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 June 30, 2024
OR

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

Commission File No. 001-35210

INNOVATE CORP.
(Exact name of registrant as specified in its charter)

Delaware		**54-1708481**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**
295 Madison Ave., 12th Floor, New York, NY		**10017**
(Address of principal executive offices)		**(Zip Code)**

(212) 235-2691
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.001 per share	VATE	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

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

None.

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

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

As of August 2, 2024, 130,529,931 shares of common stock, par value $0.001, were outstanding.

INNOVATE CORP.

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PART I. FINANCIAL INFORMATION
Item 1. Unaudited Financial Statements

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except shares and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 313.1	$ 368.8	$ 628.3	$ 686.7
Cost of revenue	247.5	316.2	514.1	590.5
Gross profit	65.6	52.6	114.2	96.2
Operating expenses:				
Selling, general and administrative	42.9	41.1	82.4	82.8
Depreciation and amortization	4.4	5.6	8.8	11.9
Other operating (income) loss	(10.5)	0.1	(8.6)	(0.3)
Income from operations	28.8	5.8	31.6	1.8
Other (expense) income:				
Interest expense	(16.5)	(16.3)	(33.7)	(31.9)
Loss from equity investees	(1.1)	(0.3)	(2.3)	(4.3)
Other income (expense), net	0.2	0.3	(1.0)	16.8
Income (loss) from operations before income taxes	11.4	(10.5)	(5.4)	(17.6)
Income tax benefit (expense)	2.5	(1.2)	(0.8)	(2.1)
Net income (loss)	13.9	(11.7)	(6.2)	(19.7)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	0.5	1.8	3.2	0.8
Net income (loss) attributable to INNOVATE Corp.	14.4	(9.9)	(3.0)	(18.9)
Less: Preferred dividends	0.3	0.6	0.6	1.8
Net income (loss) attributable to common stockholders and participating preferred stockholders	$ 14.1	$ (10.5)	$ (3.6)	$ (20.7)
Earnings (loss) per common share				
Basic	$ 0.11	$ (0.13)	$ (0.03)	$ (0.27)
Diluted	$ 0.10	$ (0.13)	$ (0.03)	$ (0.27)
Weighted average common shares outstanding				
Basic	89,204,850	77,922,241	83,929,228	77,806,010
Diluted	144,257,552	77,922,241	83,929,228	77,806,010

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

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited, in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 13.9	$ (11.7)	$ (6.2)	$ (19.7)
Other comprehensive income (loss)				
Foreign currency translation adjustment, net of tax	0.4	(0.1)	(0.7)	(1.1)
Disposition of equity method investment, net of tax	—	—	—	(9.1)
Other comprehensive income (loss)	$ 0.4	$ (0.1)	$ (0.7)	$ (10.2)
Comprehensive income (loss)	14.3	(11.8)	(6.9)	(29.9)
Comprehensive loss attributable to non-controlling interests and redeemable non-controlling interests	0.5	1.8	3.3	3.5
Comprehensive income (loss) attributable to INNOVATE Corp.	$ 14.8	$ (10.0)	$ (3.6)	$ (26.4)

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

INNOVATE CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in millions, except share amounts)

	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 80.2	$ 80.8
Accounts receivable, net	178.2	278.4
Contract assets	101.2	118.6
Inventory	20.9	22.4
Assets held for sale	—	3.1
Other current assets	14.4	14.6
Total current assets	394.9	517.9
Investments	1.8	1.8
Deferred tax asset	1.9	2.0
Property, plant and equipment, net	143.7	154.6
Goodwill	127.0	127.1
Intangibles, net	175.1	178.9
Other assets	54.5	61.3
Total assets	$ 898.9	$ 1,043.6
Liabilities, temporary equity and stockholders' deficit		
Current liabilities		
Accounts payable	$ 90.4	$ 142.9
Accrued liabilities	60.1	70.8
Current portion of debt obligations	50.2	30.5
Contract liabilities	72.8	153.5
Other current liabilities	15.8	16.1
Total current liabilities	289.3	413.8
Deferred tax liability	4.3	4.1
Debt obligations	638.3	679.3
Other liabilities	77.2	82.7
Total liabilities	1,009.1	1,179.9
Commitments and contingencies		
Temporary equity		
Preferred Stock Series A-3 and Preferred Stock Series A-4, $0.001 par value	16.1	16.4
Shares authorized: 20,000,000 as of both June 30, 2024 and December 31, 2023		
Shares issued and outstanding: 6,125 of Series A-3 and 10,000 of Series A-4 as of both June 30, 2024 and December 31, 2023		
Redeemable non-controlling interest	(0.2)	(1.0)
Total temporary equity	15.9	15.4
Stockholders' deficit		
Common stock, $0.001 par value	0.1	0.1
Shares authorized: 250,000,000 and 160,000,000 as of June 30, 2024 and December 31, 2023, respectively		
Shares issued: 132,017,923 and 80,722,983 as of June 30, 2024 and December 31, 2023, respectively		
Shares outstanding: 130,529,931 and 79,234,991 as of June 30, 2024 and December 31, 2023, respectively		
Additional paid-in capital	348.3	328.2
Treasury stock, at cost: 1,487,992 shares as of both June 30, 2024 and December 31, 2023	(5.4)	(5.4)
Accumulated deficit	(490.3)	(487.3)
Accumulated other comprehensive loss	(1.7)	(1.1)
Total INNOVATE Corp. stockholders' deficit	(149.0)	(165.5)
Non-controlling interest	22.9	13.8
Total stockholders' deficit	(126.1)	(151.7)
Total liabilities, temporary equity and stockholders' deficit	$ 898.9	$ 1,043.6

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

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited, in millions)

	Common Stock									
	Shares	Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Comprehensive Income (Loss) (a)	Total INNOVATE Stockholders' (Deficit) Equity	Non-controlling Interest	Total Stockholders' (Deficit) Equity	Temporary Equity
Balance as of March 31, 2024	79.9	$ 0.1	$ 327.7	$ (5.4)	$ (504.7)	$ (2.1)	$ (184.4)	$ 11.2	$ (173.2)	$ 38.6
Share-based compensation	—	—	0.4	—	—	—	0.4	—	0.4	—
Preferred stock dividends	—	—	(0.3)	—	—	—	(0.3)	—	(0.3)	—
Issuance of common stock	0.6	—	—	—	—	—	—	—	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	—	—	6.3
Rights offering, net of transaction costs	5.3	—	2.4	—	—	—	2.4	—	2.4	1.3
Series C Preferred Share Conversion	44.7	—	31.3	—	—	—	31.3	—	31.3	(31.3)
Effect of Series D investment in R2 Technologies	—	—	(13.2)	—	—	—	(13.2)	12.1	(1.1)	1.1
Transactions with non-controlling interests	—	—	—	—	—	—	—	(0.1)	(0.1)	—
Other	—	—	—	—	—	—	—	—	—	0.1
Net income (loss)	—	—	—	—	14.4	—	14.4	(0.3)	14.1	(0.2)
Other comprehensive income	—	—	—	—	—	0.4	0.4	—	0.4	—
Balance as of June 30, 2024	130.5	$ 0.1	$ 348.3	$ (5.4)	$ (490.3)	$ (1.7)	$ (149.0)	$ 22.9	$ (126.1)	$ 15.9

	Common Stock									
	Shares	Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Comprehensive Income (Loss) (a)	Total INNOVATE Stockholders' (Deficit) Equity	Non-controlling Interest	Total Stockholders' (Deficit) Equity	Temporary Equity
Balance as of December 31, 2023	79.2	$ 0.1	$ 328.2	$ (5.4)	$ (487.3)	$ (1.1)	$ (165.5)	$ 13.8	$ (151.7)	$ 15.4
Share-based compensation	—	—	0.8	—	—	—	0.8	—	0.8	—
Preferred stock dividends	—	—	(0.6)	—	—	—	(0.6)	—	(0.6)	(0.3)
Issuance of common stock	1.3	—	—	—	—	—	—	—	—	—
Issuance of preferred stock in private placement	—	—	—	—	—	—	—	—	—	31.3
Rights offering, net of transaction costs	5.3	—	1.9	—	—	—	1.9	—	1.9	—
Series C Preferred Share Conversion	44.7	—	31.3	—	—	—	31.3	—	31.3	(31.3)
Effect of Series D investment in R2 Technologies	—	—	(13.2)	—	—	—	(13.2)	12.1	(1.1)	1.1
Transactions with non-controlling interests	—	—	—	—	—	—	—	(0.1)	(0.1)	—
Other	—	—	(0.1)	—	—	—	(0.1)	—	(0.1)	0.1
Net loss	—	—	—	—	(3.0)	—	(3.0)	(2.8)	(5.8)	(0.4)
Other comprehensive loss	—	—	—	—	—	(0.6)	(0.6)	(0.1)	(0.7)	—
Balance as of June 30, 2024	130.5	$ 0.1	$ 348.3	$ (5.4)	$ (490.3)	$ (1.7)	$ (149.0)	$ 22.9	$ (126.1)	$ 15.9

(a) Inclusive of other comprehensive income (loss), foreign currency cumulative translation adjustments totaled a loss of $3.0 million as of June 30, 2024.

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited, in millions)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Comprehensive Income (Loss) (a)	Total INNOVATE Stockholders' (Deficit) Equity	Non-controlling Interest	Total Stockholders' (Deficit) Equity	Temporary Equity
	Shares	Amount								
Balance as of March 31, 2023	79.0	$ 0.1	$ 326.8	$ (5.4)	$ (461.1)	$ (1.5)	$ (141.1)	$ 23.0	$ (118.1)	$ 12.1
Share-based compensation	—	—	0.7	—	—	—	0.7	—	0.7	—
Preferred stock dividends	—	—	(0.4)	—	—	—	(0.4)	—	(0.4)	(0.3)
Issuance of common stock	0.2	—	—	—	—	—	—	—	—	—
Transactions with non-controlling interests	—	—	(0.1)	—	—	—	(0.1)	0.1	—	(0.2)
Net loss	—	—	—	—	(9.9)	—	(9.9)	(0.1)	(10.0)	(1.7)
Other comprehensive (loss) income	—	—	—	—	—	(0.1)	(0.1)	(0.2)	(0.3)	0.2
Balance as of June 30, 2023	79.2	$ 0.1	$ 327.0	$ (5.4)	$ (471.0)	$ (1.6)	$ (150.9)	$ 22.8	$ (128.1)	$ 10.1

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Accumulated Comprehensive Income (Loss) (a)	Total INNOVATE Stockholders' (Deficit) Equity	Non-controlling Interest	Total Stockholders' (Deficit) Equity	Temporary Equity
	Shares	Amount								
Balance as of December 31, 2022	78.8	$ 0.1	$ 330.1	$ (5.3)	$ (452.1)	$ 5.9	$ (121.3)	$ 30.7	$ (90.6)	$ 61.0
Share-based compensation	—	—	1.2	—	—	—	1.2	—	1.2	—
Taxes paid in lieu of shares issued for share-based compensation	(0.1)	—	—	(0.1)	—	—	(0.1)	—	(0.1)	—
Preferred stock dividends	—	—	(1.3)	—	—	—	(1.3)	—	(1.3)	(0.6)
Issuance of common stock	0.5	—	—	—	—	—	—	—	—	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	(10.7)	(10.7)	(5.2)
Transactions with non-controlling interests	—	—	(3.0)	—	—	—	(3.0)	3.1	0.1	(0.1)
DBMGi preferred stock repurchase	—	—	—	—	—	—	—	—	—	(41.8)
Net (loss) income	—	—	—	—	(18.9)	—	(18.9)	2.1	(16.8)	(2.9)
Other comprehensive loss	—	—	—	—	—	(7.5)	(7.5)	(2.4)	(9.9)	(0.3)
Balance as of June 30, 2023	79.2	$ 0.1	$ 327.0	$ (5.4)	$ (471.0)	$ (1.6)	$ (150.9)	$ 22.8	$ (128.1)	$ 10.1

(a) Inclusive of other comprehensive loss, foreign currency cumulative translation adjustments totaled a loss of $2.9 million as of June 30, 2023.

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

INNOVATE CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities		
Net loss	$ (6.2)	$ (19.7)
Adjustments to reconcile net loss to cash used in operating activities		
Share-based compensation expense	0.8	1.2
Depreciation and amortization (including amounts in cost of revenue)	16.7	19.9
Gain on lease modification	(7.7)	—
Amortization of deferred financing costs and debt discount	3.7	3.3
Loss on debt extinguishment	2.2	—
Loss from equity investees	2.3	4.3
Realized and unrealized gains on equity method investments	—	(16.0)
Deferred income tax expense (benefit)	0.2	(5.4)
Other operating activities, net	(1.1)	(0.6)
Changes in assets and liabilities:		
Accounts receivable	102.5	(38.3)
Contract assets	17.4	(10.2)
Other current assets	(0.3)	1.9
Inventory	1.5	(1.8)
Other assets	5.4	5.6
Accounts payable	(52.7)	(22.4)
Accrued liabilities	(5.8)	3.4
Contract liabilities	(80.7)	18.7
Other current liabilities	0.8	(3.2)
Other liabilities	(2.9)	(1.5)
Cash used in operating activities	(3.9)	(60.8)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8.7)	(8.2)
Proceeds from disposal of property, plant and equipment	9.8	0.3
Loans to equity method investee	(2.3)	—
Proceeds from sale of equity method investments	—	54.2
Other investing activities	0.5	0.4
Cash (used in) provided by investing activities	(0.7)	46.7
Cash flows from financing activities		
Proceeds from rights offering and private placement, net of issuance costs	33.2	—
Proceeds from lines of credit	20.0	75.0
Payments on lines of credit	(50.0)	(77.0)
Proceeds from other debt obligations, net of deferred financing costs	24.8	3.6
Principal payments on other debt obligations	(22.8)	(14.2)
Purchase of preferred stock	—	(7.0)
Payments to non-controlling interests and redeemable non-controlling interests related to sale of equity method investment	—	(15.9)
Dividend payments	(0.6)	(1.6)
Other financing activities	—	(0.2)
Cash provided by (used in) financing activities	4.6	(37.3)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(0.6)	(0.6)
Net decrease in cash and cash equivalents, including restricted cash	(0.6)	(52.0)
Cash, cash equivalents and restricted cash, beginning of period	82.3	82.2
Cash, cash equivalents and restricted cash, end of period	$ 81.7	$ 30.2

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

1. Organization and Business

INNOVATE Corp. ("INNOVATE" and, together with its consolidated subsidiaries, the "Company", "we" and "our") is a diversified holding company that has a portfolio of subsidiaries in a variety of operating segments. We seek to grow these businesses so that they can generate long-term sustainable free cash flow and attractive returns in order to maximize value for all stakeholders. While the Company generally intends to acquire controlling equity interests in its operating subsidiaries, the Company may invest to a limited extent in a variety of non-controlling equity interest positions or debt instruments. The Company's shares of common stock trade on the New York Stock Exchange ("NYSE") under the symbol "VATE".

The Company currently has three reportable segments, plus our Other segment, based on management's organization of the enterprise: Infrastructure, Life Sciences, Spectrum, and Other which includes businesses that do not meet the separately reportable segment thresholds.

1. The Company's Infrastructure segment is comprised of DBM Global Inc. ("DBMG") and its wholly-owned subsidiaries. DBMG is a fully integrated industrial construction, structural steel and facility maintenance provider that provides fabrication and erection of structural steel and heavy steel plate services and also fabricates trusses and girders and specializes in the fabrication and erection of large-diameter water pipe and water storage tanks, as well as 3-D Building Information Modeling ("BIM") and detailing. DBMG provides these services on commercial, industrial, and infrastructure construction projects such as high- and low-rise buildings and office complexes, hotels and casinos, convention centers, sports arenas and stadiums, shopping malls, hospitals, dams, bridges, mines, metal processing, refineries, pulp and paper mills and power plants. Through GrayWolf Industrial Inc. ("GrayWolf"), DBMG provides integrated solutions for digital engineering, modeling and detailing, construction, heavy equipment installation and facility services including maintenance, repair, and installation to a diverse range of end markets. Through Aitken Manufacturing, Inc., DBMG manufactures pollution control scrubbers, tunnel liners, pressure vessels, strainers, filters, separators and a variety of customized products. Through Banker Steel, a division of Schuff Steel Company, DBMG provides full-service fabricated structural steel and erection services primarily for the U.S. East Coast and Southeast commercial and industrial construction markets, in addition to full design-assist services. The Company maintains a 91.2% controlling interest in DBMG.

2. The Company's Life Sciences segment is comprised of Pansend Life Sciences, LLC ("Pansend"), its subsidiaries and its equity investments. Pansend maintains controlling interests of 80.0% in Genovel Orthopedics, Inc. ("Genovel"), which seeks to develop products to treat early osteoarthritis of the knee and 81.4% in R2 Technologies, Inc. ("R2 Technologies") (56.6% as of December 31, 2023), which develops aesthetic and medical technologies for the skin. Pansend also invests in other early stage or developmental stage healthcare companies and, as of June 30, 2024, had a 46.0% interest in MediBeacon Inc. ("MediBeacon"), a medical technology company specializing in the advances of fluorescent tracer agents and transdermal measurement, potentially enabling real-time, direct monitoring of kidney function, a 1.9% fully diluted interest in Triple Ring Technologies, Inc. ("Triple Ring"), a science and technology co-development company, and a 20.1% interest in Scaled Cell Solutions, Inc. ("Scaled Cell"), an immunotherapy company developing a novel autologous cell therapy system to potentially improve current CAR-T treatments.

3. The Company's Spectrum segment is comprised of HC2 Broadcasting Holdings Inc. ("Broadcasting") and its subsidiaries. Broadcasting strategically acquired and operates over-the-air broadcasting stations across the United States. The Company maintains a 98.0% controlling interest in Broadcasting and maintains a controlling interest of approximately 69.2%, inclusive of 2.8% proxy rights from minority holders of DTV America Corporation ("DTV"). On a fully diluted basis, the Company would have an 85.8% controlling interest in Broadcasting.

4. The Company's Other segment represents all other businesses or investments that do not meet the definition of a segment individually or in the aggregate. Included in the Other segment is TIC Holdco, Inc. ("TIC"), and the former Marine Services segment, which includes its holding company, Global Marine Holdings, LLC ("GMH"), in which the Company maintains a 72.8% controlling interest. GMH's prior period results included its subsidiary's prior 19.0% equity method investment in HMN International Co., Ltd., formerly known as Huawei Marine Networks Co. ("HMN"), until it was sold on March 6, 2023. Refer to Note 6. Investments for additional information.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Company, its wholly owned subsidiaries and all other subsidiaries over which the Company exerts control. All intercompany profits, transactions and balances have been eliminated in consolidation. The remaining interests not owned by the Company are presented as a non-controlling interest component of total equity.

Basis of Presentation

The accompanying interim unaudited Condensed Consolidated Financial Statements of the Company included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information. All such adjustments are of a normal recurring nature. Certain information and note disclosures, including a description of significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), have been condensed or omitted in these interim unaudited Condensed Consolidated Financial Statements pursuant to such rules and regulations.

These interim unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company's annual audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on March 6, 2024. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results for any subsequent periods or the entire fiscal year ending December 31, 2024. Certain prior amounts have been reclassified or combined to conform to the current year presentation.

Liquidity

During the first half of 2024, the Company received $35.0 million in aggregate gross proceeds related to a $19.0 million rights offering ("Rights Offering") which was backstopped by Lancer Capital LLC ("Lancer Capital"), and a $16.0 million Series C Preferred Stock private placement transaction ("Concurrent Private Placement") with Lancer Capital. Lancer Capital is an investment fund led by Avram A. Glazer, the Chairman of the Board and the Company's largest stockholder. The Company incurred $1.8 million in expenses related to the Rights Offering and Concurrent Private Placement. INNOVATE is utilizing and expects to continue to use the net proceeds from the Rights Offering for general corporate purposes, including debt service and working capital. In addition, as a result of the closing of the Rights Offering and Concurrent Private Placement, a mandatory prepayment of $4.1 million was made on April 26, 2024 for the subordinated unsecured promissory note with Continental General Insurance Company ("CGIC"). Refer to Note 15. Equity and Temporary Equity for additional details on the Rights Offering and Concurrent Private Placement.

At this time, management believes that the Company will be able to continue to meet its liquidity requirements and fund its fixed obligations (such as debt service and operating leases) and other cash needs for its operations for at least the next twelve months from the issuance of these unaudited Condensed Consolidated Financial Statements through a combination of available cash on hand and distributions from the Company's subsidiaries. The ability of INNOVATE's subsidiaries to make distributions to INNOVATE is subject to numerous factors, including restrictions contained in each subsidiary's financing agreements, availability of sufficient funds at each subsidiary and the approval of such payment by each subsidiary's board of directors, which must consider various factors, including general economic and business conditions, tax considerations, strategic plans, financial results and condition, expansion plans, any contractual, legal or regulatory restrictions on the payment of dividends, and such other factors each subsidiary's board of directors considers relevant. Although the Company believes, to the extent needed, that it will be able to raise additional debt or equity capital, refinance indebtedness or preferred stock, enter into other financing arrangements or engage in asset sales and sales of certain investments sufficient to fund any cash needs that the Company is not able to satisfy with the funds on hand or expected to be provided by our subsidiaries, there can be no assurance that it will be able to do so on terms satisfactory to the Company, if at all. Such financing options, if pursued, may also ultimately have the effect of negatively impacting the Company's liquidity profile and prospects over the long-term and dilute holders of common stock. The Company's ability to sell assets and certain of our investments to meet the Company's existing financing needs may also be limited by existing financing instruments. In addition, the sale of assets or the Company's investments may also make the Company less attractive to potential investors or future financing partners.

Use of Estimates and Assumptions

The preparation of the Company's unaudited Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions used.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted in the Current Year

In March 2023, the FASB issued ASU 2023-01, *Leases (Topic 842): Common Control Arrangements* ("ASU 2023-01"). ASU 2023-01 clarified the accounting for leasehold improvements for leases under common control. The guidance was effective for the Company beginning on January 1, 2024, and did not have an impact on the Company's Condensed Consolidated Financial Statements.

SEC and Accounting Pronouncements Issued But Pending Adoption

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 improves income tax disclosures by adding requirements related to the tax rate reconciliation, disaggregation of income taxes paid and other miscellaneous tax disclosures. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating this ASU, which will only have an effect on the disclosures within the Company's Condensed Consolidated Financial Statements.

On November 27, 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 improves reportable segment disclosures by requiring enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating this ASU, which will only have an effect on the disclosures within the Company's Condensed Consolidated Financial Statements.

On March 6, 2024, the Securities and Exchange Commission ("SEC") published final rules under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors,* which mandates climate-related disclosures in companies' annual reports and registration statements. The quantitative and qualitative disclosures required for registrants include the material impacts of climate-related risks over their business strategy and operations; risk management and governance process over climate-related risks; climate-related goals material to their business strategy and operations, if any; material expenditures and impact on financial estimates resulting from their climate-related risk management process; financial information regarding severe weather events as well as carbon offsets and renewable energy credits, if applicable; and metrics surrounding Greenhouse Gas ("GHG") emissions. Of these disclosures, the requirement surrounding GHG emissions does not apply to smaller reporting companies ("SRCs"). In October 2023, California passed climate-related disclosure mandates which are similar to but broader than the SEC's proposed rules. The SEC's final rules applicable to SRCs are effective beginning on January 1, 2027, while the regulations under California's disclosure mandates are effective as of January 1, 2026. On April 4, 2024, the SEC voluntarily stayed implementation of the final rules pending certain legal challenges to the rules. The Company is currently monitoring developments related to the rules and evaluating these pending climate-related disclosure requirements, which will only have a potential impact on the disclosures within the Company's annual reports and registration statements.

Subsequent Events

ASC 855, *Subsequent Events* requires the Company to evaluate events that occur after the balance sheet date as of which the financial statements are issued, and to determine whether adjustments to or additional disclosures in the financial statements are necessary. Refer to Note 21. Subsequent Events.

3. Revenue and Contracts in Process

Revenue from contracts with customers consisted of the following (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Infrastructure	$ 305.2	$ 362.4	$ 613.1	$ 674.1
Life Sciences	1.7	0.7	2.7	1.2
Spectrum	6.2	5.7	12.5	11.4
Total revenue	$ 313.1	$ 368.8	$ 628.3	$ 686.7

Accounts receivables, net, from contracts with customers consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Infrastructure	$ 171.0	$ 271.5
Life Sciences	0.7	0.3
Spectrum	1.5	1.4
Total accounts receivables with customers	$ 173.2	$ 273.2

As of January 1, 2023, accounts receivable, net, from contracts with customers totaled $250.4 million.

