) agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform (as defined in Section 6.02) in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials (as defined in Section 1.01) that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to the Borrowers or their respective securities for purposes of United States Federal or state securities laws.

11.2.1.5. Reliance by Agent and Lenders. The Agent, L/C Issuers and Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices) purportedly given by or on behalf of any Borrower, which the Agent, L/C Issuer or Lender believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of any Borrower, even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Each Borrower shall indemnify the Agent, each L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of such Borrower. All telephonic notices to and other communications with the Agent may be recorded by the Agent, and each of the parties hereto hereby consents to such recording.

**11.3. No Waiver; Cumulative Remedies; Enforcement.** No failure by any Lender or the Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and the L/C Issuers; 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, (c) any Lender from exercising setoff rights in accordance with Section 11.08, or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and



(ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

#### **11.4. Expenses; Indemnity; Damage Waiver.**

11.4.1.1. Costs and Expenses. The Borrowers agree, jointly and severally, (i) to pay or reimburse the Agent for all costs and expenses incurred in connection with the syndication of the credit facilities provided for herein, the development, preparation, negotiation and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs, (ii) to pay each L/C Issuer all fees, costs and charges required under Sections 2.03(j) and (iii) to pay or reimburse the Agent, each L/C Issuer, each Joint Sustainability Coordinator and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any “workout” or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses incurred by the Agent and the cost of independent public accountants and other outside experts retained by the Agent or any Lender. All amounts due under this Section 11.04 shall be payable within 20 Business Days after demand therefor.

11.4.1.2. Indemnification by the Borrowers. Whether or not the transactions contemplated hereby are consummated, the Borrowers shall jointly and severally indemnify and hold harmless the Agent (and any sub-agent thereof), each L/C Issuer, the Arrangers, the Joint Sustainability Coordinators, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (i) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (ii) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned, leased or operated by any Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to any Borrower or any of its Subsidiaries or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the “Indemnified Liabilities”); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (i) the gross negligence or willful misconduct of such Indemnitee or (ii) a material breach of the obligations of such Indemnitee under this Agreement, or (B) result from a claim not involving an act or omission of any Borrower or any of its Subsidiaries and that is brought by an Indemnitee against another Indemnitee (other than against the Arrangers, L/C Issuers or the Agent in their capacities as such).

11.4.1.3. Reimbursement by Lenders. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Agent (or any sub-agent thereof), any L/C Issuer, the Arrangers or any Related Party of any of the foregoing (it being acknowledged that, for the avoidance of doubt, such required amounts do not include any fees arising solely from the Fee Letter), each Lender severally agrees to pay to the Agent (or any such sub-agent), any L/C Issuer, the Arrangers or such Related

Party, as the case may be, such Lender's Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent) or any L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) or any L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (b) are subject to the provisions of Section 2.12(d).

11.4.1.4. Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed 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.

11.4.1.5. Payments. All amounts due under this Section shall be payable not later than 20 Business Days after demand therefor.

11.4.1.6. The agreements in this Section 11.04 shall survive the resignation of the Administrative Agent, the L/C Issuers or the Arrangers, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

**11.5. Payments Set Aside.** To the extent that any payment by or on behalf of a Borrower is made to the Agent or any Lender, or the Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to the Agent upon demand its applicable share of any amount so recovered from or repaid by the Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to in the case of Loans and L/C Credit Extensions (A) in Dollars, the Federal Funds Rate from time to time in effect, (B) in an Alternative Currency, the applicable Overnight Rate from time to time in effect.

**11.6. Successors and Assigns.**

11.6.1.1. 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 Borrowers may not assign or otherwise transfer any of their rights or obligations hereunder (except in a transaction permitted under Section 7.02) without the prior written consent of the 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 Section 11.06(b), (ii) by way of participation in accordance with the provisions of Section 11.06(d), (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 11.06(f) and 11.06(i), or (iv) to an SPC in accordance with the provisions of Section 11.06(h) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 11.06(d) and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