Infrastructure Segment

The following table disaggregates DBMG's revenue by market (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Industrial	$ 93.6	$ 115.5	$ 177.7	$ 206.8
Commercial	96.5	98.3	173.8	210.8
Transportation	69.4	59.7	169.8	101.2
Healthcare	39.2	44.7	73.5	76.1
Convention	3.0	36.1	8.5	61.5
Government	(1.0)	2.9	1.7	6.6
Energy	1.6	3.3	3.8	6.0
Leisure	1.7	1.4	2.7	4.6
Total revenue from contracts with customers	$ 304.0	$ 361.9	$ 611.5	$ 673.6
Other revenue	1.2	0.5	1.6	0.5
Total Infrastructure segment revenue	$ 305.2	$ 362.4	$ 613.1	$ 674.1

Contract assets and contract liabilities consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Costs incurred on contracts in progress	$ 3,000.5	$ 2,811.8
Estimated earnings	638.8	510.1
Contract revenue earned on uncompleted contracts	3,639.3	3,321.9
Less: progress billings	3,610.9	3,356.8
	$ 28.4	$ (34.9)
The above is included in the accompanying Condensed Consolidated Balance Sheets under the following line items:		
Contract assets	$ 101.2	$ 118.6
Contract liabilities	(72.8)	(153.5)
	$ 28.4	$ (34.9)

	June 30, 2024	December 31, 2023
Cost in excess of billings and estimated earnings	$ 52.4	$ 73.8
Conditional retainage	48.8	44.8
Contract assets	$ 101.2	$ 118.6
Billings in excess of costs and estimated earnings	$ (123.7)	$ (229.3)
Conditional retainage	50.9	75.8
Contract liabilities	$ (72.8)	$ (153.5)

As of January 1, 2023, contract assets were $165.1 million and contract liabilities were $98.6 million.

Contract assets and liabilities fluctuate period to period based on various factors, including, among others, changes in the number and size of projects in progress at period end; variability in billing and payment terms, such as up-front or advance billings, interim or milestone billings, or deferred billings; and recognized unapproved change orders, contract claims and changes in estimated costs to complete in the normal course of business.

The change in contract assets during the six months ended June 30, 2024 is a result of the recording of $45.0 million of contract assets driven by new commercial projects, offset by $62.4 million of contract assets transferred to receivables from contract assets recognized at the beginning of the period, including from certain large projects at or nearing completion and the corresponding billing of amounts previously recorded as contract assets.

The change in contract liabilities during the six months ended June 30, 2024 is a result of the recording of periodic contract liabilities of $57.4 million driven largely by new commercial projects, offset by revenue recognized that was included in the contract liability balance at the beginning of the period in the amount of $138.1 million, including from certain large projects at or nearing completion.

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

As of June 30, 2024, the transaction price allocated to remaining unsatisfied performance obligations consisted of the following (in millions):

	Within One Year	Within Five Years	Total
Healthcare	$ 252.1	$ 96.4	$ 348.5
Commercial	155.3	3.4	158.7
Industrial	111.0	5.1	116.1
Transportation	114.5	27.0	141.5
Leisure	25.8	0.1	25.9
Government	17.3	—	17.3
Convention	5.2	—	5.2
Energy	2.4	—	2.4
Remaining unsatisfied performance obligations	$ 683.6	$ 132.0	$ 815.6

DBMG's remaining unsatisfied performance obligations increase with awards of new contracts and decrease as it performs work and recognizes revenue on existing contracts. DBMG includes a project within its remaining unsatisfied performance obligations at such time the project is awarded and agreement on contract terms has been reached. DBMG's remaining unsatisfied performance obligations include amounts related to contracts for which a fixed price contract value is not assigned when a reasonable estimate of total transaction price can be made. DBMG expects to recognize this revenue approximately within the next 2.8 years.

Remaining unsatisfied performance obligations include unrecognized revenues to be realized from uncompleted construction contracts. Although many of DBMG's contracts are subject to cancellation at the election of its customers, in accordance with industry practice, DBMG does not limit the amount of unrecognized revenue included within its remaining unsatisfied performance obligations due to the inherent substantial economic penalty that would be incurred by its customers upon cancellation.

Life Sciences Segment

The following table disaggregates the Life Sciences segment's revenue by type (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Systems and consumables revenue	$ 1.7	$ 0.7	$ 2.7	$ 1.2
Total Life Sciences segment revenue	$ 1.7	$ 0.7	$ 2.7	$ 1.2

Spectrum Segment

The following table disaggregates the Spectrum segment's revenue by type (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Broadcast station	$ 6.2	$ 5.6	$ 12.5	$ 10.8
Other	—	0.1	—	0.6
Total Spectrum segment revenue	$ 6.2	$ 5.7	$ 12.5	$ 11.4

Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

As of June 30, 2024, the transaction price allocated to remaining unsatisfied performance obligations consisted of $19.2 million of broadcast station revenues of which $9.6 million is expected to be recognized within one year and $9.6 million is expected to be recognized within the next 3 years.

4. Accounts Receivable, Net

Accounts receivable, net, consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Contracts in progress	$ 171.0	$ 271.7
Trade receivables	2.3	1.9
Other receivables	5.0	5.2
Allowance for expected credit losses	(0.1)	(0.4)
Total	$ 178.2	$ 278.4

As of January 1, 2023, accounts receivable, net totaled $254.9 million.

5. Inventory

Inventory consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Raw materials and consumables	$ 19.7	$ 21.0
Work in process	0.4	0.6
Finished goods	0.8	0.8
Total inventory	$ 20.9	$ 22.4

6. Investments

The carrying values of the Company's investments were as follows (in millions):

Date	Measurement Alternative	Equity Method	Fair Value	Total
June 30, 2024	$ 0.9	$ 0.9	$ —	$ 1.8
December 31, 2023	$ 0.9	$ 0.9	$ —	$ 1.8

The Company's investments as of both June 30, 2024 and December 31, 2023 were comprised of investments in MediBeacon, Triple Ring and Scaled Cell. The Company's investments in Scaled Cell and MediBeacon are measured using the equity method of accounting, and the Company's investment in Triple Ring is measured using the measurement alternative method. The Company accounts for its equity securities without readily determinable fair values under the measurement alternative election of ASC 321, *Investments—Equity Securities*, whereby the Company can elect to measure an equity security without a readily determinable fair value that does not qualify for the practical expedient to estimate fair value (net asset value) at its cost minus impairment, if any.

The Company's share of net losses from its equity method investments totaled $1.1 million and $0.3 million for the three months ended June 30, 2024 and 2023, respectively, and totaled $2.3 million and $4.3 million for the six months ended June 30, 2024 and 2023, respectively.

MediBeacon

Pansend accounts for its preferred stock investment in MediBeacon under the equity method of accounting, inclusive of any fixed maturity securities (notes) issued by MediBeacon to Pansend. During the first quarter of 2024, MediBeacon issued an aggregate $1.2 million of 12% convertible notes to Pansend with each note due to Pansend in three years from date of issuance, increasing the total outstanding principal due to Pansend to $10.9 million. During the second quarter of 2024, MediBeacon issued an aggregate $1.1 million of 12% convertible notes to Pansend with each note due to Pansend in three years from date of issuance, increasing the total outstanding principal due to Pansend to $12.0 million. As a result of these note issuances with MediBeacon, during the three and six months ended June 30, 2024, Pansend recognized $1.1 million and $2.3 million, respectively, of equity method losses which were previously unrecognized because Pansend's carrying amount of its investment in MediBeacon had been previously reduced to zero.

Interest income earned by Pansend from the MediBeacon convertible notes totaled $0.4 million and $0.1 million, for the three months ended June 30, 2024 and 2023, respectively, and totaled $0.7 million and $0.2 million for the six months ended June 30, 2024 and 2023, respectively.

As a result of an equity transaction in the first quarter of 2023 at MediBeacon with Huadong Medicine Co. Ltd ("Huadong"), a publicly traded company on the Shenzhen Stock Exchange, Pansend's ownership in MediBeacon decreased from approximately 47.2% as of December 31, 2022 to approximately 46.2%, and as a result, Pansend recognized a gain of $3.8 million, which was included in Other income (expense), net, in the Condensed Consolidated Statement of Operations for the six months ended June 30, 2023, and which increased Pansend's carrying amount of its investment in MediBeacon. Concurrently, Pansend recognized equity method losses of $3.8 million which were previously unrecognized because Pansend's carrying amount of its investment in MediBeacon had been previously reduced to zero.

As of June 30, 2024, Pansend's carrying amount of its investment in MediBeacon remained at zero, inclusive of the $12.0 million in convertible and secured promissory notes which have been offset against recognized equity method losses, and has cumulative unrecognized equity method losses relating to MediBeacon of $9.4 million.

HMN

On March 6, 2023, the Company, through New Saxon 2019 Limited (“New Saxon”), an indirect subsidiary of GMH, closed on the sale of its remaining 19% interest in HMN to subsidiaries and an affiliate of Hengtong Optic-Electric Co Ltd. The sale was consummated pursuant to the terms of a supplemental agreement entered into by the parties in June 2022. New Saxon received gross proceeds of $54.2 million and interest income of $0.5 million, of which $4.4 million was withheld for a foreign tax payment, and $15.9 million was distributed to GMH's non-controlling interest holders and redeemable non-controlling interest holders pursuant to the partnership agreement. New Saxon recognized a gain on sale of $12.2 million, which was included in Other income (expense), net, in the Condensed Consolidated Statement of Operations for the six months ended June 30, 2023.

7. Property, Plant and Equipment, Net

Property, plant and equipment, net, ("PP&E") consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Equipment, furniture and fixtures, and software	$ 209.1	$ 210.7
Building and leasehold improvements	40.9	42.9
Land	24.8	25.8
Construction in progress	8.5	4.8
Plant and transportation equipment	7.7	8.1
	$ 291.0	$ 292.3
Less: Accumulated depreciation	147.3	137.7
Total	$ 143.7	$ 154.6

Depreciation expense was $6.4 million and $6.2 million for the three months ended June 30, 2024 and 2023, respectively. These amounts included $3.9 million and $4.1 million of depreciation expense recognized within cost of revenue for the three months ended June 30, 2024 and 2023, respectively.

Depreciation expense was $12.9 million and $12.5 million for the six months ended June 30, 2024 and 2023, respectively. These amounts included $7.9 million and $8.0 million of depreciation expense recognized within cost of revenue for the six months ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and December 31, 2023, the net book value of equipment held under finance leases included in PP&E was $0.7 million and $2.3 million, respectively. As of June 30, 2024 and December 31, 2023, the gross value of capitalized internal-use software included in PP&E was $14.8 million and $15.0 million, respectively, and the net book value was $4.8 million and $5.9 million, respectively.

As of December 31, 2023, $3.1 million in assets held-for-sale were presented separately in the Consolidated Balance Sheets and primarily consisted of two buildings and their associated building improvements at the Company's Infrastructure segment.

8. Goodwill and Intangibles, Net

Goodwill

The carrying amounts of goodwill by segment were as follows (in millions):

	Infrastructure	Spectrum	Total
Balance as of December 31, 2023	$ 105.7	$ 21.4	$ 127.1
Translation adjustments	(0.1)	—	(0.1)
Balance as of June 30, 2024	$ 105.6	$ 21.4	$ 127.0

Indefinite-lived Intangible Assets

The carrying amounts of indefinite-lived intangible assets were as follows (in millions):

	June 30, 2024	December 31, 2023
FCC licenses	$ 106.3	$ 106.3
Total	$ 106.3	$ 106.3

Definite Lived Intangible Assets

The gross carrying amounts and accumulated amortization of definite lived intangible assets by major intangible asset class were as follows (in millions):

		June 30, 2024			December 31, 2023		
	Weighted-Average Original Useful Life	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Trade names	15 years	$ 25.2	$ (10.2)	$ 15.0	$ 25.2	$ (9.4)	$ 15.8
Customer relationships and contracts	11 years	87.6	(46.7)	40.9	87.6	(44.2)	43.4
Channel sharing arrangements	35 years	12.6	(2.0)	10.6	12.6	(1.8)	10.8
Other	10 years	3.9	(1.6)	2.3	3.9	(1.3)	2.6
Total		$ 129.3	$ (60.5)	$ 68.8	$ 129.3	$ (56.7)	$ 72.6

Amortization expense for definite lived intangible assets was $1.9 million and $3.4 million for the three months ended June 30, 2024 and 2023, respectively. Amortization expense for definite lived intangible assets was $3.8 million and $7.4 million for the six months ended June 30, 2024 and 2023, respectively. Amortization expense is included in Depreciation and amortization in the Condensed Consolidated Statements of Operations.

9. Leases

The Company has entered into operating and finance lease agreements primarily for land, office space, equipment and vehicles, expiring between 2024 and 2045. Right-of-use lease assets and lease liabilities consisted of the following (in millions):

	Balance Sheet Location	June 30, 2024	December 31, 2023
Right-of-use assets:			
Operating lease	Other assets (non-current)	$ 48.4	$ 58.0
Finance lease	Property, plant and equipment, net	0.7	2.3
Total right-of-use assets		$ 49.1	$ 60.3
Lease liabilities:			
Current portion of operating lease	Other current liabilities	$ 12.3	$ 13.5
Non-current portion of operating lease	Other liabilities	39.0	48.6
Finance lease	Debt obligations	0.8	2.4
Total lease liabilities		$ 52.1	$ 64.5

The following table summarizes the components of lease expense (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Finance lease cost:				
Amortization of right-of-use assets	$ 0.1	$ 0.1	$ 0.2	$ 0.2
Interest on lease liabilities	—	0.1	—	0.1
Net finance lease cost	0.1	0.2	0.2	0.3
Operating lease cost	4.4	5.7	8.9	11.6
Variable lease cost	0.2	0.2	0.3	0.3
Sublease income	(0.2)	(0.2)	(0.4)	(0.4)
Total lease cost	$ 4.5	$ 5.9	$ 9.0	$ 11.8

Cash flow information related to leases is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases[1]	$ 4.8	$ 5.7	$ 9.8	$ 12.0
Operating cash flows from finance leases	$ —	$ 0.1	$ —	$ 0.1
Financing cash flows from finance leases	$ 0.1	$ 0.1	$ 0.2	$ 0.2
Right-of-use assets obtained in exchange for new lease liabilities:				
Operating leases	$ 3.6	$ 0.6	$ 6.2	$ 4.5
Finance leases	$ —	$ —	$ —	$ 0.6

(1) The above amounts exclude $4.0 million received during the three and six months ended June 30, 2024 for a lease modification incentive.

The weighted-average remaining lease term and the weighted-average discount rate for the Company's leases were as follows:

	June 30, 2024	December 31, 2023
Weighted-average remaining lease term (years) - operating leases	7.3	7.5
Weighted-average remaining lease term (years) - finance leases	2.9	1.6
Weighted-average discount rate - operating leases	5.9 %	5.6 %
Weighted-average discount rate - finance leases	5.4 %	6.8 %

Future minimum lease commitments (undiscounted) as of June 30, 2024, were as follows (in millions):

	Operating Leases	Finance Leases
2024 (remaining period)	$ 7.9	$ 0.2
2025	12.9	0.3
2026	9.3	0.2
2027	6.6	0.2
2028	4.8	—
Thereafter	21.5	—
Total future minimum lease payments	63.0	0.9
Less: amounts representing interest	(11.7)	(0.1)
Total lease liability	$ 51.3	$ 0.8

In November 2021, INNOVATE entered into a ten-year lease arrangement for a special purpose space in Palm Beach, Florida, which was amended in February 2023 to extend the term of the lease to 15 years, with future monthly lease payments of approximately $0.2 million over the entire lease term and annual common area maintenance charges of $0.6 million, both of which are subject to a 3% annual upward adjustment, with total square footage of 25,184, as amended. The lease had not yet commenced for accounting purposes as the space is still under construction, and, therefore, future lease payments were not recorded on the Company's Consolidated Balance Sheets. In December 2023, the Company entered into a sublease agreement with Palm Beach Cultural Innovation Center, Inc. (“PBCIC”), a Florida not-for-profit corporation and related party to Avram A. Glazer, the Chairman of INNOVATE's Board of Directors, who is also on the board of directors of PBCIC. Pursuant to the sublease, PBCIC would have use of the underlying space and, as consideration, PBCIC agreed to undertake all of the tenant’s build-out costs and related obligations under the lease agreement between the Company, as tenant, and RPP Palm Beach Property LP, as landlord. Effective March 29, 2024, the Company assigned the lease, as amended, and the sublease to an affiliate of Avram A. Glazer, releasing the Company of all obligations under the lease, as amended, and the sublease. The Company previously recorded $1.1 million in prepaid rent related to this lease, which was written-off in December 2023 upon the execution of the sublease to PBCIC. While there have been no new expenses incurred during 2024, the Company also previously incurred other expenses of $1.1 million since inception related to the special purpose space and PBCIC, of which $0.4 million and $0.6 million, respectively, is included in Selling, general and administrative in the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2023.

In December 2021, the Company entered into a five-year lease agreement for corporate office space in West Palm Beach, Florida, that would, on commencement of the lease, require future monthly lease payments of approximately $0.1 million over the entire lease term, subject to 3% annual upward adjustment. This lease had not yet commenced as the building was still under construction, and therefore, other than a $0.2 million deposit included in Other assets as of December 31, 2023, future lease payments were not recorded on the Company's Consolidated Balance Sheets. On March 29, 2024, the Company assigned the lease to Lancer Capital, an entity controlled by Avram A. Glazer, releasing the Company of all obligations under the lease. The $0.2 million security deposit on the lease was also assigned to Lancer Capital and written-off in March 2024.

10. Other Assets, Accrued Liabilities and Other Liabilities

Other Current Assets

Other current assets consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Prepaid assets	$ 8.0	$ 11.2
Income tax receivable	2.9	2.1
Restricted cash - current	0.9	0.9
Other	2.6	0.4
Total other current assets	$ 14.4	$ 14.6

Other Assets

Other assets, which are reflected within non-current assets in the Condensed Consolidated Balance Sheets, consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Right-of-use assets	$ 48.4	$ 58.0
Restricted cash - non-current	0.6	0.6
Other	5.5	2.7
Total other assets	$ 54.5	$ 61.3

Accrued Liabilities

Accrued liabilities consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Accrued expenses	$ 12.4	$ 14.3
Accrued payroll and employee benefits	29.9	29.2
Accrued interest and exit fees	16.7	17.1
Accrued sales and use taxes	0.2	9.8
Accrued income taxes	0.9	0.4
Total accrued liabilities	$ 60.1	$ 70.8

Other Current Liabilities

Other current liabilities consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Operating lease liability, current portion	$ 12.3	$ 13.5
Other current liabilities	3.5	2.6
Total other current liabilities	$ 15.8	$ 16.1

Other Liabilities

Other liabilities, which are reflected within non-current liabilities in the Condensed Consolidated Balance Sheets, consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Operating lease liability, net of current portion	$ 39.0	$ 48.6
Accrued interest and exit fees (non-current portion)	35.5	30.8
Other	2.7	3.3
Total other liabilities	$ 77.2	$ 82.7

11. Debt Obligations

Debt obligations, including finance lease obligations, consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Infrastructure		
PRIME minus 0.75% Line of Credit due 2025	$ 70.0	$ 100.0
3.25% Term Loan due 2026	78.0	91.4
PRIME minus 0.75% Term Loan due 2026	25.0	—
4.00% Note due 2024	—	5.0
Obligations under finance leases	0.8	2.4
Total Infrastructure	$ 173.8	$ 198.8
Spectrum		
8.50% Note due 2025	$ 19.3	$ 19.3
11.45% Notes due 2025	50.4	50.4
Total Spectrum	$ 69.7	$ 69.7
Life Sciences		
20.00% Notes due 2024	$ 21.7	17.4
Total Life Sciences	$ 21.7	$ 17.4
Non-Operating Corporate		
8.50% Senior Secured Notes due 2026	$ 330.0	$ 330.0
7.50% Convertible Senior Notes due 2026	51.8	51.8
SOFR plus 5.75% Line of Credit due 2025	20.0	20.0
CGIC Unsecured Note due 2026	31.0	35.1
Total Non-Operating Corporate	$ 432.8	$ 436.9
Total outstanding principal	$ 698.0	$ 722.8
Unamortized issuance discount, issuance premium, and deferred financing costs	(9.5)	(13.0)
Less: current portion of debt obligations	(50.2)	(30.5)
Debt obligations, net of current portion	$ 638.3	$ 679.3

As of June 30, 2024, estimated future aggregate finance lease and debt payments, including interest, were as follows (in millions):

	Finance Leases	Debt	Total
2024 (remaining period)	$ 0.2	$ 52.9	$ 53.1
2025	0.3	241.6	241.9
2026	0.2	511.5	511.7
2027	0.2	—	0.2
Total minimum principal and interest payments	0.9	806.0	806.9
Less: Amount representing interest	(0.1)	(108.8)	(108.9)
Total aggregate finance lease and debt payments	$ 0.8	$ 697.2	$ 698.0

The interest rates on finance leases ranged from approximately 3.0% to 8.5%.

Infrastructure

DBMG has a $135.0 million Revolving Line with UMB that bears interest at a Prime Rate minus a spread with an interest rate floor of 4.25%. The effective interest rate on the Revolving Line with UMB was 8.06% and 8.33% as of June 30, 2024 and December 31, 2023, respectively. The Revolving Line with UMB matures on August 15, 2025, and interest is paid monthly. The Revolving Line with UMB also includes a commitment fee equal to 0.25% per annum times the average daily unused availability under the line. DBMG also has a $78.0 million UMB Term Loan, which expires May 31, 2026, and bears interest at an annual rate of 3.25% with an effective interest rate of 3.3%. Interest is paid monthly.

On June 28, 2024, DBM and UMB entered into the Third Amendment to the UMB Credit Agreement. The amendment adds an incremental separate term loan of $25.0 million to the existing credit facility, with the same interest rate as the Revolving Line with UMB and the same maturity date as the initial $78.0 million UMB Term Loan. Principal payments and interest are paid monthly. The UMB Term Loans and Revolving Line with UMB associated with the Infrastructure segment contain customary restrictive and financial covenants related to debt levels and performance, including a Fixed Charge Coverage Ratio covenant, as defined in their agreements.

The 4.00% note matured on March 31, 2024 and was fully redeemed on April 2, 2024. Refer to Note 16. Related Parties for additional information.

Spectrum

The maturity date of Spectrum's 8.50% and 11.45% Notes, is August 15, 2025, as amended. The exit fees associated with the notes, which are payable on the earlier of maturity or repayment of the principal, were recorded as original issue discount and are being amortized over the remaining life of the notes. A corresponding liability of $15.9 million is reflected within Other Liabilities (non-current) in the Consolidated Balance Sheets as of both June 30, 2024 and December 31, 2023. Interest is capitalized and payable upon maturity of the notes. As of June 30, 2024, the effective interest rates on the notes, as amended, ranged from 20.6% to 24.0% per annum.

During November 2023, concurrently with Broadcasting's execution of the Ninth Amendment to Secured Notes, which among other things extended the maturity of the notes, INNOVATE Corp. entered into a related side letter with the lenders, whereby INNOVATE Corp. agreed to utilize proceeds from the sale of certain of its existing operations, as allowable under the Company's current agreements and indentures and after all other required payments have been made, for repayment of a portion of Broadcasting's Senior Secured Notes. Assuming there are sufficient proceeds remaining after such repayment, an additional $1.0 million fee is payable if repayment occurs by November 9, 2024, or $2.0 million if repayment occurs after that date. In exchange for the additional fee, the institutional investors will return their equity interests in HC2 Broadcasting Holdings, Inc. and their equity interests in DTV America.

Life Sciences

R2 Technologies had various short-term notes with Lancer Capital, which expired on January 31, 2024, and effective January 31, 2024, a new 20% note with an aggregate original principal amount of $20.0 million was issued, which was comprised of all prior outstanding principal amounts and unpaid accrued interest of $2.6 million which was capitalized into the new principal balance.

The new 20% note also includes an exit fee payable upon the earliest of the maturity date, the acceleration date of the principal amount of the note, for any reason as defined in the agreement, or the date upon which any prepayment is made. As a result of the addition of the exit fee effective January 31, 2024, the transaction was determined to be an extinguishment of debt under ASC 470-50, *Debt - Modifications and Extinguishments,* and the exit fee payable to the existing lender of $2.2 million was included as a loss on debt extinguishment within Other income (expense), net in the Condensed Consolidated Statement of Operations. As of June 30, 2024, the accrued exit fee was $2.2 million and was included within Accrued liabilities on the Condensed Consolidated Balance Sheet.

Interest on the new note accrues at 20% per annum and is payable monthly in arrears, in cash or, if not paid in cash, accrued and unpaid interest is capitalized monthly into the principal balance. Interest expense related to the note(s) with Lancer Capital was $1.0 million and $0.7 million for the three months ended June 30, 2024 and 2023, respectively and was $1.9 million and $1.2 million for the six months ended June 30, 2024 and 2023, respectively. In accordance with the note agreement, all unpaid accrued interest of $1.7 million which was incurred subsequent to January 31, 2024, was capitalized into the principal balance, and there was no amount reflected within accrued interest payable as of June 30, 2024. As of December 31, 2023, accrued interest payable, which had not yet been capitalized into the principal balance, was $2.4 million.

The original maturity date of the new $20.0 million note was April 30, 2024, or within five business days of the date on which R2 Technologies receives an aggregate $20.0 million from the consummation of a debt or equity financing or has a change in control, as defined in the agreement, with an optional prepayment of the entire then-outstanding and unpaid principal and accrued interest upon five-days written notice to Lancer Capital. The note has subsequently been further extended to December 31, 2024. The exit fee as of June 30, 2024, as amended, is equal to 10.88% of the principal amount being repaid and increases by 0.17% each month thereafter until maturity. Beginning July 31, 2024, if all outstanding amounts pursuant to the note are not prepaid in full, an additional exit fee of $1.0 million will be payable, increasing by $1.0 million each month until maturity. The Company shall pay the additional exit fee on the earliest of the maturity date, the date of the acceleration of the principal amount of the note for any reason or, if any portion of the note is prepaid at any time, the date of such prepayment of the note.

Non-Operating Corporate

2026 Senior Secured Notes

The Company has $330.0 million aggregate principal amount of 8.50% senior secured notes due February 1, 2026 (the "2026 Senior Secured Notes"), which were issued in 2021 at 100% of par. The 2026 Senior Secured Notes have a stated annual interest rate of 8.50% and have an effective interest rate of 9.3%, which reflects $10.8 million of deferred financing fees, including underwriting fees. Interest is payable semi-annually in arrears on February 1st and August 1st of each year. Aggregate interest expense, including the contractual interest coupon and amortization of the deferred financing fees was $7.6 million and $7.5 million for the three months ended June 30, 2024 and 2023, respectively, and was $15.2 million and $15.0 million, for the six months ended June 30, 2024 and 2023, respectively.

2026 Convertible Notes

The $51.8 million aggregate principal amount of 7.50% convertible notes (the "2026 Convertible Notes") were issued under a separate indenture dated February 1, 2021, between the Company and U.S. Bank, as trustee (the "Convertible Indenture"). The 2026 Convertible Notes were issued at 100% of par with a stated annual interest rate of 7.50%. The fair value of the embedded conversion feature contained in the 2026 Convertible Notes had a fair value of $12.3 million, which was recorded as a premium on the 2026 Convertible Notes. The 2026 Convertible Notes mature on August 1, 2026 unless earlier converted, redeemed or purchased. The 2026 Convertible Notes have an effective interest rate of 3.21%, which reflects the initial $12.3 million premium and $1.1 million of deferred financing fees.

As of June 30, 2024, the 2026 Convertible Notes had a net carrying value of $56.2 million inclusive of an unamortized premium of $4.9 million and unamortized deferred financing costs of $0.5 million. Each $1,000 of principal of the 2026 Convertible Notes will initially be convertible into 234.2971 shares of our common stock, which is equivalent to an initial conversion price of approximately $4.27 per share, subject to adjustment upon the occurrence of specified events. Based on the closing price of our common stock of $0.60 on June 30, 2024, the if-converted value of the 2026 Convertible Notes did not exceed its principal value.

Interest is payable semi-annually in arrears on February 1st and August 1st of each year. Aggregate interest expense recognized relating to both the contractual interest coupon and amortization of discount net of premium and deferred financing costs was $0.5 million for both the three months ended June 30, 2024 and 2023, and was $0.9 million for both the six months ended June 30, 2024 and 2023.

Subsequent to quarter end, INNOVATE Corp repurchased $2.9 million principal amount of its 2026 Convertible Notes at a market discount for $1.1 million, which is inclusive of accrued interest of $0.1 million.

Revolving Line of Credit

The Company has a revolving credit agreement with MSD PCOF Partners IX, LLC ("MSD"), which has a maximum commitment of $20.0 million ("Revolving Line of Credit"). As of both June 30, 2024 and December 31, 2023, the outstanding balance was $20.0 million. The Revolving Line of Credit has an interest rate margin applicable to loans borrowed under the Revolving Line of Credit of 5.75%, and interest is paid quarterly in arrears. The Revolving Line of Credit also includes a commitment fee at a per annum rate of 1.0% calculated based off the actual daily amount of unused availability under the Revolving Line of Credit with MSD.

On April 25, 2023, the Company and MSD extended the maturity date of its Revolving Line of Credit from February 23, 2024, to March 16, 2025, and also changed the benchmark rates for interest to SOFR-based rates and lowered the amount of net cash proceeds from certain asset sales in excess of which a prepayment is required from $50.0 million to $10.0 million. The affirmative and negative covenants governing the Revolving Line of Credit are substantially consistent with the affirmative and negative covenants contained in the indenture that governs the 2026 Senior Secured Notes. On May 6, 2024, the Company and MSD extended the maturity date of its Revolving Line of Credit from March 16, 2025 to May 16, 2025.

CGIC Unsecured Note Due 2026

On May 9, 2023, in connection with the redemption of DBM Global Intermediate Holdco Inc.'s Series A Fixed-to-Floating Rate Perpetual Preferred Stock (the "DBMGi Series A Preferred Stock"), the Company issued a subordinated unsecured promissory note to Continental General Insurance Company ("CGIC") in the principal amount of $35.1 million (the "CGIC Unsecured Note"). Refer to Note 15. Equity and Temporary Equity for additional information. The CGIC Note, which is due February 28, 2026, bore interest at 9.0% per annum through May 8, 2024, and bears interest at 16.0% per annum from May 9, 2024 to May 8, 2025, and 32.0% per annum thereafter. The effective interest rate on the note is 17.5%, as adjusted. The CGIC Unsecured Note also requires a mandatory prepayment from the proceeds from certain asset sales and the greater of $3.0 million or 12.5% of the net proceeds from certain equity sales. Other covenants in the CGIC Unsecured Note are generally consistent with the Company's Indenture governing the 8.50% Senior Secured Notes due 2026, dated as of February 1, 2021, by and among the Company, the guarantors party thereto and U.S. Bank National Association. As a result of the closing of the Rights Offering on April 24, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note on April 26, 2024.

For the three months ended June 30, 2024 and 2023, interest expense recognized relating to the CGIC Unsecured Note was $1.4 million and $0.9 million, respectively, and cash paid for interest to CGIC was $0.9 million and $0.5 million, respectively. For the six months ended June 30, 2024 and 2023, interest expense recognized relating to the CGIC Unsecured Note was $3.0 million and $0.9 million, respectively, and cash paid for interest to CGIC was $1.7 million and $0.5 million, respectively.

INNOVATE is in compliance with its debt covenants as of June 30, 2024.

12. Income Taxes

The Company uses the Annual Effective Tax Rate ("ETR") approach of ASC 740-270*, Income Taxes - Interim Reporting*, to calculate its interim tax provision

Income tax benefit was $2.5 million and income tax expense was $1.2 million for the three months ended June 30, 2024 and 2023, respectively, and income tax expense was $0.8 million and $2.1 million for the six months ended June 30, 2024 and 2023, respectively. The Company's income tax benefit/expense primarily relates to tax benefit/expense as calculated under ASC 740, *Income Taxes* ("ASC 740") for taxpaying entities. For the three and six months ended June 30, 2024, the annual effective tax rate calculation for the interim tax provision included the tax expense associated with the INNOVATE Corp. U.S. consolidated group due to the Tax Cut and Jobs Act's 80 percent limitation on net operating losses incurred after 2017. Additionally, the tax benefits associated with losses generated by certain other businesses have been reduced by a full valuation allowance as management does not believe it is more-likely-than-not that the losses will be utilized. The annual effective tax rate calculated for the three and six months ended June 30, 2023 interim tax provisions included an unrepeated $1.1 million tax benefit, consisting of a current tax expense of $4.4 million related to a foreign tax payment and a deferred tax benefit of $5.5 million related to the reversal of the deferred tax liability associated with the $11.3 million put option, both of which were related to the sale of New Saxon's 19% investment in HMN on March 6, 2023. Additionally, for the three and six months ended June 30, 2023, the tax benefits associated with losses generated by the INNOVATE Corp. U.S. consolidated group and certain other businesses have been reduced by a full valuation allowance as management does not believe it is more-likely-than-not that the losses will be utilized.

Net Operating Losses

At December 31, 2023, the Company had gross U.S. net operating loss carryforwards available to reduce future taxable income of the U.S. consolidated group in the amount of $194.2 million, which includes the availability of an additional $15.0 million of net operating loss carryforwards from the 2021 amended INNOVATE Corp. U.S. consolidated income tax return. The Company expects that approximately $134.2 million of the gross U.S. net operating loss carryforwards would be available to offset taxable income in 2024 and later periods. This estimate may change based on changes to actual results reported on the 2023 U.S. tax return. The amount of U.S. net operating loss carryforwards reflected in the financial statements differ from the amounts reported on the U.S. tax return due to uncertain tax positions related to tax laws and regulations that are subject to varied interpretation by the IRS.

Additionally, as of December 31, 2023, the Company had $138.0 million of gross U.S. net operating loss carryforwards from its subsidiaries that do not qualify to be included in the INNOVATE Corp. U.S. consolidated income tax return, including $92.9 million from R2 Technologies, $42.7 million from DTV America, and other entities of $2.4 million. Of the $138.0 million of gross U.S. net operating loss carryforwards, $101.9 million was generated after 2017 and will have an indefinite carryforward period; the remaining $36.1 million was generated prior to 2018 and will expire, if unused, by 2037.

Unrecognized Tax Benefits

The Company follows the provision of ASC 740 which prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return. The Company is subject to challenge from various taxing authorities relative to certain tax planning strategies, including certain intercompany transactions as well as regulatory taxes.

The Company did not have any unrecognized tax benefits as of June 30, 2024 and 2023 related to uncertain tax positions that would impact the effective income tax rate if recognized. The Company has reduced the net operating loss carryforward by $58.7 million for uncertain tax positions based on our interpretation of tax laws and regulations that are subject to varied interpretation by the IRS.

Examinations

The Company conducts business globally, and as a result, INNOVATE or one or more of its subsidiaries files income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. Tax years 2002-2022 remain open for examination.

The Company is currently under examination in various domestic and foreign tax jurisdictions. The open tax years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the applicability of income tax credits for the relevant tax period. Given the nature of tax audits, there is a risk that disputes may arise.

13. Commitments and Contingencies

Litigation

The Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's Condensed Consolidated Financial Statements. The Company does not believe that any of such pending claims and legal proceedings will have a material adverse effect on its Condensed Consolidated Financial Statements. The Company records a liability in its Condensed Consolidated Financial Statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated as well as any legal costs incurred related to the litigation. The Company reviews these estimates each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amount of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary for its Condensed Consolidated Financial Statements not to be misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in the Company's Condensed Consolidated Financial Statements. Any legal or other expenses associated with the litigation are accrued for as the expenses are incurred.

Based on a review of the current facts and circumstances with counsel in each of the matters disclosed, management has provided for what is believed to be a reasonable estimate of loss exposure. While acknowledging the uncertainties of litigation, management believes that the ultimate outcome of litigation will not have a material effect on its financial position and will defend itself vigorously.

DTV Derivative Litigation

On March 15, 2021, 22 DTV stockholders and eight holders of DTV stock options filed a stockholder class action and derivative complaint in the Delaware Court of Chancery in an action styled Bocock, et al., v. HC2 Holdings, Inc. et al., C.A. No. 2021-0224 (Del. Ch.). Plaintiffs named as defendants INNOVATE Corp. (f/k/a HC2 Holdings, Inc.), HC2 Broadcasting Holdings, Inc., HC2 Broadcasting Inc., and Continental General Insurance Corporation (the "INNOVATE Entities") and certain current and former officers and directors of the INNOVATE Entities and DTV, including Philip Falcone, Michael Sena, Wayne Barr, Jr., Les Levi, Paul Voigt, Ivan Minkov, and Paul Robinson (the "Individual Defendants"). Plaintiffs principally allege that the defendants breached their fiduciary duties and/or aided and abetted breaches of fiduciary duty by participating in a "scheme" in which the INNOVATE Entities (i) acquired majority voting and operating control over DTV; (ii) exploited that control to misappropriate DTV's assets and business opportunities for the benefit of the INNOVATE Entities; and (iii) purchased DTV stock at a discount to fair value and diminished the value of DTV stock options. Plaintiffs allege that the Individual Defendants (i) "prompted" the INNOVATE Entities to purchase more than 100 low-power television ("LPTV") broadcast stations originally identified for potential acquisition by DTV, (ii) allowed the INNOVATE Entities to misappropriate DTV technology, known as "DTV Cast," (iii) caused DTV to transfer unspecified LPTV broadcasting station licenses to INNOVATE affiliates "without paying any value," and (iv) transferred to the INNOVATE Entities unspecified DTV broadcasting stations that had been "repacked" by the FCC. Defendants moved to dismiss the Complaint on May 19, 2021. On June 23, 2021, plaintiffs amended their complaint. In the amended complaint, plaintiffs assert the same claims they asserted in their initial complaint, added a claim for waste associated with DTV's purported transfer of licenses and construction permits for less than fair value, and dropped Paul Robinson as a defendant. Defendants moved to dismiss the amended complaint in its entirety on August 25, 2021, and the parties completed briefing on the motions to dismiss on November 10, 2021. The Court heard argument on the motions to dismiss on March 29, 2022. On June 28, 2022, the Court requested that the parties submit supplemental briefing on the motions to dismiss by July 20, 2022. The parties completed the supplemental briefing on July 20, 2022.

On October 28, 2022, the Court issued a Memorandum Opinion on Defendants' motion to dismiss the Complaint. First, the Court dismissed all claims against Continental General Insurance Corporation for lack of personal jurisdiction. Second, the Court dismissed all claims the stockholder plaintiffs purported to assert directly. Third, the Court dismissed as time-barred all claims challenging conduct that occurred before March 15, 2018, including claims challenging (i) the November 2017 acquisition of Azteca America by INNOVATE; (ii) INNOVATE's purported usurpation of the so-called "DTV Cast" technology; and (iii) the WFWC-CD Station acquisition. Fourth, the Court dismissed claims associated with the INNOVATE Entities' purported purchases of unidentified broadcasting stations. Fifth, the Court dismissed all claims challenging the Expense Sharing Agreement, and the Right to Use Agreement between INNOVATE and DTV, and certain Stock-Based Compensation Agreements. Sixth, the Court dismissed the aiding and abetting claim against the INNOVATE Entities. Seventh, the Court dismissed the civil conspiracy claim as to all defendants. Lastly, the Court dismissed the option-holders' claim for tortious interference with prospective business opportunities. Thus, after the Court issued its October 28, 2022 Memorandum Opinion, the only claims to survive Defendants' motion to dismiss are (i) a derivative claim against the INNOVATE Entities (other than Continental General), Levi, and Falcone for breach of fiduciary duty in connection with the $0.1 million Frank Digital acquisition; (ii) a derivative claim for breach of fiduciary duty against the INNOVATE Entities (other than Continental General), in their capacities as DTV's controlling stockholders, relating to the sale of six licenses (for less than $0.5 million) in connection with the Gray Media sale (the "Gray Media Claim"); (iii) a derivative claim for breach of fiduciary duty against the INNOVATE Entities (other than Continental General) and Levi in connection with the transfer of licenses ultimately sold to TV-49 for $0.1 million; and (iv) a derivative claim for waste against Levi and Falcone in connection with the sale of two stations to Lowcountry, which Lowcountry later sold for $0.2 million and $0.4 million, respectively.

On February 8, 2024, the Court granted Plaintiffs' motion for leave to file a second amended complaint. The proposed second amended complaint (i) names DTV as a nominal defendant, (ii) removes the Gray Media Claim, and (iii) removes all Plaintiffs other than James Bocock and Stan V. Smith on Behalf of the Stan V. Smith Trust dated April 30, 1993. The Court ordered Plaintiffs to file their second amended complaint on or before February 13, 2024. On February 14, 2024, Plaintiffs filed their second amended complaint. The INNOVATE Entities and Levi answered the second amended complaint on February 26, 2024. On April 22, 2024, the Court entered a case schedule culminating in a three-day trial from February 10-12, 2025.

On July 22, 2024, the parties reached an agreement in principle to settle the litigation, which was not material. The parties expect to file a settlement stipulation by August 16, 2024.

Marin Hospital Replacement Litigation

On October 20, 2022, McCarthy Building Companies, Inc. ("McCarthy") filed suit against Schuff Steel Company ("Schuff"), a subsidiary of DBMG, and Quality Assurance Engineering, Inc. dba Consolidated Engineering Laboratories ("CEL") in the Superior Court of the State of California for the County of Marin, styled McCarthy Building Companies, Inc. v. Schuff Steel Company; Quality Engineering, Inc. dba Consolidated Engineering Laboratories, et al., Case No. CIV2203963 (the "Action"). In the Action, McCarthy alleges damages and delays caused by alleged failures in fabrication, erection, welding, and quality control by Schuff and improper quality assurance responsibilities by CEL on the Marin General Hospital Replacement Building (the "Project"). McCarthy asserts claims against Schuff for breach of contract, express indemnity, breach of express warranties, negligence, equitable implied indemnity, breach of implied warranties, and declaratory relief. On February 13, 2023, Schuff filed its response denying liability to McCarthy and asserting a Cross-Complaint against McCarthy, and other companies involved in the design, construction, and quality assurance, who potentially are liable for damages and delays alleged by McCarthy on the Project. In the Cross-Complaint, Schuff asserts claims for breach of contract, violation of statute, equitable indemnity apportionment, and contribution and express indemnity (the "Cross-Complaint"). Schuff intends to vigorously defend this Action and aggressively pursue the Cross-Complaint and cannot reasonably estimate any range of potential loss at this time.

Meruelo Television Litigation

On August 8, 2023, Meruelo Television, LLC ("Plaintiff") commenced a lawsuit in the Superior Court of the State of California, Los Angeles County, with the filing of a complaint naming as defendants HC2 Network, Inc. ("HC2") and INNOVATE Corp. ("INNOVATE" or the "Company" and, together with HC2, the "Defendants"), and Does 1 through 20, in the matter titled Meruelo Television, LLC v. HC2 Network, Inc., et al. (Cal. Supr. Ct.) Case No. 23ST-cv-18552.

On September 29, 2023, Defendants filed a Notice of Removal, removing the case from California state court to federal court in the U.S. District Court for the Central District of California, where it has been assigned Case No. 2:23-cv-08184-AB-BFM (the "Lawsuit").

On February 20, 2024, Plaintiff filed its present and operative Second Amended Complaint (the "SAC"). The SAC asserts only one cause of action, Count I for breach of the contract, as against both HC2 and the Company. Whereas the Company is a non-party to the contract at issue, the SAC asserts that INNOVATE can be held liable for Count I as the alleged alter ego of HC2.

On April 9, 2024, Plaintiff and Defendants filed in the Lawsuit a Stipulation of Dismissal, as so-ordered by the Court on April 16, 2024, whereby Plaintiff dismissed without prejudice its claims as against INNOVATE, while retaining its claim against HC2. HC2 believes that the claim is without merit and intends to vigorously defend the claim.

Although Plaintiff's dismissal against the Company was without prejudice, at this time it appears that there exists a low probability of loss to INNOVATE resulting from this Lawsuit.

Other Commitments and Contingencies

Letters of Credit and Performance Bonds

As of June 30, 2024, DBMG had outstanding letters of credit of $0.1 million under credit and security agreements and performance bonds of $248.9 million. As of December 31, 2023, DBMG had outstanding letters of credit of $0.1 million under credit and security agreements and performance bonds of $360.8 million. DBMG's contract arrangements with customers sometimes require DBMG to provide performance bonds to partially secure its obligations under its contracts. Bonding requirements typically arise in connection with private contracts and sometimes with respect to certain public work projects. DBMG's performance bonds are obtained through surety companies and typically cover the entire project price. The ratings of the bonding companies utilized by DBMG are highly rated, ranging from A-, A, A+ and AA.

14. Share-based Compensation

Total share-based compensation expense recognized by the Company and its subsidiaries under all equity compensation arrangements was $0.4 million and $0.7 million for the three months ended June 30, 2024 and 2023, respectively, and was $0.8 million and $1.2 million for the six months ended June 30, 2024 and 2023, respectively.

All grants are time based and vest either immediately or over a period established at grant, typically with a requisite service period of two to three years for the employee to vest in the stock-based award, subject to discretion by Compensation Committee of the Board of Directors. There are no other substantive conditions for vesting. The Company recognizes compensation expense for equity awards, reduced by actual forfeitures as they are incurred, using the straight-line basis.

Restricted Stock

A summary of INNOVATE's restricted stock activity is as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested - December 31, 2022	1,141,806	$ 2.56
Granted	506,955	$ 2.57
Vested	(1,023,032)	$ 2.32
Unvested - December 31, 2023	625,729	$ 2.95
Granted	1,294,940	$ 0.59
Vested	(402,704)	$ 2.76
Unvested - June 30, 2024	1,517,965	$ 0.98

The aggregate vesting date fair value of the restricted stock awards which vested during the six months ended June 30, 2024 and 2023 was $0.3 million and $1.4 million, respectively. As of June 30, 2024, the total unrecognized stock-based compensation expense related to unvested restricted stock awards was $1.3 million and is expected to be recognized over the remaining weighted-average period of 1.5 years.

Stock Options

A summary of INNOVATE's stock option activity is as follows:

	Shares	Weighted Average Exercise Price
Outstanding - December 31, 2022	4,995,150	$ 5.02
Expired	(352,339)	$ 3.12
Outstanding and exercisable- December 31, 2023	4,642,811	$ 5.17
Expired	(4,465,491)	$ 5.20
Outstanding and exercisable - June 30, 2024	177,320	$ 4.32

As of June 30, 2024, the intrinsic value and weighted-average remaining life of the Company's outstanding and exercisable stock options were zero and approximately 4.1 years, respectively. The maximum contractual term of the Company's exercisable stock options is approximately ten years. As of June 30, 2024, there were no unvested stock options and no unrecognized stock-based compensation expense related to unvested stock options.

15. Equity and Temporary Equity

The Company held its annual meeting of stockholders on June 18, 2024, where the Company's stockholders approved an increase in the authorized number of common shares outstanding from 160,000,000 to 250,000,000.

Reverse Stock Split

At the annual meeting of stockholders, the Company's stockholders also approved a reverse stock split of the Company's common stock, par value $0.001 per share, at a ratio within a range of 1-for-2 and 1-for-10 and granted the Company's Board of Directors the discretion to determine the timing and ratio of the split within such range. In July 2024, the Company's Board of Directors determined to effect the reverse stock split of the common stock at a 1-for-10 ratio (the "Reverse Stock Split") and approved the filing of a certificate of amendment (the "Certificate of Amendment") to the Second Amended and Restated Certificate of Incorporation of the Company to effect the Reverse Stock Split. The Reverse Stock Split is being implemented for the primary purpose of regaining compliance with the minimum bid price requirement for continued listing of the Company's common stock on the NYSE. As a result of the Reverse Stock Split, every ten shares of the Company's common stock issued and outstanding will be automatically reclassified and changed into one new share of the Company's common stock, with whole shares issued for fractional shares. Proportionate adjustments will be made to the exercise prices and the number of shares underlying the Company's outstanding equity awards, as applicable, as well as to the number of shares issuable under the Company's equity incentive plans and conversion of the Company's outstanding convertible securities. The common stock to be issued pursuant to the Reverse Stock Split will remain fully paid and non-assessable. The final number of common stock that will be issued and outstanding after the Reverse Stock Split, including whole shares issued for fractional shares, will not be known until after the Reverse Stock Split has been effected, and, therefore, share amounts in these Condensed Consolidated Financial Statements have not yet been retroactively adjusted to reflect the effect of the Reverse Stock Split. The Reverse Stock Split will not change the $0.001 par value per share of the common stock or the authorized number of shares of common stock or preferred stock.