11.6.1.2. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this [Section 11.06\(b\)](#), participations in L/C Obligations) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment 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 Commitment (which for this purpose includes Loans outstanding thereunder) 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 date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, (iii) any assignment of a Commitment must be approved by the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself a Lender or an Affiliate of a Lender or an Approved Fund (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee), (iv) any assignment of a Commitment must be approved by the L/C Issuers (such approval not to be unreasonably withheld or delayed) and (v) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption and (except in the case of an assignment by a Lender to its Affiliate) a processing and recordation fee of \$3,500 payable on the date of effectiveness of the Assignment and Assumption by the parties thereto, provided, however, that the Administrative Agent may in its sole discretion elect to waive such processing and recordation fee in the case of any assignment, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by the Administrative Agent pursuant to [Section 11.06\(c\)](#), 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 3.01, 3.04, 3.05 and 11.04](#) with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, each Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this [Section 11.06\(b\)](#) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with [Section 11.06\(d\)](#).

No assignment or participation shall be made to any Person that was a Disqualified Institution as of the date (the "Trade Date") on which the assigning Lender entered into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to such Person (unless the Company has consented to such assignment in writing in its sole and absolute discretion, in which case such Person will not be considered a Disqualified Institution for the purpose of such assignment or participation). Upon receipt of a list of Disqualified Institutions from the Company (or any updates thereto), the Administrative Agent shall promptly provide such list or updates, as applicable, to the Lenders (including by posting to a Platform). Any Person shall become a "Disqualified Institution" for purposes of this Agreement two (2) Business Days after the Administrative Agent provides such list or updates, as applicable, to the Lenders (including by posting to a Platform). For the avoidance of doubt, with respect to any assignee that becomes a Disqualified Institution after the applicable Trade Date (including as a result of the delivery of a notice pursuant to the definition of "Disqualified Institution"), (x) such assignee shall not retroactively be disqualified from becoming a Lender and (y) the execution by the Company of an Assignment and Assumption with respect to such assignee will not by itself result in such assignee no longer being considered a Disqualified Institution. Any assignment in violation of this paragraph shall not be void, but the other provisions of this clause (b) shall apply.

If any assignment or participation is made to any Disqualified Institution without the Company's prior written consent in violation of the preceding paragraph, or if any Person becomes a Disqualified Institution

after the applicable Trade Date, the Company may, at its sole expense and effort, upon notice to the applicable Disqualified Institution and the Administrative Agent, (A) terminate any Commitment of such Disqualified Institution and repay all obligations of the applicable Borrower owing to such Disqualified Institution in connection with such Commitment, and/or (B) require such Disqualified Institution to assign, without recourse (in accordance with and subject to the restrictions contained in this Section), all of its interest, rights and obligations under this Agreement to one or more Eligible Assignees at the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Institution paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder.

Notwithstanding anything to the contrary contained in this Agreement, Disqualified Institutions (A) will not (x) have the right to receive information, reports or other materials provided to Lenders by the Borrowers, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) (x) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Disqualified Institution will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Institutions consented to such matter, and (y) for purposes of voting on any plan of reorganization, each Disqualified Institution party hereto hereby agrees (1) not to vote on such plan of reorganization, (2) if such Disqualified Institution does vote on such plan of reorganization notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be “designated” pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such plan of reorganization in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws) and (3) not to contest any request by any party for a determination by the Bankruptcy Court (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

11.6.1.3. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent’s Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders may 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 Company, at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register.

11.6.1.4. (i) Any Lender may at any time, without the consent of, or notice to, the Administrative Agent, sell participations to any Person (other than a natural person, any Borrower, any of the Borrowers’ Affiliates or Subsidiaries and any Defaulting 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 Commitment and/or the Loans (including such Lender’s participations in L/C Obligations) owing to it); provided that (i) unless a Default or Event of Default has occurred and is continuing, the Company shall have approved the sale of participations to such Person (such approval not to be unreasonably withheld or delayed); (ii) [Reserved]; (iii) such Lender’s obligations under this Agreement shall remain unchanged; (iv) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; (v) the Borrowers, the Agent, the L/C Issuers and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement; and (vi) such Lender complies with Section 11.06(d)(ii). Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant,

agree to any amendment, waiver or other modification described in the first proviso to Section 11.01 that directly affects such Participant. Subject to Section 11.06(e), the Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.06(b) (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

11.6.1.5. A Participant shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

11.6.1.6. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; 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.