Rights Offering and Concurrent Private Placement

On March 8, 2024, the Company commenced a $19.0 million rights offering ("Rights Offering") for its common stock. Pursuant to the Rights Offering, the Company distributed to each holder of the Company's common stock, Series A-3 Convertible Participating Preferred Stock, Series A-4 Convertible Participating Preferred Stock and the 2026 Convertible Notes as of March 6, 2024 (the "rights offering record date"), transferable subscription rights to purchase 0.2858 shares of the Company's common stock at a price of $0.70 per whole share.

Per the concurrent investment agreement entered into with Lancer Capital (the "Investment Agreement"), the Rights Offering was backstopped by Lancer Capital, an investment fund led by Avram A. Glazer, the Chairman of the Board and the Company's largest stockholder. Due to limitations on the common stock that can be issued to Lancer Capital under the rules of the New York Stock Exchange ("NYSE"), in lieu of exercising its subscription rights, pursuant to the Investment Agreement, Lancer Capital would purchase up to $19.0 million of the Company's newly issued Series C Non-Voting Participating Convertible Preferred Stock (the "Series C Preferred Stock"), for an issue price of $1,000 per share. In connection with the backstop commitment, and as a result of limitations in the amount common equity that can be raised under the Company's effective shelf registration statement on Form S-3, Lancer Capital also agreed to purchase an additional $16.0 million of Series C Preferred Stock in a private placement transaction ("Concurrent Private Placement") which was to close concurrently with the settlement of the Rights Offering. Lancer Capital did not receive any compensation or other consideration for entering into or consummating the Investment Agreement.

As the Rights Offering had not yet settled by March 28, 2024, in accordance with the Investment Agreement, Lancer Capital purchased $25.0 million of Series C Preferred Stock, referred to as the "equity advance." On April 24, 2024, the Company completed and closed on the Rights Offering and issued a total of 5,306,105 shares of common stock for $3.7 million. Based on the number of shares of common stock actually sold upon exercise of the rights to third party investors, there were no excess shares of Series C Preferred Stock purchased by Lancer Capital under the equity advance that the Company was required to redeem, and Lancer Capital purchased an additional approximately 6,286 Series C Preferred Stock for $6.3 million under the backstop commitment. In total, the Company received $35.0 million in aggregate gross proceeds related to the Rights Offering and Concurrent Private Placement and incurred $1.8 million in dealer manager fees and other related costs which have been capitalized into Additional paid in capital ("APIC"). INNOVATE has been utilizing and expects to continue to use the net proceeds from the Rights Offering for general corporate purposes, including debt service and working capital. In addition, as a result of the closing of the Rights Offering and Concurrent Private Placement, a mandatory prepayment was required on the CGIC Unsecured Note, and consequently, on April 26, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note.

Under the rules of the NYSE, because the shares purchased by Lancer Capital were greater than 20% of the Company's common stock outstanding before the issuance of the Series C Preferred Stock, those shares of Series C Preferred Stock were not allowed to be converted until stockholder approval of such issuance was obtained. On June 18, 2024, the Company held its annual shareholder meeting where Company's shareholder's approved the conversion of the Series C Preferred Stock into common stock. As a result, approximately 31,286 Series C Preferred Stock, held by Lancer Capital were converted into 44,693,895 shares of common stock. See "*Series C Preferred Stock*" below for additional information.

The Company waived its Tax Benefits Preservation Plan to permit persons exercising rights to acquire 4.9% or more of the outstanding common stock upon the exercise thereof without becoming an Acquiring Person (as defined in the Tax Benefits Preservation Plan).

Preferred Shares

The Company's preferred shares authorized, issued and outstanding consisted of the following:

	June 30, 2024	December 31, 2023
Preferred shares authorized, $0.001 par value	20,000,000	20,000,000
Series A-3 shares issued and outstanding	6,125	6,125
Series A-4 shares issued and outstanding	10,000	10,000

Series C Preferred Stock

On March 5, 2024 the Company's Board of Directors approved a Certificate of Designation for 35,000 Series C Non-Voting participating Convertible Preferred Shares (the "Series C Preferred Stock"). The certificate of designation authorized the existing 20,000,000 shares of preferred stock, par value $0.001 to apply to this series. On March 28, 2024, the Company amended its amended and restated certificate of incorporation by filing the Certificate of Designations of the Series C Preferred Stock (the "Series C Certificate of Designations") with the Secretary of State of the State of Delaware.

The Series C Preferred Stock is intended to be the economic equivalent of common stock, participating on an as-converted basis in all dividends, distributions, merger consideration and all other consideration receivable by holders of common stock, and a means through which the Backstop Arrangement and Concurrent Private Placement could be effected prior to the completion of the stockholder vote and the satisfaction of any other regulatory requirements.

The issued Series C Preferred Stock was classified as temporary equity as it was not mandatorily redeemable due to the presence of substantive conversion features and would only have become mandatorily redeemable on the sixth anniversary of initial issuance if not previously converted. The Series C Preferred Stock was recognized at fair value upon issuance, net of total allocated issuance costs. As the Series C Preferred Stock was contingently redeemable, subsequent accretion to redemption value including accreted dividends would only have occurred if the contingency was resolved and the redemption had become probable (i.e., if stockholder approval was no longer reasonably possible).

On March 28, 2024, INNOVATE Corp. issued and sold 25,000 shares of its Series C Preferred Stock, par value $0.001 per share for the aggregate purchase price of $25.0 million to Lancer Capital. On April 24, 2024, INNOVATE Corp. issued and sold an additional approximately 6,286 shares of its Series C Preferred Stock for the aggregate purchase price of $6.3 million to Lancer Capital. The Series C Preferred Stock became convertible upon the approval of shareholders during the annual shareholder meeting held on June 18, 2024, and consequently the approximately 31,286 Series C Preferred Stock held by Lancer Capital were converted at their conversion price of $0.70 into 44,693,895 shares of INNOVATE's common stock.

Prior to the conversion, holders of the Series C Preferred Stock were entitled to receive dividends anytime the Company declared a dividend on its common stock (excluding dividends consisting in whole or in part of common stock). The dividend amount would be based on the number of shares (including fractions) of common stock into which the shares of Series C Preferred Stock were convertible on the applicable record date multiplied by the dividend per share declared on the Company's common stock. As of June 30, 2024, there were no Series C Preferred Stock outstanding.

Series A-3 and Series A-4 Shares

Issuance and Conversion. On July 1, 2021 (the "Exchange Date") as a part of the sale of Continental Insurance Group ("CIG"), INNOVATE entered into an exchange agreement (the "Exchange Agreement") with Continental General Insurance Company ("CGIC"), also a former subsidiary, which held the remaining shares of the Company's previous Series A and Series A-2 Preferred Stock and was eliminated in consolidation prior to the sale of the Company's former Insurance segment on July 1, 2021. Per the Exchange Agreement, INNOVATE exchanged 6,125 shares of the Series A and 10,000 shares of the Series A-2 shares that CGIC held for an equivalent number of Series A-3 Convertible Participating Preferred Stock ("Series A-3") and Series A-4 Convertible Participating Preferred Stock ("Series A-4"), respectively. The terms remained substantially the same, except that the Series A-3 and Series A-4 mature on July 1, 2026.

Since the time of issuance of the Series A-3 and Series A-4 Preferred Stock on July 1, 2021, the Series A-3 and Series A-4 have been classified as temporary equity in the Company's Consolidated Balance Sheet, with a combined redemption value of $16.1 million and with a current fair value of $16.4 million as of June 30, 2024, which is inclusive of the $0.3 million accrued dividend payable on July 15, 2024.

Dividends. The Series A-3 and Series A-4 Preferred Stock accrue a cumulative quarterly cash dividend at an annualized rate of 7.50%. The accrued values of the Series A-3 and Series A-4 Preferred Stock accrete quarterly at an annualized rate of 4.00% that is reduced to 2.00% or 0.0% if the Company achieves specified rates of growth measured by increases in its net asset value; provided, that the accreting dividend rate will be 7.25% in the event that (A) the daily volume weighted average price ("VWAP") of the Company's common stock is less than a certain threshold amount, (B) the Company's common stock is not registered under Section 12(b) of the Securities Exchange Act of 1934, as amended, (C) the Company's common stock is not listed on certain national securities exchanges or the Company is delinquent in the payment of any cash dividends. The Series A-3 and Series A-4 Preferred Stock is also entitled to participate in cash and in-kind distributions to holders of shares of Company's common stock on an as-converted basis.

Subsequent Measurement. The Company elected to account for the Series A-3 and Series A-4 Preferred Stock by immediately recognizing changes in the redemption value as they occur. The carrying values of the Series A-3 and Series A-4 Preferred Stock are adjusted to equal what the redemption amount would be as if the redemption were to occur at the end of the reporting period as if it were also the redemption date for the Series A-3 and Series A-4 Preferred Stock. Any cash dividends paid directly reduce the carrying value of the Series A-3 and Series A-4 Preferred Stock until the carrying value equals the redemption value. Once the carrying value is equal to the redemption value, the dividends declared are accrued by debiting retained earnings, or if retained earnings is a deficit, then by debiting additional paid in capital. The Company has a history of paying dividends on its Series A-3 and Series A-4 Preferred Stock and expects to continue to pay such dividends each quarter.

Optional Conversion. Each share of Series A-3 and Series A-4 may be converted by the holder into shares of the Company's common stock at any time based on the then-applicable conversion price. Each share of Series A-3 was initially convertible at a conversion price of $4.25 (as it may be adjusted from time to time, the "Series A-3 Conversion Price"), and each share of Series A-4 was initially convertible at a conversion price of $8.25 (as it may be adjusted from time to time, the "Series A-4 Conversion Price") (“collectively the “Conversion Prices”). The Conversion Prices are subject to adjustment for dividends, certain distributions, stock splits, combinations, reclassifications, reorganizations, mergers, recapitalizations and similar events, as well as in connection with issuances of equity or equity-linked or other comparable securities by the Company at a price per share (or with a conversion or exercise price or effective issue price) that is below the Conversion Prices’ (which adjustment shall be made on a weighted average basis). Actual conversion prices at the time of the exchange in 2021 were $3.52 for the Series A and $5.33 for the Series A-2. As a result of the Rights Offering and Concurrent Private Placement, and due to the anti-dilution provisions contained in the terms of the Series A-3 Preferred Stock and Series A-4 Preferred Stock, as of April 24, 2024, the conversion price of the Series A-3 Preferred Stock was adjusted to $2.38 and the conversion price of the Series A-4 Preferred Stock was adjusted to $3.47.

Redemption by the Holders / Automatic Conversion. On July 1, 2026, holders of the Series A-3 and Series A-4 shall be entitled to cause the Company to redeem the Series A-3 and Series A-4 at the accrued value per share plus accrued but unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4). Each share of Series A-3 and Series A-4 that is not so redeemed will be automatically converted into shares of the Company's common stock at the Conversion Price then in effect.
Upon a change of control (as defined in each Certificate of Designation) holders of the Series A-3 and Series A-4 shall be entitled to cause the Company to redeem their shares of Series A-3 and Series A-4 at a price per share of Series A-3 and Series A-4 equal to the greater of (i) the accrued value of the Series A-3 and Series A-4, plus any accrued and unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4 Preferred Stock), and (ii) the value that would be received if the share of Series A-3 and Series A-4 were converted into shares of the Company's common stock immediately prior to the change of control.

Redemption by the Company / "Company Call Option". At any time, the Company may redeem the Series A-3/Series A-4, in whole but not in part, at a price per share generally equal to 150% of the accrued value per share, plus accrued but unpaid dividends (to the extent not included in the accrued value of the Series A-3/Series A-4), subject to the holder's right to convert prior to such redemption.

Forced Conversion. The Company may force conversion of the Series A-3 and Series A-4 into shares of the Company's common stock if the common stock's thirty-day VWAP exceeds 150% of the then-applicable Conversion Price and the common stock’s daily VWAP exceeds 150% of the then-applicable Conversion Price for at least 20 trading days out of the thirty trading day period used to calculate the 30-day VWAP. In the event of a forced conversion, the holders of Series A-3 and Series A-4 will have the ability to elect cash settlement in lieu of conversion if certain market liquidity thresholds for the Company's common stock are not achieved.

Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company (any such event, a “Liquidation Event”), the holders of Series A-3 and Series A-4 will be entitled to receive per share the greater of (i) the accrued value of the Series A-3 and Series A-4, plus any accrued and unpaid dividends (to the extent not included in the accrued value of Series A-3 and Series A-4), and (ii) the value that would be received if the share of Series A-4 and Series A-4 were converted into shares of the Company's common stock immediately prior to such occurrence. The Series A-3 and Series A-4 will rank junior to any existing or future indebtedness but senior to the Company's common stock and any future equity securities other than any future senior or pari passu preferred stock issued in compliance with each Certificate of Designation. The Series A-3 Preferred Stock and the Series A-4 Preferred Stock rank at parity.

Voting Rights. Except as required by applicable law, the holders of the shares of the Series A-3 and Series A-4 will be entitled to vote on an as-converted basis with the holders of the Company’s common stock on all matters submitted to a vote of the holders of the Company's common stock with the holders of Series A-3 Preferred Stock and Series A-4 Preferred Stock on certain matters, and separately as a class on certain limited matters.

Consent Rights. For so long as any of the Series A-3 and Series A-4 is outstanding, consent of the holders of shares representing at least 75% of certain of the Series A-3 and Series A-4 then outstanding is required for certain material actions.

Participation Rights. Pursuant to the securities purchase agreements entered into with the initial purchasers of the Series A-3 Preferred Stock and the Series A-4 Preferred Stock, subject to meeting certain ownership thresholds, certain purchasers of the Series A-3 Preferred Stock and the Series A-4 Preferred Stock are entitled to participate, on a pro-rata basis in accordance with their ownership percentage, determined on an as-converted basis, in issuances of equity and equity linked securities by the Company. In addition, subject to meeting certain ownership thresholds, certain initial purchasers of the Series A-3 Preferred Stock and the Series A-4 Preferred Stock will be entitled to participate in issuances of preferred securities and in debt transactions of the Company.

As of December 31, 2023, the Series A-3 Preferred Stock and Series A-4 Preferred Stock were convertible into 1,740,700 and 1,875,533 shares, respectively of INNOVATE's common stock. As a result of the Rights Offering and Concurrent Private Placement in 2024, and due to the anti-dilution provisions contained in the terms of the Series A-3 Preferred Stock and Series A-4 Preferred Stock, the conversion prices were adjusted, and as of June 30, 2024, the Series A-3 Preferred Stock and Series A-4 Preferred Stock were convertible into 2,569,858 and 2,881,761, respectively, of INNOVATE's common stock.

Series A-3 and Series A-4 Preferred Share Dividends

During the six months ended June 30, 2024 and 2023, INNOVATE's Board of Directors (the "Board") declared cash dividends with respect to INNOVATE's issued and outstanding Series A-3 Preferred Stock and Series A-4 Preferred Stock, as presented in the following tables (in millions):

2024

Declaration Date and Holders of Record Date	March 31, 2024	June 30, 2024
Payment Date	April 15, 2024	July 15, 2024
Total Dividend	$ 0.3	$ 0.3

2023

Declaration Date and Holders of Record Date	March 31, 2023	June 30, 2023
Payment Date	April 17, 2023	July 14, 2023
Total Dividend	$ 0.3	$ 0.3

DBMGi Series A Preferred Stock

Issuance. On November 30, 2018, CGIC purchased 40,000 shares of DBM Global Intermediate Holdco Inc.'s Series A Fixed-to-Floating Rate Perpetual Preferred Stock (the "DBMGi Series A Preferred Stock"), which was then eliminated in consolidation. DBM Global Intermediate Holdco Inc. ("DBMGi") is 100% owned by INNOVATE and owns 91.2% of DBMG. On July 1, 2021, as a part of the sale of CGIC, which resulted in the deconsolidation of the entity, the Company was deemed to have issued $40.9 million of DBMGi Series A Preferred Stock to the then deconsolidated CGIC. Upon the deemed issuance of the DBMGi Series A Preferred Stock on July 1, 2021, the DBMGi Series A Preferred Stock was classified as temporary equity in the Company's Consolidated Balance Sheet. There are 500,000 shares with a par value of $0.001 each authorized for issuance. Subsequent to the issuance of the DBMGi Series A Preferred Stock, 1,820.25 shares were issued as payment in kind for dividends, resulting in a total of 41,820.25 shares of DBMGi's Series A Preferred Stock outstanding.

Redemption. The DBMGi Series A Preferred Stock was redeemable at any time, in whole or in part, at the option of the Company, or at any time or by the holder prior to July 2026. On March 15, 2023, DBMGi received a redemption notice from CGIC requesting that DBMGi redeem 41,820.25 shares of DBMGi Series A Preferred Stock, representing all of the issued and outstanding shares of DBMGi Series A Preferred Stock, within 60 days of the notice, or by May 15, 2023. On May 9, 2023, the Company entered into a Stock Purchase Agreement and Subordinated Unsecured Promissory Note with CGIC whereby INNOVATE purchased the 41,820.25 shares of DBMGi Series A Preferred Stock for full satisfaction of the redemption notice. In full consideration of the DBMGi Series A Preferred Stock as well as the accrued dividend of $0.4 million, the Company paid CGIC $7.1 million on May 9, 2023, and issued a subordinated unsecured promissory note to CGIC in the principal amount of $35.1 million. The promissory note is due February 28, 2026, and bore interest at 9.0% per annum through May 8, 2024, bears interest at 16.0% per annum from May 9, 2024 to May 8, 2025, and 32.0% per annum thereafter. Refer to Note 11. Debt Obligations for additional information on the promissory note.

The DBMGi Series A Preferred Stock was measured each reporting period at its maximum redemption value, which was equal to the stated value plus all accrued, accumulated and unpaid dividends as of the end of each reporting period, as they were currently redeemable. The carrying amount as of May 9, 2023 was $41.8 million as well as the accrued dividend of $0.4 million and, subsequently, there was no gain or loss on the purchase of the DBMGi Series A Preferred Stock from CGIC.

Dividends. The DBMGi Series A Preferred Stock accrued a cumulative quarterly cash or payment in kind dividend at a rate of (a) for the first five years following the date of issuance, (i) 9.00% per annum if dividends are paid in kind or (ii) 8.25% per annum if dividends are paid in cash and (b) starting on the fifth anniversary of the date of issuance, a rate per annum equal to (i) LIBOR (as defined in the Certificate of Designation) plus a spread of 5.85% (together, the "LIBOR Rate") per annum, plus 0.75% if dividends are paid in kind or (ii) the LIBOR Rate per annum in the case of dividends paid in cash. Subsequent to the transition away from LIBOR beginning in 2023, the Certificate of Designation allows for a LIBOR Successor Rate, which allows the Company to reasonably determine an alternate benchmark rate (including any mathematical or other adjustments to the benchmarks (if any) incorporated therein) giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such alternative benchmarks. Subsequent to May 9, 2023, the date that INNOVATE purchased the DBMGi Series A Preferred Stock, the dividends were eliminated on consolidation.

During the six months ended June 30, 2023, DBMGi's Board of Directors declared dividends with respect to DBMGi's issued and outstanding DBMGi Series A Preferred Stock. The dividend paid on April 17, 2023 was paid in cash. No dividend was declared during the three months ended June 30, 2023; however, in connection with the Stock Purchase Agreement entered into with CGIC on May 9, 2023, an equivalent amount to the dividends that had accrued through May 8, 2023 was paid to CGIC on May 9, 2023 as part of the purchase price: $0.1 million was paid in cash and $0.3 million was included in the principal amount of the new unsecured note that was issued on May 9, 2023. The dividend that accrued for the remaining portion of that period was eliminated on consolidation subsequent to the purchase. The declared dividends and equivalent amounts paid during the six months ended June 30, 2023 are presented in the following table (in millions):

Declaration Date and Holders of Record Date	March 31, 2023	May 9, 2023
Payment Date	April 17, 2023	May 9, 2023
Total Dividend	$ 0.9	$ 0.4

R2 Technologies Non-Controlling Interests

The Company has non-redeemable and redeemable non-controlling interests related to R2 Technologies in the form of common stock and in the form of convertible preferred stock that is redeemable upon the occurrence of a change in control, as defined in the respective agreements. If an event is not solely within the control of the Company, it is classified outside of permanent equity in the mezzanine section of the Company's Consolidated Balance Sheets. The Company adjusts the carrying value of the non-controlling interests based on an allocation of subsidiary earnings (losses) based on ownership interests. As of June 30, 2024, and December 31, 2023, it was not deemed probable that the amounts relating to convertible preferred stock in non-controlling interests will become redeemable as no change in control has occurred or is expected to occur; therefore, no additional adjustments or remeasurements were required under ASC 480-10, *Distinguishing Liabilities from Equity.*

On June 20, 2024, Pansend closed on a new Series D Preferred Stock ("Series D") investment in R2 Technologies. As part of the transaction, R2 Technologies converted $15.5 million of intercompany notes with Pansend into Series D shares. The total converted amount of $15.5 million consisted of $13.7 million in principal amount and $1.8 million of accrued interest owed to Pansend, which were eliminated in consolidation. Pansend also invested an additional $5.8 million of cash into R2 Technologies in exchange for $5.8 million of Series D shares for a total new additional investment of $21.3 million. Subsequent to the transaction and as of June 30, 2024, Pansend's ownership in R2 Technologies increased to 81.4% as compared to 56.8% prior to the transaction. As of December 31, 2023, Pansend's ownership in R2 Technologies was 56.6%.

As a result of the allocation of losses in accordance with ASC 810, *Consolidation*, the redeemable non-controlling interest related to R2 Technologies was negative $0.3 million and negative $1.0 million as of June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024 and December 31, 2023, the Company had negative $2.8 million and negative $10.5 million, respectively, of R2 Technologies non-controlling interests reflected within Non-controlling interests within the Consolidated Balance Sheets.

Liquidation Preference

R2 Technologies has issued multiple A, B, C, and D-series participating convertible preferred stock (the "R2 Technologies Preferred Shares"), all of which contain a liquidation preference. In the event of a liquidation event, each Preferred Share has a liquidation preference to be paid out of the assets legally available for distribution, which entitles the holder of each series A, series C, and series D R2 Technologies Preferred Share to receive, before any payments to holders of junior securities, the sum of the following: (i) the accrued value in cash; (ii) all accrued and unpaid dividends, including basic dividends and accreting dividends, if any, and (iii) an amount, in cash or otherwise, equivalent to what the holder would receive if they had converted the R2 Technologies Preferred Shares into R2 Technologies common stock or reference property just before the liquidation event. Series B R2 Technologies Preferred Shareholders would be entitled to receive, before any payments to holders of junior securities, the greater of (i) the sum of (A) the accrued value in cash, plus (B) all accrued and unpaid dividends, including basic dividends and accreting dividends, if any, or (ii) an amount, in cash or otherwise, equivalent to what the holder would receive if they had converted the R2 Technologies Preferred Shares into R2 Technologies common stock or reference property just before the liquidation event.

If the assets of R2 Technologies legally available for distribution are insufficient to pay these obligations in full, R2 Technologies Preferred Shareholders and holders of any parity securities share the remaining assets in proportion to the full respective amounts to which they are entitled. After receiving the full liquidation preference, R2 Technologies Preferred Shareholders have no further claim to R2 Technologies' assets, except for any new securities or instruments received as part of the liquidation preference. The value of non-cash assets distributed equals their fair market value on the distribution date. No holder of junior securities receives any payment unless the entire liquidation preference of R2 Technologies Preferred Shares is paid. If there is insufficient cash to pay the entire liquidation preference and any liquidation preference in respect of any parity securities in full in cash upon a liquidation event, R2 Technologies Preferred Shareholders and parity securities holders will share available cash proportionally.

R2 Technologies' total liquidation preference upon a hypothetical liquidation event, including the liquidation preference for Pansend Life Sciences, LLC, was $138.1 million and $112.3 million as of June 30, 2024 and December 31, 2023, respectively, of which $49.9 million and $48.0 million as of June 30, 2024 and December 31, 2023, respectively, was attributable to redeemable and non-redeemable non-controlling interests, inclusive of initial preferred stock and unpaid accreted dividends. However, as of both June 30, 2024 and December 31, 2023, R2 Technologies had negative net assets after consideration of intercompany and third party debt, and, therefore, there would be no legally available funds to satisfy such liquidation preferences upon a hypothetical liquidation event.

Stockholders' Rights Agreement - Tax Benefits Preservation Plan

On May 6, 2024, the Company terminated its Tax Benefits Preservation Plan entered into on April 1, 2023 (the "2023 Preservation Plan") because the Company's Board of Directors determined that the 2023 Preservation Plan was no longer necessary or desirable for the preservation of the Company's ability to use its tax net operating losses and other certain tax assets. In connection with the termination of the 2023 Preservation Plan, the Company will be taking routine actions to deregister the related preferred stock purchase rights under the Securities Exchange Act of 1934, and to delist the preferred stock purchase rights from the NYSE. These actions are administrative in nature and will have no effect on the Company's common stock, which will continue to be listed on the NYSE.

16. Related Parties

Non-Operating Corporate

During the first quarter of 2024, in connection with the Rights Offering, the Company entered into an Investment Agreement with Lancer Capital, an entity controlled by Avram A. Glazer, pursuant to which Lancer Capital agreed to the Backstop Commitment to purchase up to $19.0 million of Series C Preferred Stock in connection with the Rights Offering and to purchase $16.0 million of Series C Preferred Stock in a Concurrent Private Placement, of which $25.0 million would be purchased before the closing of the Rights Offering if the Rights Offering did not close by March 28, 2024. As a result of the extension of the Rights Offering, on March 28, 2024, Lancer Capital funded the equity advance of $25.0 million to the Company and received 25,000 shares of Series C Preferred Stock. As a result, Lancer Capital's beneficial ownership increased from 29.1% as of March 5, 2024 immediately prior to the start of the Rights Offering to 48.8% as of March 31, 2024. On April 24, 2024, as a result of the closing of the Rights Offering and Concurrent Private Placement, Lancer Capital purchased an additional approximately 6,286 shares of Series C Preferred Stock for $6.3 million, increasing Lancer Capital's beneficial ownership to 52.1%. On June 18, 2024, the Company held its annual shareholder meeting where the Company's shareholders approved the conversion of the Series C Preferred Stock into common stock. As a result, approximately 31,286 Series C Preferred Stock held by Lancer Capital were converted into 44,693,895 of INNOVATE's common stock. Refer to Note 15. Equity and Temporary Equity for additional information.

Lancer Capital held $2.0 million of principal amount of the Company's $51.8 million 7.5% 2026 Convertible Notes, as of both June 30, 2024 and December 31, 2023. As of June 30, 2024, the $2.0 million in 7.5% notes are convertible into 468,594 shares of common stock of INNOVATE Corp. Refer to Note 11. Debt Obligations for additional information on the 2026 Convertible Notes. During the three and six months ended June 30, 2024 and 2023, Lancer Capital earned $37.5 thousand and $75.0 thousand, respectively, in interest relating to these notes.

On May 9, 2023, the Company entered into a Stock Purchase Agreement and Subordinated Unsecured Promissory Note with CGIC, a significant shareholder, in the principal amount of $35.1 million. As a result of the closing of the Rights Offering which closed on April 24, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note on April 26, 2024. Refer to Note 11. Debt Obligations and Note 15. Equity and Temporary Equity for additional information.

In December 2023, the Company had entered into a sublease agreement for a special purpose space with PBCIC, a Florida not-for-profit corporation and related party to Avram A. Glazer, the Chairman of INNOVATE's Board of Directors and a significant shareholder, who is also on the board of directors of PBCIC. In March 2024, the Company assigned this lease to an entity controlled by Mr. Glazer. In addition, in March 2024, the Company assigned a lease for office space to an entity controlled by Mr. Glazer. Refer to Note 9. Leases for additional information.

In September 2018, the Company entered into a 75-month lease for office space which expires in December 2024. As part of the agreement, INNOVATE was able to pay a lower security deposit and lease payments, and received favorable lease terms as consideration for landlord required cross default language in the event of default of the shared space leased by Harbinger Capital Partners, a company controlled by a former CEO of INNOVATE and formerly a related party, in the same building. With the adoption of ASC 842, *Leases*, as of January 1, 2019, this lease was recognized as a right-of-use asset and lease liability on the Consolidated Balance Sheets.

Infrastructure

Banker Steel previously leased two planes from Banker Aviation, LLC, a former related party and entity that is owned by Donald Banker, who was the CEO of Banker Steel until December 2023. Both leases had been terminated by the fourth quarter of 2023. For the three and six months ended June 30, 2023, DBMG incurred related lease expenses of $0.3 million and $0.7 million, respectively.

DBMG and Banker Steel, jointly and severally, had a subordinated 4.0% note payable to Banker Steel's former owner, in which Donald Banker's family trust has a 25% interest, and jointly and severally also had a subordinated 8.0% note payable to Donald Banker's family trust, the latter of which was fully paid off in December 2023. The 4.0% note and associated accrued interest matured on March 31, 2024, and was fully redeemed on April 2, 2024. During the six months ended June 30, 2024, DBMG made $5.0 million in scheduled principal payments on the 4.0% note. DBMG incurred aggregate interest expense related to these notes of zero and $0.4 million, for the three months ended June 30, 2024 and 2023, respectively and $25 thousand and $0.9 million for the six months ended June 30, 2024 and 2023, respectively. Accrued interest was $0.1 million as of December 31, 2023.

Life Sciences

As of June 30, 2024 and December 31, 2023, R2 Technologies had $21.7 million and $17.4 million, respectively, in principal amount of 20.0% senior secured promissory notes due to Lancer Capital. Refer to Note 11. Debt Obligations for additional information.

R2 Technologies recognized no revenue from sales and profit sharing agreements from a subsidiary of Huadong, a related party of R2 Technologies, for both the three months ended June 30, 2024 and 2023, and $0.2 million for both the six months ended June 30, 2024 and 2023. As of June 30, 2024, related receivables from this subsidiary of Huadong totaled $0.1 million, and there were no related receivables from this subsidiary of Huadong as of December 31, 2023.

Stock compensation and royalty expenses related to Blossom Innovations, LLC, an investor of R2 Technologies since 2014, totaled $0.1 million and zero for the three months ended June 30, 2024 and 2023, respectively, and totaled $0.2 million and $0.1 million, for the six months ended June 30, 2024 and 2023, respectively.

Refer to Note 6. Investments for transactions with equity method investees of the Company.

17. Operating Segments and Related Information

The Company currently has one primary reportable geographic segment - United States, and primarily all revenue is derived in the United States. The Company has three reportable operating segments, plus the Other segment, based on management's organization of the enterprise - Infrastructure, Life Sciences, Spectrum, and Other. The Company also has a Non-Operating Corporate segment. All inter-segment transactions are eliminated on consolidation. There are no inter-segment revenues.

The Company's revenue concentrations of 10% and greater were as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
	Segment	2024	2023	2024	2023
Customer A	Infrastructure	12.7%	27.7%	20.2%	27.9%
Customer B	Infrastructure	10.7%	*	*	*
Customer C	Infrastructure	*	15.8%	*	12.4%

*Less than 10% revenue concentration

Summarized financial information with respect to the Company's operating segments is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Infrastructure	$ 305.2	$ 362.4	$ 613.1	$ 674.1
Life Sciences	1.7	0.7	2.7	1.2
Spectrum	6.2	5.7	12.5	11.4
Total revenue	$ 313.1	$ 368.8	$ 628.3	$ 686.7

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Income (loss) from operations				
Infrastructure	$ 35.5	$ 14.7	$ 44.8	$ 21.0
Life Sciences	(4.0)	(3.9)	(7.2)	(8.3)
Spectrum	0.1	(0.6)	0.3	(1.1)
Other	—	(0.5)	—	(1.9)
Non-Operating Corporate	(2.8)	(3.9)	(6.3)	(7.9)
Total income from operations	$ 28.8	$ 5.8	$ 31.6	$ 1.8

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Reconciliation of the consolidated segment income from operations to consolidated income (loss) from operations before income taxes:				
Income from operations	$ 28.8	$ 5.8	$ 31.6	$ 1.8
Interest expense	(16.5)	(16.3)	(33.7)	(31.9)
Loss from equity investees	(1.1)	(0.3)	(2.3)	(4.3)
Other income (expense), net	0.2	0.3	(1.0)	16.8
Income (loss) from operations before income taxes	$ 11.4	$ (10.5)	$ (5.4)	$ (17.6)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Depreciation and Amortization				
Infrastructure	$ 2.9	$ 4.1	$ 5.9	$ 9.0
Infrastructure recognized within cost of revenue	3.8	4.0	7.8	7.9
Total Infrastructure	6.7	8.1	13.7	16.9
Life Sciences	0.1	0.1	0.2	0.2
Life Sciences recognized within cost of revenue	0.1	0.1	0.1	0.1
Total Life Sciences	0.2	0.2	0.3	0.3
Spectrum	1.3	1.3	2.6	2.6
Non-Operating Corporate	0.1	0.1	0.1	0.1
Total depreciation and amortization	$ 8.3	$ 9.7	$ 16.7	$ 19.9

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Capital Expenditures [*]				
Infrastructure	$ 2.7	$ 4.0	$ 7.9	$ 7.0
Life Sciences	—	0.2	0.1	0.3
Spectrum	0.4	0.3	0.7	0.6
Non-Operating Corporate	—	—	—	0.3
Total	$ 3.1	$ 4.5	$ 8.7	$ 8.2

[*] The above capital expenditures exclude assets acquired under finance lease and other financing obligations.

	June 30, 2024	December 31, 2023
Investments		
Life Sciences	$ 1.8	$ 1.8
Total	$ 1.8	$ 1.8

The Company's equity method investments in the Life Sciences segment included in the table above totaled $0.9 million as of both June 30, 2024 and December 31, 2023.

	June 30, 2024	December 31, 2023
Total Assets		
Infrastructure	$ 660.5	$ 851.4
Life Sciences	14.7	8.3
Spectrum	174.8	176.6
Non-Operating Corporate	48.9	7.3
Total	$ 898.9	$ 1,043.6

18. Basic and Diluted Earnings (Loss) Per Common Share

Earnings (loss) per share ("EPS") is calculated using the two-class method, which allocates earnings among common stock and participating securities to calculate EPS when an entity's capital structure includes either two or more classes of common stock or common stock and participating securities. Unvested share-based payment awards and Series C Preferred Stock that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities. As such, shares of any unvested restricted stock and Series C Preferred Stock of the Company are considered participating securities; however, unvested restricted stock do not participate in losses and, as such, are excluded from the computation of basic earnings (loss) per share during periods of net losses. The dilutive effect, if applicable, of stock options and their equivalents (including non-vested stock issued under stock-based compensation plans), is computed using the "if-converted method" if this measurement is determined to be more dilutive than the treasury stock method in a period.

The Company had no dilutive common stock equivalents during the six months ended June 30, 2024 and the three and six months ended June 30, 2023, due to the results from continuing operations being a loss, net of tax. For the three months ended June 30, 2024, all stock options were excluded from the weighted average number of shares used to calculate diluted loss per share as their inclusion would have been anti-dilutive. For the six months ended June 30, 2024, 912,955 of common stock equivalents from unvested restricted stock were excluded from the weighted average number of shares used to calculate diluted loss per share as their inclusion would have been anti-dilutive. Other instruments that may, in the future, if the average market price of the Company's stock exceeds the conversion prices, have a dilutive effect on earnings per share, but were excluded from the computation of diluted net loss per share for the six months ended June 30, 2024 and for three and six months ended 2023 are: preferred stock, convertible debt and stock options. Refer to Note 14. Share-based Compensation and Note 15. Equity and Temporary Equity for additional information on INNOVATE's equity instruments.

The following table presents a reconciliation of net income (loss) used in the basic and diluted EPS calculations (in millions, except shares and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ 13.9	$ (11.7)	$ (6.2)	$ (19.7)
Net loss attributable to non-controlling interest and redeemable non-controlling interest	0.5	1.8	3.2	0.8
Net income (loss) attributable to INNOVATE Corp.	14.4	(9.9)	(3.0)	(18.9)
Less: Preferred dividends	0.3	0.6	0.6	1.8
Net income (loss) attributable to common stockholders and participating preferred stockholders	$ 14.1	$ (10.5)	$ (3.6)	$ (20.7)
Earnings (loss) allocable to common shares:				
Participating shares at end of period:				
Weighted average common shares outstanding	89,204,850	77,922,241	83,929,228	77,806,010
Unvested restricted stock	1,122,921	—	—	—
Series C Preferred stock	36,530,623	—	19,050,241	—
Total	126,858,394	77,922,241	102,979,469	77,806,010
Percentage of earnings (loss) allocated to:				
Common stock	70.3 %	100.0 %	81.5 %	100.0 %
Unvested restricted stock	0.9 %	— %	— %	— %
Series C Preferred stock	28.8 %	— %	18.5 %	— %
Numerator for earnings (loss) per share				
Net income (loss) attributable to common stock holders, basic	$ 9.9	$ (10.5)	$ (2.9)	$ (20.7)
Effect of assumed shares under the if-converted method for preferred stock, convertible instruments and unvested restricted stock	4.9	—	—	—
Net income (loss) attributable to common stock holders, diluted	$ 14.8	$ (10.5)	$ (2.9)	$ (20.7)
Denominator for earnings (loss) per share:				
Weighted average common shares outstanding - basic	89,204,850	77,922,241	83,929,228	77,806,010
Effect of assumed shares under the if-converted method for preferred stock, convertible instruments and participating unvested restricted stock	55,052,702	—	—	—
Weighted average common shares outstanding - diluted	144,257,552	77,922,241	83,929,228	77,806,010
Earnings (loss) per share				
Basic	$ 0.11	$ (0.13)	$ (0.03)	$ (0.27)
Diluted	$ 0.10	$ (0.13)	$ (0.03)	$ (0.27)

19. Fair Value of Financial Instruments

Fair Value of Financial Instruments Not Measured at Fair Value

The following tables presents the carrying amounts and estimated fair values of the Company's financial instruments, which were not measured at fair value on a recurring basis. The tables exclude carrying amounts for cash and cash equivalents and restricted cash, accounts receivable and contract assets, accounts payable, contract liabilities and other current liabilities, and other assets and liabilities that approximate fair value due to relatively short periods to maturity (in millions):

June 30, 2024			Fair Value Measurement Using:		
	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3
Assets					
Measurement alternative investment [1]	$ 0.9	$ 0.9	$ —	$ —	$ 0.9
Total assets not accounted for at fair value	$ 0.9	$ 0.9	$ —	$ —	$ 0.9
Liabilities					
Debt obligations [2]	$ 687.7	$ 584.3	$ 268.9	$ 315.4	$ —
Total liabilities not accounted for at fair value	$ 687.7	$ 584.3	$ 268.9	$ 315.4	$ —

(1) Refer to Note 6. Investments for additional information.
(2) Excludes lease obligations accounted for under ASC 842, *Leases*.

December 31, 2023			Fair Value Measurement Using:		
	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3
Assets					
Measurement alternative investment [1]	$ 0.9	$ 0.9	$ —	$ 0.9	$ —
Total assets not accounted for at fair value	$ 0.9	$ 0.9	$ —	$ 0.9	$ —
Liabilities					
Debt obligations [2]	$ 707.4	$ 621.8	$ 283.2	$ 338.6	$ —
Total liabilities not accounted for at fair value	$ 707.4	$ 621.8	$ 283.2	$ 338.6	$ —

(1) Refer to Note 6. Investments for additional information.
(2) Excludes lease obligations accounted for under ASC 842, *Leases*.

Debt Obligations. The fair value of the Company's long-term obligations was determined using reporting from externally quoted market prices for INNOVATE's 8.50% 2026 Senior Secured Notes and for INNOVATE's 7.50% Convertible Senior Notes due 2026, which are reflected as Level 1 fair value measurements. All other long-term obligations of the Company are reflected as Level 2 fair value measurements, as this methodology combines direct recent transaction activity or, if available, market observations from contributed sources with quantitative pricing models or fair value reports from valuation providers to generate evaluated prices and are classified as Level 2 fair value measurements. Certain long-term obligations have a fair value estimate equal to their carrying value due to recent transaction activity. The fair value of the debt instruments is disclosed for informational purposes and does not necessarily represent the amount that would be realized upon settlement or transfer.

20. Supplementary Financial Information

Other income (expense), net

The following table provides information relating to Other income (expense), net (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Gain on sale of investment	$ —	$ —	$ —	$ 12.2
Gain on step-up of equity method investment	—	—	—	3.8
Loss on debt extinguishment	—	—	(2.2)	—
Other	0.2	0.3	1.2	0.8
Total other income (expense), net	$ 0.2	$ 0.3	$ (1.0)	$ 16.8

Supplemental Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows (in millions):

	Six Months Ended June 30,	
	2024	2023
Cash and cash equivalents, beginning of the period	$ 80.8	$ 80.4
Restricted cash included in other current assets	0.9	0.3
Restricted cash included in other assets (non-current)	0.6	1.5
Total cash, cash equivalents and restricted cash, beginning of the period	$ 82.3	$ 82.2
Cash and cash equivalents, end of the period	$ 80.2	$ 28.8
Restricted cash included in other current assets	0.9	—
Restricted cash included in other assets (non-current)	0.6	1.4
Total cash and cash equivalents and restricted cash, end of the period	$ 81.7	$ 30.2
Supplemental cash flow information:		
Cash paid for interest	$ 22.7	$ 23.7
Cash paid for income taxes, net of refunds	$ 0.6	$ 6.0
Non-cash investing and financing activities:		
Unsecured note issued in connection with purchase of preferred stock and payment of dividends	$ —	$ 35.1
Accrued interest, exit fees and other fees capitalized into principal debt	$ 4.3	$ —
Property, plant and equipment included in accounts payable or accrued expenses	$ 1.2	$ 1.5

21. Subsequent Events

Refer to Note 11. Debt Obligations for details on the Company's repurchase of $2.9 million principal amount of the 7.5% Convertible Senior Notes subsequent to quarter end.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated annual audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 6, 2024 (the "2023 Annual Report") and the unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section in our 2023 Annual Report as well as the section below entitled "Special Note Regarding Forward-Looking Statements" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Unless the context otherwise requires, in this Quarterly Report on Form 10-Q, "INNOVATE" means INNOVATE Corp. and the "Company," "we" and "our" mean INNOVATE together with its consolidated subsidiaries. "U.S. GAAP" means accounting principles accepted in the United States of America.

Our Business and Our Operations

We are a diversified holding company with principal operations conducted through three operating platforms or reportable segments: Infrastructure ("DBMG"), Life Sciences ("Pansend"), and Spectrum, plus our Other segment, which includes businesses that do not meet the separately reportable segment thresholds.

For additional information on our business, refer to Note 1. Organization and Business to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Cyclical Patterns

Our segments' operations can be highly cyclical. Our volume of business in our Infrastructure segment may be adversely affected by declines or delays in projects, which may vary by geographic region. Project schedules, particularly in connection with large, complex, and longer-term projects can also create fluctuations in the services provided, which may adversely affect us in any given period.

For example, in connection with larger, more complicated projects, the timing of obtaining permits and other approvals may be delayed, and we may need to maintain a portion of our workforce and equipment in an underutilized capacity to ensure we are strategically positioned to deliver on such projects when they move forward.

Examples of other items that may cause our results or demand for our services to fluctuate materially from quarter to quarter include: weather or project site conditions; financial condition of our customers and their access to capital; margins of projects performed during any particular period; rising interest rates and inflation; and economic, political and market conditions on a regional, national or global scale.

Accordingly, our operating results in any particular period may not be indicative of the results that can be expected for any other period.

Recent Developments

We continually evaluate strategic and business alternatives within our operating segments, which may include the following: operating, growing or acquiring additional assets or businesses related to current or historical operations; or winding down or selling our existing operations. In the longer-term, we may evaluate opportunities to acquire assets or businesses unrelated to our current or historical operations. In the event we were to enter into a strategic transaction to sell any of our existing operations, our intention is to use available proceeds from such transaction to address our capital structure at our Non-Operating Corporate and Spectrum segments.

In 2024, including subsequent to the second quarter end, as part of our strategic process, we engaged in several transactions that had or will have an effect on the results of operations and financial condition of our business and individual segments.

Rights Offering and Concurrent Private Placement

On March 8, 2024, the Company commenced a $19.0 million rights offering ("Rights Offering") for its common stock. Pursuant to the Rights Offering, the Company distributed to each holder of the Company's common stock, Series A-3 Convertible Participating Preferred Stock, Series A-4 Convertible Participating Preferred Stock and the 2026 Convertible Notes as of March 6, 2024 (the "rights offering record date"), transferable subscription rights to purchase 0.2858 shares of the Company's common stock at a price of $0.70 per whole share.

Per the concurrent investment agreement entered into with Lancer Capital (the "Investment Agreement"), the Rights Offering was backstopped by Lancer Capital, an investment fund led by Avram A. Glazer, the Chairman of the Board and the Company's largest stockholder. Due to limitations on the common stock that can be issued to Lancer Capital under the rules of the New York Stock Exchange ("NYSE"), in lieu of exercising its subscription rights, pursuant to the Investment Agreement, Lancer Capital would purchase up to $19.0 million of the Company's newly issued Series C Non-Voting Participating Convertible Preferred Stock (the "Series C Preferred Stock"), for an issue price of $1,000 per share. In connection with the backstop commitment, and as a result of limitations in the amount common equity that can be raised under the Company's effective shelf registration statement on Form S-3, Lancer Capital also agreed to purchase an additional $16.0 million of Series C Preferred Stock in a private placement transaction ("Concurrent Private Placement") which was to close concurrently with the settlement of the Rights Offering. Lancer Capital did not receive any compensation or other consideration for entering into or consummating the Investment Agreement.

As the Rights Offering had not yet settled by March 28, 2024, in accordance with the Investment Agreement, Lancer Capital purchased $25.0 million of Series C Preferred Stock, referred to as the "equity advance." On April 24, 2024, the Company completed and closed on the Rights Offering and issued a total of 5,306,105 shares of common stock for $3.7 million. Based on the number of shares of common stock actually sold upon exercise of the rights to third party investors, there were no excess shares of Series C Preferred Stock purchased by Lancer Capital under the equity advance that the Company was required to redeem, and Lancer Capital purchased an additional approximately 6,286 Series C Preferred Stock for $6.3 million under the backstop commitment. In total, the Company received $35.0 million in aggregate gross proceeds related to the Rights Offering and Concurrent Private Placement and incurred $1.8 million in dealer manager fees and other related costs which have been capitalized into Additional paid in capital ("APIC"). INNOVATE expects to use the net proceeds from the Rights Offering for general corporate purposes, including debt service and for working capital. In addition, as a result of the closing of the Rights Offering and Concurrent Private Placement, a mandatory prepayment was required on the CGIC Unsecured Note, and consequently, on April 26, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note.

Under the rules of the NYSE, because the shares purchased by Lancer Capital were greater than 20% of the Company's common stock outstanding before the issuance of the Series C Preferred Stock, those shares of Series C Preferred Stock were not allowed to be converted until stockholder approval of such issuance was obtained. On June 18, 2024, the Company held its annual shareholder meeting where Company's shareholder's approved the conversion of the Series C Preferred stock into common stock. As a result, approximately 31,286 Series C Preferred Stock, held by Lancer Capital, were converted into 44,693,895 of INNOVATE's common stock. See Note 15. Equity and Temporary Equity for additional information.

The Company waived its Tax Benefits Preservation Plan to permit persons exercising rights to acquire 4.9% or more of the outstanding common stock upon the exercise thereof without becoming an Acquiring Person (as defined in the Tax Benefits Preservation Plan).

INNOVATE expects to use the net proceeds from the Rights Offering for general corporate purposes, including debt service and for working capital. As a result of the closing of the Rights Offering and Concurrent Private Placement, a mandatory prepayment was required on the CGIC Unsecured Note, in the amount of the greater of $3.0 million or 12.5% of the net proceeds. On April 26, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note.

Stockholders' Rights Agreement - Tax Benefits Preservation Plan

On May 6, 2024, the Company terminated its Tax Benefits Preservation Plan entered into on April 1, 2023 (the "2023 Preservation Plan") because the Company's Board of Directors determined that the 2023 Preservation Plan was no longer necessary or desirable for the preservation of the Company's ability to use its tax net operating losses and other certain tax assets. In connection with the termination of the 2023 Preservation Plan, the Company took routine actions to deregister the related preferred stock purchase rights under the Securities Exchange Act of 1934, and to delist the preferred stock purchase rights from the NYSE. These actions are administrative in nature and will have no effect on the Company's common stock, which will continue to be listed on the NYSE.

Debt Obligations and Financing

In addition to the Rights Offering and Concurrent Private Placement at the Non-Operating Corporate segment discussed above, during 2024 thus far, we have refinanced some of our debt and obtained new capital financing at the subsidiary level. This financing helped us provide needed capital for our operations and the operations of our subsidiaries.

Infrastructure

DBMG and Banker Steel, jointly and severally, had a subordinated 4.0% note payable to Banker Steel's former owner, in which Donald Banker's family trust has a 25% interest, and jointly and severally also had a subordinated 8.0% note payable to Donald Banker's family trust, the latter of which was fully paid off in December 2023. During the six months ended June 30, 2024, DBMG made $5.0 million in scheduled payments on the 4.0% note. The 4.0% note matured on March 31, 2024 and was fully redeemed on April 2, 2024.