11.6.1.7. As used herein, the following terms have the following meanings:

"Eligible Assignee" means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and each L/C Issuer and (ii) unless a Default or an Event of Default has occurred and is continuing, the Company (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, (i) "Eligible Assignee" shall not include (x) any Borrower, any of the Borrowers' Affiliates or Subsidiaries, or any Defaulting Lender, (y) any Disqualified Institution or (z) any natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of one or more natural Persons).

The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions of this Agreement relating to Disqualified Institutions. 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 or Participant or prospective Lender or Participant is a Disqualified Institution 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 Disqualified Institution.

11.6.1.8. Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Company (an "SPC") the option to provide all or any part of any Committed Loan

that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Committed Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Committed Loan, the Granting Lender shall be obligated to make such Committed Loan pursuant to the terms hereof or, if it fails to do so, to make such payment to the Agent as is required under Section 2.12(b)(ii); provided, further that no such grant to an SPC shall impose Taxes or Other Taxes on any Borrower. Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the costs or expenses or otherwise increase or change the obligations of the Company under this Agreement (including its obligations under Section 3.04), (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Loan Document, remain the lender of record hereunder. The making of a Committed Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Committed Loan were made by such Granting Lender. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior debt of any SPC, it will not institute against, or join any other Person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under the laws of the United States or any State thereof. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of the Company and the Administrative Agent and without paying any processing fee therefor, assign all or any portion of its right to receive payment with respect to any Committed Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Committed Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC.

11.6.1.9. Notwithstanding anything to the contrary contained herein, any Lender that is a Fund may create a security interest in all or any portion of the Loans owing to it and the Note, if any, held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities, provided that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 11.06, (a) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (b) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise. For purposes of this Section 11.06(i), “Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

11.6.1.10. [Reserved].

11.6.1.11. Electronic Execution of Assignments and Certain Other Documents. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Assumptions, amendments or other modifications, Committed Loan Notices, waivers and consents) shall be deemed to include Electronic Signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, 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 New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept Electronic Signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

11.6.1.12. Defaulting Lenders. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other

conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this Section 11.06(l), then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

#### **11.7. Treatment of Certain Information; Confidentiality.**

Each Agent, L/C Issuer and Lender agrees to maintain, and to cause its Affiliates (including any Related Parties) to maintain, the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective auditors, partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party hereto; (e) to the extent reasonably required, in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to obligations of the Loan Parties under the Loan Documents or (iii) any insurers and/or risk protection providers; (g) with the consent of the Company; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section, (ii) becomes available to the Agent, any L/C Issuer, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Company, (iii) is independently discovered or developed by such party without utilizing any Information received from any Loan Party or violating the terms of this Section or (iv) was already in such party's possession; provided, however, that to the extent permitted by applicable law or regulation, the Agent, the L/C Issuers and the Lenders agree to notify the Company prior to (if reasonably practicable) or concurrently with its disclosure of such information to any third party pursuant to clauses (b) (other than in the case of routine bank examinations), (c) and (f). In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and public information about this Agreement to market data collectors, similar service providers to the lending industry, and service providers to the Administrative Agent and the Lenders in connection with the administration and management of this Agreement, the other Loan Documents, the Commitments, and the Credit Extensions.

For the purposes of this Section, "Information" means all information received from any Loan Party relating to any Loan Party or its business, other than any such information that is available to the Agent, any L/C Issuer or any Lender or any of their respective Affiliates on a nonconfidential basis prior to disclosure by any Loan Party; provided that, in the case of any information received from a Loan Party after the date hereof (other than in connection with Section 6.03, all of which is acknowledged to constitute "Information" regardless of any marking as confidential), such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

The Agent, each of the L/C Issuers and Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrowers or a Subsidiary, as the case may be, (b) it has

developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States federal and state securities Laws.

**11.8. Set-off.** In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and during the continuance of any Event of Default, each Lender is authorized at any time and from time to time, without prior notice to the Borrowers, any such notice being waived by the Borrowers to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Lender hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or indebtedness. Each Lender agrees promptly to notify the Borrowers and the Administrative Agent after any such set-off and application made by such Lender; provided, however that (i) the failure to give such notice shall not affect the validity of such set-off and application and (ii) in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff.