On June 28, 2024, DBM and UMB entered into the Third Amendment to the UMB Credit Agreement. The amendment adds an incremental separate term loan of $25.0 million to the existing credit facility, with the same interest rate as the Revolving Line with UMB and the same maturity date as the initial $78.0 million UMB term loan.

Life Sciences

R2 Technologies had various short-term notes with Lancer Capital, which expired on January 31, 2024, and effective January 31, 2024, a new 20% note with an aggregate original principal amount of $20.0 million was issued, which was comprised of all prior outstanding principal amounts and unpaid accrued interest of $2.6 million which was capitalized into the new principal balance.

The new 20% note also includes an exit fee payable upon the earliest of the maturity date, the acceleration date of the principal amount of the note, for any reason as defined in the agreement, or the date upon which any prepayment is made. As a result of the addition of the exit fee effective January 31, 2024, the transaction was determined to be an extinguishment of debt under ASC 470-50, *Debt - Modifications and Extinguishments,* and the exit fee payable to the existing lender of $2.2 million was included as a loss on debt extinguishment within Other income (expense), net in the Condensed Consolidated Statement of Operations. As of June 30, 2024, the accrued exit fee was $2.2 million and was included within Accrued liabilities on the Condensed Consolidated Balance Sheet.

Interest on the new note accrues at 20% per annum and is payable monthly in arrears, in cash or, if not paid in cash, accrued and unpaid interest is capitalized monthly into the principal balance. Interest expense related to the note(s) with Lancer Capital was $1.0 million and $0.7 million for the three months ended June 30, 2024 and 2023, respectively, and was $1.9 million and $1.2 million for the six months ended June 30, 2024 and 2023, respectively. In accordance with the note agreement, all unpaid accrued interest of $1.7 million which was incurred subsequent to January 31, 2024, was capitalized into the principal balance during the six months ended June 30, 2024, and there was no amount reflected within accrued interest payable as of June 30, 2024. As of December 31, 2023, accrued interest payable, which had not yet been capitalized into the principal balance, was $2.4 million.

The original maturity date of the new $20.0 million note was April 30, 2024, or within five business days of the date on which R2 Technologies receives an aggregate $20.0 million from the consummation of a debt or equity financing or has a change in control, as defined in the agreement, with an optional prepayment of the entire then-outstanding and unpaid principal and accrued interest upon five-days written notice to Lancer Capital. The note has subsequently been further extended to December 31, 2024. The exit fee as of June 30, 2024, as amended, is equal to 10.88% of the principal amount being repaid and increases by 0.17% each month thereafter until maturity. Beginning July 31, 2024, if all outstanding amounts pursuant to the note are not prepaid in full, an additional exit fee of $1.0 million will be payable, increasing by $1.0 million each month until maturity. The Company shall pay the additional exit fee on the earliest of the maturity date, the date of the acceleration of the principal amount of the note for any reason or, if any portion of the note is prepaid at any time, the date of such prepayment of the note. Refer to Note 11. Debt Obligations of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference for additional information on R2 Technologies' debt obligations.

Non-Operating Corporate

On May 6, 2024, the Company and MSD extended the maturity date of its Revolving Line of Credit from March 16, 2025 to May 16, 2025.

Subsequent to quarter end, we repurchased $2.9 million principal amount of our 2026 Convertible Notes at a market discount for $1.1 million, which is inclusive of accrued interest of $0.1 million.

Equity Method Investments

During the first quarter of 2024, MediBeacon issued to Pansend an aggregate $1.2 million of 12% convertible notes payable, increasing Pansend's total outstanding principal receivable to $10.9 million. During the second quarter of 2024, MediBeacon issued an aggregate $1.1 million of 12% convertible notes to Pansend, increasing the total outstanding principal due to Pansend to $12.0 million.

As a result of these note issuances by MediBeacon during the three and six months ended June 30, 2024, Pansend recognized $1.1 million and $2.3 million, respectively, of equity method losses which were previously unrecognized because Pansend's carrying amount of its investment in MediBeacon had been previously reduced to zero.

As of June 30, 2024, Pansend's carrying amount of its investment in MediBeacon remains at zero, inclusive of the $12.0 million in convertible notes which have been offset against recognized losses, and has cumulative unrecognized equity method losses relating to MediBeacon of $9.4 million.

Financial Presentation Background

In the below section within this Management’s Discussion and Analysis of Financial Condition and Results of Operations, we compare, pursuant to U.S. GAAP and SEC disclosure rules, the Company’s results of operations for the three and six months ended June 30, 2024 as compared to the three and six months ended June 30, 2023.

Results of Operations

The following table summarizes our results of operations (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Revenue						
Infrastructure	$ 305.2	$ 362.4	$ (57.2)	$ 613.1	$ 674.1	$ (61.0)
Life Sciences	1.7	0.7	1.0	2.7	1.2	1.5
Spectrum	6.2	5.7	0.5	12.5	11.4	1.1
Total revenue	$ 313.1	$ 368.8	$ (55.7)	$ 628.3	$ 686.7	$ (58.4)
Income (loss) from operations						
Infrastructure	$ 35.5	$ 14.7	$ 20.8	$ 44.8	$ 21.0	$ 23.8
Life Sciences	(4.0)	(3.9)	(0.1)	(7.2)	(8.3)	1.1
Spectrum	0.1	(0.6)	0.7	0.3	(1.1)	1.4
Other	—	(0.5)	0.5	—	(1.9)	1.9
Non-Operating Corporate	(2.8)	(3.9)	1.1	(6.3)	(7.9)	1.6
Total income from operations	$ 28.8	$ 5.8	$ 23.0	$ 31.6	$ 1.8	$ 29.8
Interest expense	(16.5)	(16.3)	(0.2)	(33.7)	(31.9)	(1.8)
Loss from equity investees	(1.1)	(0.3)	(0.8)	(2.3)	(4.3)	2.0
Other income (expense), net	0.2	0.3	(0.1)	(1.0)	16.8	(17.8)
Income (loss) from operations before income taxes	$ 11.4	$ (10.5)	$ 21.9	$ (5.4)	$ (17.6)	$ 12.2
Income tax benefit (expense)	2.5	(1.2)	3.7	(0.8)	(2.1)	1.3
Net income (loss)	$ 13.9	$ (11.7)	$ 25.6	$ (6.2)	$ (19.7)	$ 13.5
Net loss attributable to non-controlling interests and redeemable non-controlling interests	0.5	1.8	(1.3)	3.2	0.8	2.4
Net income (loss) attributable to INNOVATE Corp.	$ 14.4	$ (9.9)	$ 24.3	$ (3.0)	$ (18.9)	$ 15.9
Less: Preferred dividends	0.3	0.6	(0.3)	0.6	1.8	(1.2)
Net income (loss) attributable to common stockholders and participating preferred stockholders	$ 14.1	$ (10.5)	$ 24.6	$ (3.6)	$ (20.7)	$ 17.1

Revenue: Revenue for the three months ended June 30, 2024 decreased $55.7 million to $313.1 million from $368.8 million for the three months ended June 30, 2023. Revenue for the six months ended June 30, 2024 decreased $58.4 million to $628.3 million from $686.7 million for the six months ended June 30, 2023. The decreases were driven by our Infrastructure segment, which was partially offset by increases at our Life Sciences and Spectrum segments. The decrease at our Infrastructure segment was primarily driven by the timing and size of projects at Banker Steel and DBMG's commercial structural steel fabrication and erection business, both of which had increased activity in the comparable period on certain large commercial construction projects that are now at or near completion in the current period. This was partially offset by an increase at the industrial maintenance and repair business as a result of an increase in project work. The increase at our Life Sciences segment was primarily due to incremental unit sales from the launch of the Glacial fx system in the second half of 2023 and an increase in Glacial Rx units sold compared to the prior year period. The increase at our Spectrum segment was primarily driven by network launches and expanded coverage with existing customers.

Income from operations: Income from operations for the three months ended June 30, 2024 increased $23.0 million to $28.8 million from $5.8 million for the three months ended June 30, 2023. The increase was due to a net increase in gross profit of $13.0 million, an increase in other operating income of $10.6 million and a decrease in depreciation and amortization of $1.2 million, which was partially offset by an increase in selling, general and administrative ("SG&A") expenses of $1.8 million. The increase in gross profit was primarily driven by our Infrastructure segment due to timing and size of projects that are now at or near completion in the current period, including the effect of changes in estimated costs to complete those projects recognized in the ordinary course of business, and, to a lesser extent, our Spectrum and Life Sciences segments. The overall increase in other operating income was driven by our Infrastructure segment primarily as a result of a gain on lease modification and a gain on the sale of various properties in the current period. The overall decrease in depreciation and amortization was primarily driven by our Infrastructure segment, as certain customer contract intangibles became fully amortized in the second quarter of 2023. The overall increase in SG&A expenses was primarily driven by our Infrastructure segment which saw increases in compensation-related expenses and accounting-related costs, which were partially offset by a decrease in legal and consulting fees, and facility-related expenses at our Infrastructure segment and a decrease in SG&A expenses at our Non-Operating Corporate segment primarily driven by decreases in compensation-related expenses, including reductions in bonus and stock compensation expense due to headcount changes, and a decrease in legal fees.

Income from operations for the six months ended June 30, 2024 increased $29.8 million to $31.6 million from $1.8 million for the six months ended June 30, 2023. The increase was due to a net increase in gross profit of $18.0 million, an increase in other operating income of $8.3 million, a decrease in depreciation and amortization of $3.1 million and a decrease in SG&A expenses of $0.4 million. The increase in gross profit was primarily driven by our Infrastructure segment due to timing and size of projects that are now at or near completion in the current period, including the effect of changes in estimated costs to complete those projects recognized in the ordinary course of business, and, to a lesser extent, our Spectrum and Life Sciences segments. The overall increase in other operating income was driven by our Infrastructure segment primarily as a result of a gain on lease modification and a gain on the sale of various properties in the current period, which was partially offset by a loss on disposal related to a plant closure in the first quarter of 2024. The overall decrease in depreciation and amortization was primarily driven by our Infrastructure segment, as certain customer contract intangibles became fully amortized in the second quarter of 2023. The overall decrease in SG&A was driven by unrepeated transaction expenses related to the sale of New Saxon's 19% investment in HMN in the comparable period, a decrease in compensation-related expenses at our Non-Operating Corporate and Spectrum segments, a decrease in consulting fees at our Non-Operating Corporate segment, a decrease in legal fees and facility-related expenses at our Infrastructure segment, and cost reduction initiatives at R2 Technologies, which was partially offset by an increase in compensation-related expenses at our Infrastructure segment.

Interest expense: Interest expense for the three months ended June 30, 2024 increased $0.2 million to $16.5 million from $16.3 million for the three months ended June 30, 2023. Interest expense for the six months ended June 30, 2024, increased $1.8 million to $33.7 million from $31.9 million for the six months ended June 30, 2023. The increases were primarily attributable to higher outstanding principal balances at our Non-Operating Corporate and Life Sciences segments as a result of new debt issued subsequent to the comparable period. This was partially offset by our Infrastructure segment due to a net decrease in outstanding principal balances.

Loss from equity investees: Loss from equity investees for the three months ended June 30, 2024 increased $0.8 million to $1.1 million from $0.3 million for the three months ended June 30, 2023. The increase in loss was due to an increase in losses from MediBeacon as a result of additional convertible note investments in MediBeacon by Pansend during the three months ended June 30, 2024, which increased Pansend's basis in MediBeacon by $1.1 million and Pansend recognized $1.1 million of equity method losses which were previously unrecognized. Pansend made no convertible note investments during the comparable period. The increase in loss from equity investees was partially offset by decrease in loss as a result of the partial sale of Triple Ring subsequent to the comparable period, which resulted in our investment in Triple Ring no longer being accounted for under the equity method of accounting. Thus, no equity method losses were recognized in the current period.

Loss from equity investees for the six months ended June 30, 2024 decreased $2.0 million to $2.3 million from $4.3 million for the six months ended June 30, 2023. The decrease in loss was primarily due to a reduction in losses from MediBeacon, primarily due to an unrepeated equity transaction with Huadong in the comparable period, which resulted in a $3.8 million increase in Pansend's basis in MediBeacon and a corresponding $3.8 million of additional equity method losses that were previously unrecognized. However, during the six months ended June 30, 2024, as a result of additional convertible note investments in MediBeacon by Pansend, Pansend's basis in MediBeacon increased by $2.3 million and Pansend recognized $2.3 million of equity method losses which were previously unrecognized. As of both June 30, 2024 and 2023, Pansend's net carrying amount of its investment in MediBeacon was zero, and Pansend had unrecognized losses from this investment. Additionally contributing to the decrease in equity loss was our previous investment in HMN, which was sold on March 6, 2023 and had losses for the approximately two months of ownership in 2023. Also contributing to the decrease in loss from equity investees was the partial sale of Triple Ring subsequent to the comparable period, which resulted in our investment in Triple Ring no longer being accounted for under the equity method of accounting. Thus, no equity method losses were recognized in the current period. Refer to Note 6. Investments of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional information on our equity investments.

Other income (expense), net: Other (expense) income, net for the six months ended June 30, 2024 decreased $17.8 million to an expense of $1.0 million from income of $16.8 million for the six months ended June 30, 2023. The decrease was primarily driven by the unrepeated gain on the sale of the equity investment in HMN of $12.2 million in the comparable period, an unrepeated $3.8 million equity investment step-up gain from an increase in Pansend's basis as a result of MediBeacon issuing $7.5 million of its preferred stock to Huadong in the comparable period as well as a $2.2 million loss on debt extinguishment at R2 Technologies in the current period. The decrease was partially offset by additional interest income earned at our Life Sciences segment as a result of additional investments in MediBeacon subsequent to the comparable period.

Income tax benefit (expense): Income tax expense for the three months ended June 30, 2024 decreased $3.7 million to a benefit of $2.5 million from an expense of $1.2 million for the three months ended June 30, 2023. Income tax expense for the six months ended June 30, 2024 decreased $1.3 million to $0.8 million from an expense of $2.1 million for the six months ended June 30, 2023. The decreases were primarily driven by the tax expense of INNOVATE Corp's U.S. consolidated group utilizing its remaining unlimited NOLs in 2024 and due to the Tax Cut and Jobs Act's 80 percent limitation on net operating losses incurred after 2017, resulting in the annual effective tax rate for the current period being applied to the U.S. consolidated group's 2024 year-to-date income as calculated under ASC 740. The annual effective tax rate calculated for the comparable period interim tax provision included an unrepeated $1.1 million tax benefit, consisting of a current tax expense of $4.4 million related to a foreign tax payment and a deferred tax benefit of $5.5 million related to the reversal of the deferred tax liability associated with the $11.3 million put option, both of which were related to the sale of New Saxon's 19% investment in HMN on March 6, 2023.

The Organization for Economic Cooperation and Development ("OECD") has announced an Inclusive Framework on Base Erosion and Profit Shifting including a Pillar Two Model to provide for a 15% global minimum tax on the earnings of multinational corporations with consolidated revenue over €750 million. Many jurisdictions have enacted Pillar Two legislation that will start to become effective in 2024. The OECD, and its member countries, continue to release new guidance and legislation on Pillar Two. Based on current enacted laws, Pillar Two is not expected to materially impact our effective tax rate or cash flows in the next year. We will continue to evaluate the impact on our financial position as new legislation or guidance is introduced which could change our current assessment.

Segment Results of Operations

In the Company's Condensed Consolidated Financial Statements, other operating (income) loss includes: (i) (gain) loss on sale or disposal of assets; (ii) lease termination costs and (gains) losses on lease modifications; (iii) asset impairment expense; (iv) accretion of asset retirement obligations; and (v) FCC reimbursements. Each table summarizes the results of operations of our operating segments (in millions).

Infrastructure Segment

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Revenue	$ 305.2	$ 362.4	$ (57.2)	$ 613.1	$ 674.1	$ (61.0)
Cost of revenue	243.5	312.8	(69.3)	506.6	583.7	(77.1)
Selling, general and administrative	33.8	30.7	3.1	64.7	60.4	4.3
Depreciation and amortization	2.9	4.1	(1.2)	5.9	9.0	(3.1)
Other operating (income) loss	(10.5)	0.1	(10.6)	(8.9)	—	(8.9)
Income from operations	$ 35.5	$ 14.7	$ 20.8	$ 44.8	$ 21.0	$ 23.8

Revenue: Revenue for the three months ended June 30, 2024 decreased $57.2 million to $305.2 million from $362.4 million for the three months ended June 30, 2023. Revenue for the six months ended June 30, 2024 decreased $61.0 million to $613.1 million from $674.1 million for the six months ended June 30, 2023. The decreases were primarily driven by the timing and size of projects at Banker Steel and DBMG's commercial structural steel fabrication and erection business, both of which had increased activity in the comparable period on certain large commercial construction projects that are now at or near completion in the current period. This was partially offset by an increase at the industrial maintenance and repair business as a result of an increase in project work.

Cost of revenue: Cost of revenue for the three months ended June 30, 2024 decreased $69.3 million to $243.5 million from $312.8 million for the three months ended June 30, 2023. Cost of revenue for the six months ended June 30, 2024 decreased $77.1 million to $506.6 million from $583.7 million for the six months ended June 30, 2023. The decreases were primarily driven by the decrease in revenues from the timing of project activity on certain large commercial construction projects and decreases in costs as they wind down and near completion in the current period at Banker Steel and DBMG's commercial structural steel fabrication and erection business, which was partially offset by an increase in costs associated with the industrial maintenance and repair business as a result of an increase in project work.

Selling, general and administrative: Selling, general and administrative expense for the three months ended June 30, 2024 increased $3.1 million to $33.8 million from $30.7 million for the three months ended June 30, 2023. The increase was primarily driven by an increase in compensation-related expenses and accounting-related costs, which was partially offset primarily by a decrease in legal and consulting fees, and facility-related expenses.

Selling, general and administrative expense for the six months ended June 30, 2024 increased $4.3 million to $64.7 million from $60.4 million for the six months ended June 30, 2023. The increase was primarily driven by an increase in compensation-related expenses, which was partially offset primarily by a decrease in legal fees and facility-related expenses.

Depreciation and amortization: Depreciation and amortization for the three months ended June 30, 2024 decreased $1.2 million to $2.9 million from $4.1 million for the three months ended June 30, 2023. Depreciation and amortization for the six months ended June 30, 2024 decreased $3.1 million to $5.9 million from $9.0 million for the six months ended June 30, 2023. The decreases were primarily driven by Banker Steel, as certain customer contract intangibles became fully amortized in the second quarter of 2023.

Other operating (income) loss: Other operating (income) loss for the three months ended June 30, 2024 increased $10.6 million to income of $10.5 million from a loss of $0.1 million for the three months ended June 30, 2023. Other operating income in three months ended June 30, 2024 related to a gain on lease modification and a gain on the sale of various properties in the current period.

Other operating (income) loss for the six months ended June 30, 2024 increased $8.9 million to income of $8.9 million from zero for the six months ended June 30, 2023. Other operating income in six months ended June 30, 2024 related to a gain on lease modification and a gain on the sale of various properties in the current period, which was partially offset by a loss related to a plant closure.

Life Sciences Segment

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Revenue	$ 1.7	$ 0.7	$ 1.0	$ 2.7	$ 1.2	$ 1.5
Cost of revenue	1.1	0.4	0.7	1.7	0.9	0.8
Selling, general and administrative	4.5	4.1	0.4	8.0	8.4	(0.4)
Depreciation and amortization	0.1	0.1	—	0.2	0.2	—
Loss from operations	$ (4.0)	$ (3.9)	$ (0.1)	$ (7.2)	$ (8.3)	$ 1.1

Revenue: Revenue for the three months ended June 30, 2024 increased $1.0 million to $1.7 million from $0.7 million for the three months ended June 30, 2023. Revenue for the six months ended June 30, 2024 increased $1.5 million to $2.7 million from $1.2 million for the six months ended June 30, 2023. The increases in revenue were attributable to R2 Technologies, primarily due to incremental unit sales from the launch of the Glacial fx system in the second half of 2023 and an increase in Glacial Rx units sold compared to the prior year period.

Cost of revenue: Cost of revenue for the three months ended June 30, 2024 increased $0.7 million to $1.1 million from $0.4 million for the three months ended June 30, 2023. Cost of revenue for the six months ended June 30, 2024 increased $0.8 million to $1.7 million from $0.9 million for the six months ended June 30, 2023. The increases in cost of revenue were attributable to R2 Technologies, primarily driven by the increases in revenue and changes in product mix.

Selling, general and administrative: Selling, general and administrative expense for the three months ended June 30, 2024 increased $0.4 million to $4.5 million from $4.1 million for the three months ended June 30, 2023. The increase was primarily driven by increases from R2 Technologies in sales commissions due to an increase in system sales and from Genovel as a result of timing of research and development costs.

Selling, general and administrative expense for the six months ended June 30, 2024 decreased $0.4 million to $8.0 million from $8.4 million for the six months ended June 30, 2023. The decrease was primarily driven by decreases in R2 Technologies general and administrative expenses as a result of continued cost reduction initiatives, which went into effect the second half of 2023, partially offset by increases in sales commissions at R2 Technologies due to an increase in system sales.

Spectrum Segment

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Revenue	$ 6.2	$ 5.7	$ 0.5	$ 12.5	$ 11.4	$ 1.1
Cost of revenue	2.9	3.0	(0.1)	5.8	5.9	(0.1)
Selling, general and administrative	1.8	2.0	(0.2)	3.7	4.3	(0.6)
Depreciation and amortization	1.3	1.3	—	2.6	2.6	—
Other operating loss (income)	0.1	—	0.1	0.1	(0.3)	0.4
Income (loss) from operations	$ 0.1	$ (0.6)	$ 0.7	$ 0.3	$ (1.1)	$ 1.4

Revenue: Revenue for the three months ended June 30, 2024 increased $0.5 million to $6.2 million from $5.7 million for the three months ended June 30, 2023. Revenue for the six months ended June 30, 2024 increased $1.1 million to $12.5 million from $11.4 million for the six months ended June 30, 2023. The increases were primarily driven by network launches and expanded coverage with existing customers, which was partially offset by the termination of a number of smaller networks and individual markets subsequent to the comparable period.

Selling, general and administrative: Selling, general and administrative expense for the three months ended June 30, 2024 decreased $0.2 million to $1.8 million from $2.0 million for the three months ended June 30, 2023. Selling, general and administrative expense for the six months ended June 30, 2024 decreased $0.6 million to $3.7 million from $4.3 million for the six months ended June 30, 2023. The decreases were primarily driven by a decrease in salaries and benefits expense as a result of a reduction in headcount.

Other operating loss (income): Other operating loss (income) for the six months ended June 30, 2024 decreased $0.4 million to a loss of $0.1 million from income of $0.3 million for the six months ended June 30, 2023. Other income for the six months ended June 30, 2023 was comprised of reimbursements from the Federal Communications Commission (the "FCC") for certain station modification costs.

Non-Operating Corporate

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Selling, general and administrative	$ 2.8	$ 3.8	$ (1.0)	$ 6.0	$ 7.8	$ (1.8)
Depreciation and amortization	0.1	0.1	—	0.1	0.1	—
Other operating (income) loss	(0.1)	—	(0.1)	0.2	—	0.2
Loss from operations	$ (2.8)	$ (3.9)	$ 1.1	$ (6.3)	$ (7.9)	$ 1.6

Selling, general and administrative: Selling, general and administrative expenses for the three months ended June 30, 2024 decreased $1.0 million to $2.8 million from $3.8 million for the three months ended June 30, 2023, primarily driven by decreases in compensation-related expenses, including reductions in bonus and stock-based compensation expense due to headcount changes, and a decrease in legal fees.

Selling, general and administrative expenses for the six months ended June 30, 2024 decreased $1.8 million to $6.0 million from $7.8 million for the six months ended June 30, 2023, primarily driven by decreases in compensation-related expenses, including reductions in bonus and stock-based compensation expense due to headcount changes, and a decrease in consulting fees.

Other operating (income) loss: Other operating (income) loss for the six months ended June 30, 2024 increased to a loss of $0.2 million from zero for the six months ended June 30, 2023, primarily driven by lease termination costs for two leases the Company exited in the current period.

Loss from Equity Investees

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Life Sciences	$ (1.1)	$ (0.3)	$ (0.8)	$ (2.3)	$ (4.0)	$ 1.7
Other	—	—	—	—	(0.3)	0.3
Loss from equity investees	$ (1.1)	$ (0.3)	$ (0.8)	$ (2.3)	$ (4.3)	$ 2.0

Life Sciences: Loss from equity investees within our Life Sciences segment for the three months ended June 30, 2024 increased $0.8 million to $1.1 million from $0.3 million for the three months ended June 30, 2023. The increase in loss from equity investees was primarily due to an increase in losses from MediBeacon as a result of additional convertible note investments in MediBeacon by Pansend during the three months ended June 30, 2024, which increased Pansend's basis in MediBeacon by $1.1 million and Pansend recognized $1.1 million of equity method losses which were previously unrecognized. Pansend made no convertible note investments during the comparable period. The increase in loss from equity investees from MediBeacon was partially offset by a decrease in loss as a result of the partial sale of Triple Ring subsequent to the comparable period, which resulted in our investment in Triple Ring no longer being accounted for using the equity method of accounting and therefore no equity method losses for Triple Ring were recognized in the current period.

Loss from equity investees within our Life Sciences segment for the six months ended June 30, 2024 decreased $1.7 million to $2.3 million from $4.0 million for the six months ended June 30, 2023. The decrease in loss from equity investees was primarily due to a reduction in losses from MediBeacon, primarily due to an unrepeated equity transaction with Huadong in the comparable period, which resulted in a $3.8 million increase in Pansend's basis in MediBeacon and a corresponding $3.8 million of additional equity method losses that were previously unrecognized, whereas, during the six months ended June 30, 2024, as a result of additional convertible note investments in MediBeacon by Pansend, Pansend's basis in MediBeacon increased by $2.3 million and Pansend recognized $2.3 million of equity method losses which were previously unrecognized. As of both June 30, 2024 and 2023, Pansend's net carrying amount of its investment in MediBeacon was zero and Pansend had unrecognized losses from this investment. Also contributing to the decrease in loss from equity investees was the partial sale of Triple Ring subsequent to the comparable period, which resulted in our investment in Triple Ring no longer being accounted for under the equity method of accounting and therefore no equity method losses for Triple Ring were recognized in the current period.

Other: Loss from equity investees within our Other segment for the six months ended June 30, 2024 decreased $0.3 million to zero from a loss of $0.3 million for the six months ended June 30, 2023. Loss from equity investees for the six months ended June 30, 2023 was driven by our previous investment in HMN, which was sold on March 6, 2023 and had losses for the approximately two months of ownership in 2023.

Refer to Note 6. Investments of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, for additional information on our equity investments.

Non-GAAP Financial Measures and Other Information

Adjusted EBITDA

Adjusted EBITDA is not a measurement recognized under U.S. GAAP. In addition, other companies may define Adjusted EBITDA differently than we do, which could limit its usefulness.

Management believes that Adjusted EBITDA provides investors with meaningful information for gaining an understanding of our results as it is frequently used by the financial community to provide insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation, amortization and the other items listed in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure of a company's ability to service debt. While management believes that non-U.S. GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our U.S. GAAP financial results. Using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as compared to net income (loss) or other U.S. GAAP financial measures, as this non-GAAP measure excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Adjusted EBITDA should not be considered in isolation and does not purport to be an alternative to net income (loss) or other U.S. GAAP financial measures as a measure of our operating performance.

The calculation of Adjusted EBITDA, as defined by us, consists of Net income (loss) attributable to INNOVATE Corp., excluding: discontinued operations, if applicable; depreciation and amortization; other operating (income) loss, which is inclusive of (gain) loss on sale or disposal of assets, lease termination costs, (gains) losses on lease modifications, asset impairment expense and FCC reimbursements; interest expense; other (income) expense, net; income tax expense (benefit); non-controlling interest; share-based compensation expense; restructuring and exit costs; and acquisition and disposition costs.

Adjusted EBITDA by segment is summarized as follows:

(in millions):	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)	2024	2023	Increase / (Decrease)
Infrastructure	$ 32.5	$ 23.5	$ 9.0	$ 50.8	$ 39.8	$ 11.0
Life Sciences	(4.8)	(3.9)	(0.9)	(9.0)	(11.7)	2.7
Spectrum	1.5	0.8	0.7	3.1	1.2	1.9
Non-Operating Corporate	(2.5)	(3.4)	0.9	(5.4)	(6.9)	1.5
Other and Eliminations	—	(0.5)	0.5	—	(1.0)	1.0
Adjusted EBITDA	$ 26.7	$ 16.5	$ 10.2	$ 39.5	$ 21.4	$ 18.1

The tables below provide reconciliations of net income (loss) attributable to INNOVATE Corp to Adjusted EBITDA for the three months ended June 30, 2024 and 2023:

(in millions)	Three months ended June 30, 2024					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Net income (loss) attributable to INNOVATE Corp.	$ 21.0	$ (3.8)	$ (5.0)	$ 2.1	$ 0.1	$ 14.4
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	2.9	0.1	1.3	0.1	—	4.4
Depreciation and amortization (included in cost of revenue)	3.8	0.1	—	—	—	3.9
Other operating (income) loss	(10.5)	—	0.1	(0.1)	—	(10.5)
Interest expense	2.0	1.0	3.4	10.1	—	16.5
Other (income) expense, net	(0.3)	(0.3)	2.1	(1.6)	(0.1)	(0.2)
Income tax expense (benefit)	10.9	—	—	(13.4)	—	(2.5)
Non-controlling interest	2.0	(2.0)	(0.5)	—	—	(0.5)
Share-based compensation expense	—	0.1	—	0.3	—	0.4
Restructuring and exit costs	0.7	—	—	—	—	0.7
Acquisition and disposition costs	—	—	0.1	—	—	0.1
Adjusted EBITDA	$ 32.5	$ (4.8)	$ 1.5	$ (2.5)	$ —	$ 26.7

(in millions)	Three months ended June 30, 2023					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Net income (loss) attributable to INNOVATE Corp.	$ 7.0	$ (2.9)	$ (5.3)	$ (8.2)	$ (0.5)	$ (9.9)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	4.1	0.1	1.3	0.1	—	5.6
Depreciation and amortization (included in cost of revenue)	4.0	0.1	—	—	—	4.1
Other operating loss	0.1	—	—	—	—	0.1
Interest expense	3.4	0.7	3.4	8.8	—	16.3
Other (income) expense, net	(0.3)	(0.1)	1.9	(1.9)	0.1	(0.3)
Income tax expense (benefit)	3.8	—	—	(2.6)	—	1.2
Non-controlling interest	0.7	(1.9)	(0.6)	—	—	(1.8)
Share-based compensation expense	—	0.1	—	0.6	—	0.7
Restructuring and exit costs	0.5	—	—	—	—	0.5
Acquisition and disposition costs	0.2	—	0.1	(0.2)	(0.1)	—
Adjusted EBITDA	$ 23.5	$ (3.9)	$ 0.8	$ (3.4)	$ (0.5)	$ 16.5

Infrastructure: Net income from our Infrastructure segment for the three months ended June 30, 2024 increased $14.0 million to $21.0 million from $7.0 million for the three months ended June 30, 2023. Adjusted EBITDA from our Infrastructure segment for the three months ended June 30, 2024 increased $9.0 million to $32.5 million from $23.5 million for the three months ended June 30, 2023. The increase in Adjusted EBITDA was primarily driven by higher margins on certain large commercial construction projects that are now at or near completion in the current period at DBMG's commercial structural steel fabrication and erection business. This increase was partially offset by a decrease in margins at Banker Steel due to timing of completion of a large commercial construction project and an increase in recurring SG&A expenses primarily as a result of an increase in compensation-related expenses and accounting-related costs, partially offset by a decrease in legal and consulting fees.

Life Sciences: Net loss from our Life Sciences segment for the three months ended June 30, 2024 increased $0.9 million to $3.8 million from $2.9 million for the three months ended June 30, 2023. Adjusted EBITDA loss from our Life Sciences segment for the three months ended June 30, 2024 increased $0.9 million to $4.8 million from $3.9 million for the three months ended June 30, 2023. The increase in Adjusted EBITDA loss was primarily due to an increase in losses from MediBeacon as a result of additional convertible note investments in MediBeacon by Pansend during the three months ended June 30, 2024, which increased Pansend's basis in MediBeacon by $1.1 million and Pansend recognized $1.1 million of equity method losses which were previously unrecognized. Pansend made no convertible note investments during the comparable period. The increase in Adjusted EBITDA loss was partially offset by a decrease in loss as a result of the partial sale of Triple Ring subsequent to the comparable period, which resulted in our investment in Triple Ring no longer being accounted for using the equity method of accounting and, therefore, no equity method losses were recognized in the current period. Refer to Note 6. Investments of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, for additional information on our equity investments.

Spectrum: Net loss from our Spectrum segment for the three months ended June 30, 2024 decreased $0.3 million to $5.0 million from $5.3 million for the three months ended June 30, 2023. Adjusted EBITDA from our Spectrum segment for the three months ended June 30, 2024 increased $0.7 million to $1.5 million from $0.8 million for the three months ended June 30, 2023. The increase in Adjusted EBITDA was primarily due to an increase in revenue driven by network launches and expanded coverage with existing customers, which was partially offset by the termination of a number of smaller networks and individual markets subsequent to the comparable period.

Non-Operating Corporate: Net income (loss) from our Non-Operating Corporate segment for the three months ended June 30, 2024 increased $10.3 million to income of $2.1 million from a loss $8.2 million for the three months ended June 30, 2023. Adjusted EBITDA loss from our Non-Operating Corporate segment for the three months ended June 30, 2024 decreased $0.9 million to $2.5 million from $3.4 million for the three months ended June 30, 2023. The decrease in Adjusted EBITDA loss was primarily driven by a decrease in compensation-related expenses, due to headcount changes, and a decrease in legal fees.

Other and Eliminations: Net income (loss) from our Other segment and Eliminations for the three months ended June 30, 2024 increased $0.6 million to income of $0.1 million from a loss of $0.5 million for the three months ended June 30, 2023. Adjusted EBITDA loss from our Other segment for the three months ended June 30, 2024 decreased $0.5 million to zero from an Adjusted EBITDA loss of $0.5 million for the three months ended June 30, 2023. The decrease in Adjusted EBITDA loss was driven primarily by unrepeated severance related expense at TIC Holdco, Inc. in the previous period.

The tables below provide reconciliations of net income (loss) attributable to INNOVATE Corp to Adjusted EBITDA for the six months ended June 30, 2024 and 2023:

(in millions)	Six months ended June 30 2024					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Net income (loss) attributable to INNOVATE Corp.	$ 25.4	$ (8.3)	$ (9.8)	$ (10.4)	$ 0.1	$ (3.0)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	5.9	0.2	2.6	0.1	—	8.8
Depreciation and amortization (included in cost of revenue)	7.8	0.1	—	—	—	7.9
Other operating (income) loss	(8.9)	—	0.1	0.2	—	(8.6)
Interest expense	4.7	1.9	6.8	20.3	—	33.7
Other (income) expense, net	(1.1)	1.7	4.1	(3.6)	(0.1)	1.0
Income tax expense (benefit)	13.4	—	—	(12.6)	—	0.8
Non-controlling interest	2.4	(4.8)	(0.8)	—	—	(3.2)
Share-based compensation expense	—	0.2	—	0.6	—	0.8
Restructuring and exit costs	1.2	—	—	—	—	1.2
Acquisition and disposition costs	—	—	0.1	—	—	0.1
Adjusted EBITDA	$ 50.8	$ (9.0)	$ 3.1	$ (5.4)	$ —	$ 39.5

(in millions)	Six Months Ended June 30, 2023					
	Infrastructure	Life Sciences	Spectrum	Non-Operating Corporate	Other and Eliminations	INNOVATE
Net income (loss) attributable to INNOVATE Corp.	$ 9.0	$ (5.7)	$ (10.3)	$ (20.1)	$ 8.2	$ (18.9)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:						
Depreciation and amortization	9.0	0.2	2.6	0.1	—	11.9
Depreciation and amortization (included in cost of revenue)	7.9	0.1	—	—	—	8.0
Other operating income	—	—	(0.3)	—	—	(0.3)
Interest expense	6.8	1.2	6.6	17.3	—	31.9
Other (income) expense, net	(0.5)	(4.0)	3.7	(3.5)	(12.5)	(16.8)
Income tax expense (benefit)	4.9	—	—	(1.6)	(1.2)	2.1
Non-controlling interest	0.9	(3.8)	(1.2)	—	3.3	(0.8)
Share-based compensation expense	—	0.3	—	0.9	—	1.2
Restructuring and exit costs	1.0	—	—	—	—	1.0
Acquisition and disposition costs	0.8	—	0.1	—	1.2	2.1
Adjusted EBITDA	$ 39.8	$ (11.7)	$ 1.2	$ (6.9)	$ (1.0)	$ 21.4

Infrastructure: Net income from our Infrastructure segment for the six months ended June 30, 2024 increased $16.4 million to $25.4 million from $9.0 million for the six months ended June 30, 2023. Adjusted EBITDA from our Infrastructure segment for the six months ended June 30, 2024 increased $11.0 million to $50.8 million from $39.8 million for the six months ended June 30, 2023. The increase in Adjusted EBITDA was primarily driven by higher margins on certain large commercial construction projects that are now at or near completion in the current period at DBMG's commercial structural steel fabrication and erection and the industrial maintenance and repair businesses, which was partially offset by a decrease in margins at Banker Steel due to timing of completion of a large commercial construction project and an increase in recurring SG&A, primarily as a result of compensation-related expenses.

Life Sciences: Net loss from our Life Sciences segment for the six months ended June 30, 2024 increased $2.6 million to $8.3 million from $5.7 million for the six months ended June 30, 2023. Adjusted EBITDA loss from our Life Sciences segment for the six months ended June 30, 2024 decreased $2.7 million to $9.0 million from $11.7 million for the six months ended June 30, 2023. The decrease in Adjusted EBITDA loss was primarily due to lower equity method losses recognized from our investment in MediBeacon primarily due to an unrepeated equity transaction with Huadong in the comparable period, which resulted in a $3.8 million increase in Pansend's basis in MediBeacon and a corresponding $3.8 million of additional equity method losses that were previously unrecognized, whereas, during the six months ended June 30, 2024, as a result of additional convertible note investments in MediBeacon by Pansend, Pansend's basis in MediBeacon increased by $2.3 million and Pansend recognized $2.3 million of equity method losses which were previously unrecognized. As of both June 30, 2024 and 2023, Pansend's net carrying amount of its investment in MediBeacon was zero and Pansend had unrecognized losses from this investment. Refer to Note 6. Investments of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, for additional information on our equity investments. Additionally contributing to the decrease in Adjusted EBITDA loss was R2 Technologies, driven by an increase in revenue primarily due to an increase in Glacial fx unit sales, which launched in the second half of 2023, an increase in Glacial Rx unit sales and a decrease in SG&A expenses as a result of cost reduction initiatives.

Spectrum: Net loss from our Spectrum segment for the six months ended June 30, 2024 decreased $0.5 million to $9.8 million from $10.3 million for the six months ended June 30, 2023. Adjusted EBITDA from our Spectrum segment for the six months ended June 30, 2024 increased $1.9 million to $3.1 million from $1.2 million for the six months ended June 30, 2023. The increase in Adjusted EBITDA was primarily due to an increase in revenue primarily driven by network launches and expanded coverage with existing customers, as well as a decrease in salaries and benefits expense. This was partially offset by the termination of a number of smaller networks and individual markets subsequent to the comparable period.

Non-Operating Corporate: Net loss from our Non-Operating Corporate segment for the six months ended June 30, 2024 decreased $9.7 million to $10.4 million from $20.1 million for the six months ended June 30, 2023. Adjusted EBITDA loss from our Non-Operating Corporate segment for the six months ended June 30, 2024 decreased $1.5 million to $5.4 million from $6.9 million for the six months ended June 30, 2023. The decrease in Adjusted EBITDA loss was primarily driven by decreases in compensation-related expenses, due to headcount changes, and a decrease in consulting fees.

Other and Eliminations: Net income from our Other segment and Eliminations for the six months ended June 30, 2024 decreased $8.1 million to $0.1 million from $8.2 million for the six months ended June 30, 2023. Adjusted EBITDA losses from our Other segment for the six months ended June 30, 2024 decreased $1.0 million to zero from an Adjusted EBITDA loss of $1.0 million for the six months ended June 30, 2023. The decrease in Adjusted EBITDA loss was driven primarily by unrepeated severance related expenses at TIC Holdco, Inc. in the previous period and our previous investment in HMN, which was sold on March 6, 2023 and had equity method losses for the approximately two months of ownership in 2023.

Backlog

Projects in backlog consist of awarded contracts, letters of intent, notices to proceed, change orders, and purchase orders obtained. Backlog increases as contract commitments are obtained, decreases as revenues are recognized and increases or decreases to reflect modifications in the work to be performed under the contracts. Backlog is converted to sales in future periods as work is performed or projects are completed. Backlog can be significantly affected by the receipt or loss of individual contracts.

Infrastructure Segment

As of June 30, 2024, DBMG's backlog was $822.7 million, consisting of $673.8 million under contracts or purchase orders and $148.9 million under letters of intent or notices to proceed. Approximately $364.1 million, representing 44.3% of DBMG’s backlog as of June 30, 2024, was attributable to five contracts, letters of intent, notices to proceed or purchase orders. If one or more of these projects terminate or reduce their scope, DBMG’s backlog could decrease substantially. DBMG includes an additional $7.1 million in its backlog that is not included in the remaining unsatisfied performance obligations disclosed in Note 3. Revenue and Contracts in Process. This additional backlog includes commitments under master service agreements that are estimated amounts of work to be performed based on customer communications, historic performance and knowledge of our customers' intentions.

Liquidity and Capital Resources

Short- and Long-Term Liquidity Considerations and Risks

Our Non-Operating Corporate segment consists of holding companies, and its liquidity needs are primarily for interest payments on its 2026 Senior Secured Notes, 2026 Convertible Notes, Revolving Line of Credit, CGIC Unsecured Note, and dividend payments on its Series A-3 and Series A-4 Preferred Stock and recurring operational expenses.

On a consolidated basis, as of June 30, 2024, we had $80.2 million of cash and cash equivalents, excluding restricted cash, compared to $80.8 million as of December 31, 2023. On a stand-alone basis, as of June 30, 2024, our Non-Operating Corporate segment had cash and cash equivalents, excluding restricted cash, of $43.6 million compared to $2.5 million as of December 31, 2023.

Our subsidiaries' principal liquidity requirements arise from cash used in operating activities, debt service, and capital expenditures, including purchases of steel construction equipment, OTA broadcast station equipment, development of back-office systems, operating costs and expenses, and income taxes.

As of June 30, 2024, we had $698.0 million of principal indebtedness on a consolidated basis compared to $722.8 million as of December 31, 2023, a net decrease of $24.8 million, which was primarily due to a $25.0 million net decrease in debt at our Infrastructure segment and a $4.1 million decrease in debt at our Non-Operating Corporate segment, partially offset by the issuance of additional debt at R2 Technologies in principal amount of $4.3 million.

On a stand-alone basis, our Non-Operating Corporate segment indebtedness was $432.8 million and $436.9 million as of June 30, 2024 and December 31, 2023, respectively, a decrease of $4.1 million driven by a partial redemption payment of $4.1 million of the CGIC Unsecured Note on April 26, 2024. The June 30, 2024 indebtedness balance consists of the $330.0 million aggregate principal amount of 2026 Senior Secured Notes, $51.8 million aggregate principal amount of 2026 Convertible Notes, $31.0 million remaining principal amount of the CGIC Unsecured Note and $20.0 million aggregate principal amount drawn on our Revolving Line of Credit. Our Non-Operating Corporate segment is required to make semi-annual interest payments on the 2026 Senior Secured Notes and 2026 Convertible Notes on February 1st and August 1st of each year, quarterly interest payments on the Revolving Line of Credit, and monthly interest payments on the CGIC Unsecured Note. As described below, the interest rate on the CGIC Unsecured Note increased from 9.0% per annum to 16.0% per annum on May 9, 2024 and will increase from 16.0% per annum to 32.0% per annum on May 9, 2025.

We are required to make dividend payments on our outstanding Series A-3 and Series A-4 Preferred Stock on January 15th, April 15th, July 15th, and October 15th of each year.

Our Non-Operating Corporate segment received $2.8 million and $6.6 million in net tax sharing payments from our Infrastructure segment for the three and six months ended June 30, 2024, respectively. In addition, DBMG redeemed the intercompany $41.8 million DBMG Series A Preferred Stock from DBMGi on June 28, 2024 for $41.8 million in cash, which was remitted to INNOVATE Corp. DBM Global Intermediate Holdco Inc. ("DBMGi") is a 100% owned subsidiary of INNOVATE Corp. and all intercompany transactions are eliminated on consolidation.

We have financed our growth and operations to date, and expect to finance our future growth and operations, through public offerings and private placements of debt and equity securities, credit facilities, vendor financing, finance lease financing and other financing arrangements, as well as cash generated from the operations of our subsidiaries. In the future, we may also choose to sell assets or certain investments to generate cash.

Rights Offering and Concurrent Private Placement

On March 8, 2024, the Company commenced a $19.0 million rights offering ("Rights Offering") for its common stock. Pursuant to the Rights Offering, the Company distributed to each holder of the Company's common stock, Series A-3 Convertible Participating Preferred Stock, Series A-4 Convertible Participating Preferred Stock and the 2026 Convertible Notes as of March 6, 2024 (the "rights offering record date"), transferable subscription rights to purchase 0.2858 shares of the Company's common stock at a price of $0.70 per whole share.

Per the concurrent investment agreement entered into with Lancer Capital (the "Investment Agreement"), the Rights Offering was backstopped by Lancer Capital, an investment fund led by Avram A. Glazer, the Chairman of the Board and the Company's largest stockholder. Due to limitations on the common stock that can be issued to Lancer Capital under the rules of the New York Stock Exchange ("NYSE"), in lieu of exercising its subscription rights, pursuant to the Investment Agreement, Lancer Capital would purchase up to $19.0 million of the Company's newly issued Series C Non-Voting Participating Convertible Preferred Stock (the "Series C Preferred Stock"), for an issue price of $1,000 per share. In connection with the backstop commitment, and as a result of limitations in the amount common equity that can be raised under the Company's effective shelf registration statement on Form S-3, Lancer Capital also agreed to purchase an additional $16.0 million of Series C Preferred Stock in a private placement transaction ("Concurrent Private Placement") which was to close concurrently with the settlement of the Rights Offering. Lancer Capital did not receive any compensation or other consideration for entering into or consummating the Investment Agreement.

As the Rights Offering had not yet settled by March 28, 2024, in accordance with the Investment Agreement, Lancer Capital purchased $25.0 million of Series C Preferred Stock, referred to as the "equity advance." On April 24, 2024, the Company completed and closed on the Rights Offering and issued a total of 5,306,105 shares of common stock. Based on the number of shares of common stock actually sold upon exercise of the rights to third party investors, there were no excess shares of Series C Preferred Stock purchased by Lancer Capital under the equity advance that the Company was required to redeem, and Lancer Capital purchased an additional approximately 6,286 Series C Preferred Stock for $6.3 million under the backstop commitment. In total, the Company received $35.0 million in aggregate gross proceeds related to the Rights Offering and Concurrent Private Placement and incurred $1.8 million in dealer manager fees and other related costs which have been capitalized into Additional paid in capital ("APIC"). INNOVATE expects to use the net proceeds from the Rights Offering for general corporate purposes, including debt service and for working capital. In addition, as a result of the closing of the Rights Offering and Concurrent Private Placement, a mandatory prepayment was required on the CGIC Unsecured Note, and consequently, on April 26, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note.

Under the rules of the NYSE, because the shares purchased by Lancer Capital were greater than 20% of the Company's common stock outstanding before the issuance of the Series C Preferred Stock, those shares of Series C Preferred Stock were not allowed to be converted until stockholder approval of such issuance was obtained. On June 18, 2024, the Company held its annual shareholder meeting where Company's shareholder's approved the conversion of the Series C Preferred Stock into common stock. As a result, approximately 31,286 Series C Preferred Stock, held by Lancer Capital, were converted into 44,693,895 of INNOVATE's common stock. See Note 15. Equity and Temporary Equity for additional information.

The Company waived its Tax Benefits Preservation Plan to permit persons exercising rights to acquire 4.9% or more of the outstanding common stock upon the exercise thereof without becoming an Acquiring Person (as defined in the Tax Benefits Preservation Plan).