**11.9. Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Company. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**11.10. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**11.11. Integration.** This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

**11.12. Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Agent and each Lender, regardless of any investigation made by the Agent or any Lender or on their behalf and notwithstanding that the Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.



**11.13. Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**11.14. [Reserved]**

**11.15. Replacement of Lenders.** If (i) any Lender requests compensation under Section 3.04, (ii) a Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, (iii) any Lender is a Non-Extending Lender for any extension of the Maturity Date, (iv) any Lender is a “Defaulting Lender”, (v) any Lender does not consent to an amendment to the definition of Designated Borrower Jurisdiction that has been consented to by the Required Lenders, (vi) any Lender is a Protesting Lender under Section 2.16 or (vii) any other circumstance exists hereunder that gives any Borrower the right to replace a Lender as a party hereto, then, subject to Section 3.06(b), such Borrower may, at its sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

11.15.1.1. the Company shall have paid to the Administrative Agent the assignment fee specified in Section 11.06(b);

11.15.1.2. such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts);

11.15.1.3. in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

11.15.1.4. in the case of any such assignment resulting from clause (v) above, the applicable assignee shall have consented to the proposed amendment;

11.15.1.5. in the case of any such assignment resulting from clause (vi) above, such assignee shall have consented to make Loans to the applicable Designated Foreign Borrower; and

11.15.1.6. such assignment does not conflict with applicable Laws.

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

**11.16. Governing Law.**

11.16.1.1. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE AGENT, EACH L/C ISSUER AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

11.16.1.2. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, IN EACH CASE LOCATED IN THE CITY AND COUNTY OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWERS, THE AGENT, EACH L/C ISSUER AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWERS, THE AGENT, EACH L/C ISSUER AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. THE BORROWERS, THE AGENT, EACH L/C ISSUER AND EACH LENDER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

**11.17. Waiver of Right to Trial by Jury.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**11.18. No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Agent, the Lenders, the Joint Sustainability Coordinators and the Arrangers are arm's-length commercial transactions between the Borrowers, each other Loan Party and their respective Affiliates, on the one hand, and the Agent, the Lenders, the Joint Sustainability Coordinators and the Arrangers, on the other hand, (B) such Borrower and each other Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) such Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Agent, the Lenders, the Joint Sustainability Coordinators and the Arrangers is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (B) Neither the Agent nor the Lenders, the Joint Sustainability Coordinators nor any of the Arrangers has any obligation to any Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Agent, the Lenders, the Joint Sustainability Coordinators and the Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, the other Loan Parties and their respective Affiliates, and neither the Agent nor the Lenders, the Joint Sustainability Coordinators nor any of the Arrangers has any obligation to disclose any of such interests to any Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrowers and the other Loan Parties hereby waives and releases any claims that it may have against the Agent, the Lenders, the Joint Sustainability Coordinators or the Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**11.19. USA Patriot Act Notice.** Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers in accordance with the Act.

**11.20. Judgment.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of a Borrower in respect of any such sum due from it to the Administrative Agent hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “Agreement Currency”), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent in the Agreement Currency, the applicable Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the Person to whom such obligation was owing against such loss. If the amount of the Agreement currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to such Borrower (or to any other Person who may be entitled thereto under applicable law).

**11.21. Acknowledgment and Consent to Bail-In of EEA Financial Institutions.** Solely to the extent any Lender or L/C Issuer that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or L/C Issuer that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

**11.22. Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Contracts or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and

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

[Signature Pages Follow]

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

MCKESSON CORPORATION

By: \_\_\_\_\_

Name:

Title:

[Signature Page to Credit Agreement]

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BANK OF AMERICA, N.A., as Administrative Agent

By: \_\_\_\_\_

Name: Kyle D Harding

Title: Vice President

BANK OF AMERICA, N.A., as L/C Issuer and Lender

By: \_\_\_\_\_

Name: Joseph L. Corah

Title: Director

[Signature Page to Credit Agreement]

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BARCLAYS BANK PLC, as L/C Issuer and Lender

By: \_\_\_\_\_  
Name: Evan Moriarty  
Title: Vice President

[Signature Page to Credit Agreement]

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CITIBANK N.A., as L/C Issuer and Lender

By: \_\_\_\_\_

Name: Richard Rivera

Title: Vice President

[Signature Page to Credit Agreement]

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WELLS FARGO BANK, NATIONAL ASSOCIATION, as L/C Issuer and Lender

By: \_\_\_\_\_

Name: Andrea S Chen

Title: Managing Director

[Signature Page to Credit Agreement]

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GOLDMAN SACHS BANK USA, as L/C Issuer and Lender

By: \_\_\_\_\_

Name: William E. Briggs IV

Title: Authorized Signatory

[Signature Page to Credit Agreement]

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JPMORGAN CHASE BANK, N.A., as L/C Issuer and Lender

By: \_\_\_\_\_

Name: Gregory T. Martin

Title: Executive Director

[Signature Page to Credit Agreement]

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ING BANK N.V., DUBLIN BRANCH, as Lender

By: \_\_\_\_\_

Name: Cormac Langford

Title: Director

By: \_\_\_\_\_

Name: Sean Hassett

Title: Director

[Signature Page to Credit Agreement]

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ING CAPITAL LLC, as Joint Sustainability Coordinator [and Lender]

By: \_\_\_\_\_

Name: Ana Carolina Oliveira

Title: Managing Director

By: \_\_\_\_\_

Name: William James

Title: Managing Director

[Signature Page to Credit Agreement]

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BNP PARIBAS, as Joint Sustainability Coordinator and Lender

By: \_\_\_\_\_

Name: John Bosco

Title: Managing Director

By: \_\_\_\_\_

Name: Michael Pearce

Title: Managing Director

[Signature Page to Credit Agreement]

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DEUTSCHE BANK AG NEW YORK BRANCH, as Lender

By: \_\_\_\_\_

Name: Ming K. Chu  
Title: Director

By: \_\_\_\_\_

Name: Marko Lukin  
Title: Vice President

[Signature Page to Credit Agreement]

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HSBC Bank USA, N.A., as Lender

By: \_\_\_\_\_

Name: David Filipczak

Title: Vice President, Healthcare Coverage

[Signature Page to Credit Agreement]

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PNC Bank, N.A., as Lender

By: \_\_\_\_\_

Name: Alexander Jodry

Title: Vice-President

[Signature Page to Credit Agreement]

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THE BANK OF NOVA SCOTIA, as Lender

By: \_\_\_\_\_

Name: Robb Gass

Title: Managing Director

[Signature Page to Credit Agreement]

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THE TORONTO-DOMINION BANK, NEW YORK BRANCH, as Lender

By: \_\_\_\_\_

Name: Mike Tkach

Title: Authorized Signatory

[Signature Page to Credit Agreement]

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TRUIST BANK, as Lender

By: \_\_\_\_\_

Name: Jonathan Hart

Title: Director

[Signature Page to Credit Agreement]

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U.S. BANK NATIONAL ASSOCIATION, as Lender

By: \_\_\_\_\_

Name: Mario Massimino

Title: Vice President

[Signature Page to Credit Agreement]

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SOCIETE GENERALE, as Lender

By: \_\_\_\_\_

Name: Kimberly Metzger

Title: Director

[Signature Page to Credit Agreement]

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UNICREDIT BANK AG, NEW YORK BRANCH, as Lender

By: \_\_\_\_\_  
Name: Fabio Della Malva  
Title: Managing Director

By: \_\_\_\_\_  
Name: Laura Shelmerdine Director  
Title: Director

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Brian S. Tyler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of McKesson 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Brian S. Tyler

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**Brian S. Tyler**  
Chief Executive Officer



**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Britt J. Vitalone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of McKesson 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 and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Britt J. Vitalone

**Britt J. Vitalone**

Executive Vice President and Chief Financial Officer

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

In connection with the quarterly report of McKesson Corporation (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, each hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian S. Tyler

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**Brian S. Tyler**

Chief Executive Officer

November 7, 2024

/s/ Britt J. Vitalone

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**Britt J. Vitalone**

Executive Vice President and Chief Financial Officer

November 7, 2024

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to McKesson Corporation and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.