The ability of INNOVATE's subsidiaries to make distributions to INNOVATE is subject to numerous factors, including restrictions contained in each subsidiary's financing agreements, availability of sufficient funds at each subsidiary and the approval of such payment by each subsidiary's board of directors, which must consider various factors, including general economic and business conditions, tax considerations, strategic plans, financial results and condition, expansion plans, any contractual, legal or regulatory restrictions on the payment of dividends, and such other factors each subsidiary's board of directors considers relevant. Although the Company believes that it will be able, to the extent needed, to raise additional debt or equity capital, refinance indebtedness or preferred stock, enter into other financing arrangements or engage in asset sales and sales of certain investments sufficient to fund any cash needs that we are not able to satisfy with the funds on hand or expected to be provided by our subsidiaries, there can be no assurance that it will be able to do so on terms satisfactory to the Company, if at all. Such financing options, if pursued, may also ultimately have the effect of negatively impacting our liquidity profile and prospects over the long-term and dilute the holders of common stock. Our ability to sell assets and certain of our investments to meet our existing financing needs may also be limited by our existing financing instruments. In addition, the sale of assets or the Company's investments may also make the Company less attractive to potential investors or future financing partners.

Capital Expenditures

Capital expenditures are set forth in the table below (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Infrastructure	$ 2.7	$ 4.0	$ 7.9	$ 7.0
Life Sciences	—	0.2	0.1	0.3
Spectrum	0.4	0.3	0.7	0.6
Non-Operating Corporate	—	—	—	0.3
Total	$ 3.1	$ 4.5	$ 8.7	$ 8.2

Indebtedness

Non-Operating Corporate

2026 Senior Secured Notes

On February 1, 2021, our Non-Operating Corporate segment repaid the senior secured notes that were due in 2021 and issued $330.0 million aggregate principal amount of 8.50% senior secured notes due February 1, 2026 (the "2026 Senior Secured Notes"). The 2026 Senior Secured Notes mature on February 1, 2026, and accrue interest at a rate of 8.50% per year, which interest is paid semi-annually on February 1st and August 1st of each year. For additional information on the terms and conditions of the 2026 Senior Secured Notes, including guarantees, ranking and collateral, refer to Note 11. Debt Obligations included in the Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K, which was filed with the SEC on March 6, 2024.

2026 Convertible Notes - Terms and Conditions

As of June 30, 2024, we had $51.8 million 2026 Convertible Notes outstanding. The 2026 Convertible Notes were issued under a separate indenture dated February 1, 2021, between the Company and U.S. Bank, as trustee (the "Convertible Indenture"). The 2026 Convertible Notes mature on August 1, 2026 unless earlier converted, redeemed or purchased. The 2026 Convertible Notes accrue interest at a rate of 7.5% per year, which interest is paid semi-annually on February 1st and August 1st of each year.

Subsequent to quarter end, in July 2024, we repurchased $2.9 million principal amount of our 2026 Convertible Notes at a market discount for $1.1 million, which is inclusive of accrued interest of $0.1 million.

For additional information on the terms and conditions of the 2026 Convertible Notes, including optional redemption, conversion rights guarantees, ranking and collateral, refer to Note 11. Debt Obligations included in the Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K, which was filed with the SEC on March 6, 2024.

Our debt contains customary events of default which could, subject to certain conditions, cause the 2026 Senior Secured Notes and the 2026 Convertible Notes to become immediately due and payable.

Revolving Line of Credit

We have a revolving credit agreement with MSD PCOF Partners IX, LLC ("MSD") which has a maximum commitment of $20.0 million ("Revolving Line of Credit"), of which $20.0 million had been drawn as of June 30, 2024. Interest on loans under the Revolving Line of Credit accrues at SOFR plus 5.75% and is payable quarterly. The Revolving Line of Credit also includes a commitment fee at a per annum rate of 1.0% calculated based off the actual daily amount of unused availability under the Revolving Line of Credit with MSD. The maturity date of the Revolving Line of Credit is March 16, 2025. The amount outstanding under the Revolving Line of Credit is subject to mandatory prepayment from the net cash proceeds from certain asset sales in excess of $10.0 million. On May 6, 2024, the Company and MSD extended the maturity date of its Revolving Line of Credit from March 16, 2025 to May 16, 2025.

For additional information on the terms and conditions of the Revolving Line of Credit, including guarantees and ranking and collateral, refer to Note 11. Debt Obligations included in the Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K, which was filed with the SEC on March 6, 2024.

CGIC Unsecured Note

On May 9, 2023, in connection with the redemption of the DBMGi Series A Preferred Stock, the Company issued a subordinated unsecured promissory note to CGIC in the principal amount of $35.1 million (the "CGIC Unsecured Note"). The CGIC Unsecured Note is due February 28, 2026, and bears interest at 9.0% per annum through May 8, 2024, 16.0% per annum from May 9, 2024 to May 8, 2025, and 32.0% per annum thereafter. As a result of the closing of the Rights Offering and Concurrent Private placement, a mandatory prepayment was required on the CGIC Unsecured Note, in the amount of the greater of $3.0 million or 12.5% of the net proceeds. On April 26, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note. Refer to Note 15. Temporary Equity and Equity and to Note 11. Debt Obligations included in the Consolidated Financial Statements included in our 2023 Annual Report on Form 10-K, which was filed with the SEC on March 6, 2024, as well as Note 15. Equity and Temporary Equity included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional details regarding the $4.1 million partial redemption.

Infrastructure

DBMG and Banker Steel, jointly and severally, had a subordinated 4.0% note payable to Banker Steel's former owner, in which Donald Banker's family trust has a 25% interest, and jointly and severally also had a subordinated 8.0% note payable to Donald Banker's family trust, the latter of which was fully paid off in December 2023. During the six months ended June 30, 2024, DBMG made $5.0 million in scheduled payments on the 4.0% note. The 4.0% note expired March 31, 2024 and was fully redeemed on April 2, 2024.

On June 28, 2024, DBM and UMB entered into the Third Amendment to the UMB Credit Agreement. The amendment adds an incremental separate term loan of $25.0 million to the existing credit facility, with the same interest rate as the Revolving Line with UMB and the same maturity date as the initial $78.0 million UMB term loan.

Refer to Note 11. Debt Obligations of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q which is incorporated herein by reference, for additional details regarding the indebtedness of our Infrastructure segment.

Life Sciences

As of June 30, 2024, our Life Sciences segment has aggregate principal outstanding debt of $21.7 million.

R2 Technologies had various short-term notes with Lancer Capital, which expired on January 31, 2024, and effective January 31, 2024, a new 20% note with an aggregate original principal amount of $20.0 million was issued, which was comprised of all prior outstanding principal amounts and unpaid accrued interest of $2.6 million which was capitalized into the new principal balance.

The new 20% note also includes an exit fee payable upon the earliest of the maturity date, the acceleration date of the principal amount of the note, for any reason as defined in the agreement, or the date upon which any prepayment is made. As a result of the addition of the exit fee effective January 31, 2024, the transaction was determined to be an extinguishment of debt under ASC 470-50 *Debt - Modifications and Extinguishments,* and the exit fee payable to the existing lender of $2.2 million was included as a loss on debt extinguishment within Other income (expense), net in the Condensed Consolidated Statement of Operations. The exit fee, as subsequently amended in the second quarter of 2024, is equal to 10.88% of the principal amount being repaid. As of June 30, 2024, the accrued exit fee was $2.2 million and was included within Accrued liabilities on the Condensed Consolidated Balance Sheet.

Interest on the note accrues at 20% per annum and is payable monthly in arrears, in cash or, if not paid in cash, accrued and unpaid interest is capitalized monthly into the principal balance. Interest expense related to the note(s) with Lancer Capital was $1.0 million and $0.7 million for the three months ended June 30, 2024 and 2023, respectively and was $1.9 million and $1.2 million for the six months ended June 30, 2024 and 2023, respectively. In accordance with the note agreement, all unpaid accrued interest of $1.7 million which was incurred subsequent to January 31, 2024, was capitalized into the principal balance during the six months ended June 30, 2024, and there was no amount reflected within accrued interest payable as of June 30, 2024. As of December 31, 2023, accrued interest payable, which had not yet been capitalized into the principal balance, was $2.4 million.

The original maturity date of the new $20.0 million note was April 30, 2024, or within five business days of the date on which R2 Technologies receives an aggregate $20.0 million from the consummation of a debt or equity financing or has a change in control, as defined in the agreement, with an optional prepayment of the entire then-outstanding and unpaid principal and accrued interest upon five-days written notice to Lancer Capital. The note has subsequently been further extended to December 31, 2024. The exit fee as of June 30, 2024, as amended, is equal to 10.88% of the principal amount being repaid and increases by 0.17% each month thereafter until maturity. Beginning July 31, 2024, if all outstanding amounts pursuant to the note are not prepaid in full, an additional exit fee of $1.0 million will be payable, increasing by $1.0 million each month until maturity. The Company shall pay the additional exit fee on the earliest of the maturity date, the date of the acceleration of the principal amount of the note for any reason or, if any portion of the note is prepaid at any time, the date of such prepayment of the note. Refer to Note 16. Related Parties in the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference for additional information on R2 Technologies' related party debt transactions.

Spectrum

As of June 30, 2024, our Spectrum segment has aggregate principal outstanding debt of $69.7 million.

Refer to Note 11. Debt Obligations of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional details regarding the indebtedness of our Infrastructure, Life Sciences and Spectrum segments.

Restrictive Covenants

The indenture governing the 2026 Senior Secured Notes dated February 1, 2021, by and among INNOVATE, the guarantors party thereto and U.S. Bank National Association, a national banking association, as trustee (the "Secured Indenture"), contains certain affirmative and negative covenants limiting, among other things, the ability of the Company, and, in certain cases, the Company's subsidiaries, to incur additional indebtedness; create liens; engage in sale-leaseback transactions; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in transactions with affiliates; or consolidate or merge with, or sell substantially all of its assets to, another person. These covenants are subject to a number of important exceptions and qualifications.

The Company is also required to comply with certain financial maintenance covenants, which are similarly subject to a number of important exceptions and qualifications. These covenants include maintenance of (1) liquidity and (2) collateral coverage.

The maintenance of liquidity covenant provides that the Company will not permit the aggregate amount of (i) all unrestricted cash and Cash Equivalents of the Company and the Subsidiary Guarantors, (ii) amounts available for drawing under revolving credit facilities and undrawn letters of credit of the Company and the Subsidiary Guarantors and (iii) dividends, distributions or payments that are immediately available to be paid to the Company by any of its Restricted Subsidiaries to be less than the Company's obligation to pay interest for the next six months on the 2026 Senior Secured Notes and all other Debt, including Convertible Series A-3 and Series A-4 Preferred Stock mandatory cash dividends or any other mandatory cash pay Series A-3 and Series A-4 Preferred Stock but excluding any obligation to pay interest on Series A-3 and Series A-4 Preferred Stock or any other mandatory cash payments on Series A-3 and Series A-4 Preferred Stock which, in each case, may be paid by accretion or in-kind in accordance with its terms of the Company and its Subsidiary Guarantors. As of June 30, 2024, the Company was in compliance with this covenant.

The maintenance of collateral coverage provides that the certain subsidiaries' Collateral Coverage Ratio (as defined in the Secured Indenture as the ratio of (i) the Loan Collateral to (ii) Consolidated Secured Debt (each as defined therein)) calculated on a pro forma basis as of the last day of each fiscal quarter may not be less than 1.50 to 1.00. As of June 30, 2024, the Company was in compliance with this covenant.

The instruments governing the Company's Series A-3 and Series A-4 Preferred Stock also limit the Company's and its subsidiaries ability to take certain actions, including, among other things, to incur additional indebtedness; issue additional Series A-3 and Series A-4 Preferred Stock; engage in transactions with affiliates; and make certain restricted payments. These limitations are subject to a number of important exceptions and qualifications.

The Company has conducted its operations in a manner that has resulted in compliance with the Secured Indenture; however, compliance with certain financial covenants for future periods may depend on the Company or one or more of the Company's subsidiaries undertaking one or more non-operational transactions, such as the management of operating cash outflows, a monetization of assets, a debt incurrence or refinancing, the raising of equity capital, or similar transactions. If the Company is unable to remain in compliance and does not make alternate arrangements, an event of default would occur under the Company's Secured Indenture which, among other remedies, could result in the outstanding obligations under the indenture becoming immediately due and payable and permitting the exercise of remedies with respect to the collateral. There is no assurance the Company will be able to complete any non-operational transaction it may undertake to maintain compliance with covenants under the Secured Indenture or, even if the Company completes any such transaction, that it will be able to maintain compliance for any subsequent period.

The UMB Term Loans and Revolving Line with UMB associated with our Infrastructure segment contain customary restrictive and financial covenants related to debt levels and performance, including a Fixed Charge Coverage Ratio covenant, as defined in the agreement.

As of June 30, 2024, we were in compliance with the covenants of our debt agreements.

Summary of Consolidated Cash Flows

The below table summarizes the cash provided by or used in our activities (in millions):

	Six Months Ended June 30,		
	2024	2023	Increase / (Decrease)
Cash used in operating activities	(3.9)	(60.8)	56.9
Cash (used in) provided by investing activities	(0.7)	46.7	(47.4)
Cash provided by (used in) financing activities	4.6	(37.3)	41.9
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(0.6)	(0.6)	—
Net decrease in cash and cash equivalents, including restricted cash	$ (0.6)	$ (52.0)	$ 51.4

Operating Activities

Cash used in operating activities was $3.9 million for the six months ended June 30, 2024, as compared to $60.8 million for the six months ended June 30, 2023, an improvement of $56.9 million. Cash flows from operations are primarily influenced by changes in the timing of demand for services and by operating margins, but can also be affected by working capital needs associated with our operations. For the six months ended June 30, 2024, the improvement in operating cash flows was primarily due to an improvement in working capital cash flows at our Infrastructure segment, primarily from changes in contract-related assets and liabilities, accounts receivable and accounts payable, as well as from an increase in operating income primarily at our Infrastructure segment and improvements in operating cash flows at our Non-Operating Corporate and Other segments, driven by reductions in operating expenses.

Investing Activities

Cash used in investing activities was $0.7 million for the six months ended June 30, 2024, as compared to cash provided by investing activities of $46.7 million for the six months ended June 30, 2023, a decrease of $47.4 million. The decline was primarily driven by the $54.2 million of gross cash proceeds received in the prior period from the sale of New Saxon's 19% investment in HMN on March 6, 2023. For the six months ended June 30, 2024, proceeds from the disposal of PPE were $9.8 million which related to a plant closure at our Infrastructure segment, as compared to $0.3 million for the six months ended June 30, 2023. Capital expenditures for the six months ended June 30, 2024 were $8.7 million, as compared to $8.2 million for the six months ended June 30, 2023, an increase in cash used of $0.5 million primarily due to the purchase of land and new software implementation by our Infrastructure segment. Additionally, loans made by our Life Sciences segment to MediBeacon totaled $2.3 million for the six months ended June 30, 2024 as compared to none for the six months ended June 30, 2023.

Financing Activities

Cash provided by financing activities was $4.6 million for the six months ended June 30, 2024, as compared to cash used in financing activities of $37.3 million for the six months ended June 30, 2023, an improvement in financing cash flows of $41.9 million. The improvement was primarily driven by our Non-Operating Corporate segment, which received $33.2 million in net proceeds in the current period from the Rights Offering and Concurrent Private Placement. In addition, during the six months ended June 30, 2023, we made $15.9 million in distributions to non-controlling interests and redeemable non-controlling interests related to the sale of New Saxon's 19% investment in HMN on March 6, 2023, and dividend payments decreased by $1.0 million for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, due to the repurchase by our Corporate Segment of our DBMGi Series A Preferred Stock on May 9, 2023 from CGIC which was subsequently eliminated in consolidation. These improvements in financing cash flows were partially offset by a $28.0 million increase in net outflows from revolving credit line activity for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, which is comprised of a $35.0 million increase in net payments on our Infrastructure segment's Revolving Line with UMB, partially offset by a $7.0 million decrease in net repayments on our Non-Operating Corporate segment's Revolving Line of Credit. In addition, for the six months ended June 30, 2024, net cash inflows from other debt obligations increased by $12.6 million, primarily driven by the incremental separate term loan of $25.0 million at our Infrastructure segment, partially offset by a $4.1 million repayment on the CGIC Unsecured Note at our Corporate Non-Segment in the current period, an increase in net repayments on other debt obligations at our Infrastructure segment and a decrease in proceeds from other debt obligations at our Life Sciences segment.

Infrastructure

Cash Flows

Cash flows from operating activities are the principal source of cash used to fund DBMG's operating expenses, interest payments on debt, and capital expenditures. DBMG's short-term cash needs are primarily for working capital to support operations including receivables, inventories, and other costs incurred in performing its contracts. DBMG attempts to structure the payment arrangements under its contracts to match costs incurred under the project. To the extent it is able to bill in advance of costs incurred, DBMG generates working capital through billings in excess of costs and recognized earnings on uncompleted contracts. DBMG relies on its credit facilities to meet its working capital needs. DBMG believes that its available funds, cash generated by operating activities and funds available under its bank credit facilities will be adequate to meet all funding requirements for its operating expenses, working capital needs, interest payments on debt and capital expenditures for the foreseeable future. However, DBMG may expand its operations through future acquisitions and may require additional equity or debt financing.

DBMG is required to make monthly or quarterly interest payments on all of its debt. Based upon the June 30, 2024 debt balance, DBMG anticipates that its interest payments will be approximately $2.5 million for each quarter of 2024.

Off- Balance Sheet Arrangements

We may enter into certain off-balance sheet arrangements in the ordinary course of business. Our off-balance sheet transactions may include, but are not limited to: leases that have not yet commenced, short-term leases, liabilities associated with non-cancelable operating leases with durations of less than twelve months, letter of credit obligations, surety, performance or payment bonds entered into in the normal course of business, and liabilities associated with multi-employer pension plans. Refer to Note 9. Leases, and Note 13. Commitments and Contingencies of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information on leases and letters of credit and performance and/or payment bonds, respectively.

New Accounting Pronouncements

For information on new accounting pronouncements, refer to Note 2. Summary of Significant Accounting Policies of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for additional information.

Critical Accounting Estimates

There have been no material changes in the Company's critical accounting policies during the period ended June 30, 2024. For information about critical accounting policies and estimates, refer to "Critical Accounting Estimates" under Item 7 of our 2023 Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the SEC on March 6, 2024.

Related Party Transactions

For a discussion of our Related Party Transactions, refer to Note 16. Related Parties of our Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains or incorporates a number of "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current expectations, and are not strictly historical statements. In some cases, you can identify forward-looking statements by terminology such as "if," "may," "should," "believe," "anticipate," "future," "forward," "potential," "estimate," "opportunity," "goal," "objective," "growth," "outcome," "could," "expect," "intend," "plan," "strategy," "provide," "commitment," "result," "seek," "pursue," "ongoing," "include" or in the negative of such terms or comparable terminology. These forward-looking statements inherently involve certain risks and uncertainties and are not guarantees of performance, results, or the creation of stockholder value, although they are based on our current plans or assessments which we believe to be reasonable as of the date hereof.

Factors that could cause actual results, events and developments to differ include, without limitation: the ability of our subsidiaries (including, target businesses following their acquisition) to generate sufficient net income and cash flows to make upstream cash distributions, capital market conditions, our and our subsidiaries' ability to identify any suitable future acquisition opportunities, efficiencies/cost avoidance, cost savings, income and margins, growth, economies of scale, combined operations, future economic performance, conditions to, and the timetable for, completing the integration of financial reporting of acquired or target businesses with INNOVATE or the applicable subsidiary of INNOVATE, completing future acquisitions and dispositions, litigation, potential and contingent liabilities, management's plans, changes in regulations and taxes.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Forward-looking statements are not guarantees of performance. You should understand that the following important factors, in addition to those discussed under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 6, 2024 and the documents incorporated herein by reference, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in the forward-looking statements. You should also understand that many factors described under one heading below may apply to more than one section in which we have grouped them for the purpose of this presentation. As a result, you should consider all of the following factors, together with all of the other information presented herein, in evaluating our business and that of our subsidiaries.

INNOVATE Corp. and Subsidiaries

Our actual results or other outcomes may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- the passing in 2023 of Mr. Barr, our former Chief Executive Officer, President and Director and the successful transition of his management responsibilities;
- our dependence on distributions from our subsidiaries to fund our operations and payments on our obligations;
- the impact on our business and financial condition of our substantial indebtedness and the significant additional indebtedness and other financing obligations we may incur;
- the impact of covenants in the Indenture governing INNOVATE's 2026 Senior Secured Notes, 2026 Convertible Notes, CGIC Unsecured Note and Revolving Line of Credit, the Certificates of Designation governing INNOVATE's Series A-3 and Series A-4 Preferred Stock and all other subsidiary debt obligations as summarized in Note 11. Debt Obligations to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC March 6, 2024 and future financing agreements on our ability to operate our business and finance our pursuit of acquisition opportunities;
- our possible inability to generate sufficient liquidity, margins, earnings per share, cash flow and working capital from our operating segments;
- our dependence on certain key personnel;
- bank failures or other similar events that could adversely affect our and our customers' and vendors' liquidity and financial performance;
- our possible inability to hire and retain qualified executive management, sales, technical and other personnel;
- the potential for, and our ability to, remediate future material weaknesses in our internal controls over financial reporting;
- the impact of recent supply chain disruptions, labor shortages and increases in overall price levels, including in transportation costs;
- the impact of a higher interest rate environment;
- the effects related to or resulting from military actions in the Middle East, including Israel and the Gaza Strip, and Russia's military action in Ukraine, including the imposition of additional sanctions and export controls, as well as the broader impact to financial markets and the global macroeconomic and geopolitical environment;
- increased competition in the markets in which our operating segments conduct their businesses;
- limitations on our ability to successfully identify any strategic acquisitions or business opportunities and to compete for these opportunities with others who have greater resources;
- our ability to effectively increase the size of our organization, if needed, and manage our growth;
- the impact of expending significant resources in considering acquisition targets or business opportunities that are not consummated;
- our expectations and timing with respect to our ordinary course acquisition activity and whether such acquisitions are accretive or dilutive to stockholders;

- the effect any interests our officers, directors, stockholders and their respective affiliates may have in certain transactions in which we are involved;
- uncertain global economic conditions in the markets in which our operating segments conduct their businesses;
- the impact of catastrophic events, including natural disasters, pandemic illness and the outbreak of war, or acts of terrorism;
- potential impacts on our business resulting from climate change, greenhouse gas regulations, and the impact of climate change-related changes in the frequency and severity of weather patterns;
- the impact of additional material charges associated with our oversight of acquired or target businesses and the integration of our financial reporting;
- tax consequences associated with our acquisition, holding and disposition of target companies and assets;
- our ability to remain in compliance with the listing standards of the New York Stock Exchange;
- the anticipated Reverse Stock Split may not result in a proportional increase in the per share price of our common stock;
- the ability of our operating segments to attract and retain customers;
- our expectations regarding the timing, extent and effectiveness of our cost reduction initiatives and management's ability to moderate or control discretionary spending;
- management's plans, goals, forecasts, expectations, guidance, objectives, strategies and timing for future operations, acquisitions, synergies, asset dispositions, fixed asset and goodwill impairment charges, tax and withholding expense, selling, general and administrative expenses, product plans, performance and results;
- management's assessment of market factors and competitive developments, including pricing actions and regulatory rulings;
- our expectations and timing with respect to any strategic dispositions and sales of our operating subsidiaries, or businesses, including the shut-down of our Network business by our Spectrum segment, that we may make in the future and the effect of any such dispositions or sales on our results of operations;
- the possibility of indemnification claims arising out of divestitures of businesses; and
- our possible inability to raise additional capital when needed or refinance our existing debt, on attractive terms, or at all.

Infrastructure / DBM Global Inc.

Our actual results or other outcomes of DBMG, and, thus, our Infrastructure segment, may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- adverse impacts from weather affecting DBMG's performance and timeliness of completion of projects, which could lead to increased costs and affect the quality, costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors;
- cost overruns on fixed-price or similar contracts or failure to receive timely or proper payments on cost-reimbursable contracts, whether as a result of improper estimates, performance, disputes, or otherwise;
- uncertain timing and funding of new contract awards, as well as project cancellations;
- potential impediments and limitations on our ability to complete ordinary course acquisitions in anticipated time frames or at all;
- changes in the costs or availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors;
- the impact of inflationary pressures;
- adverse outcomes of pending claims or litigation or the possibility of new claims or litigation, and the potential effect of such claims or litigation on DBMG's business, financial condition, results of operations or cash flow;
- risks associated with labor productivity, including performance of subcontractors that DBMG hires to complete projects;
- its ability to realize cost savings from expected performance of contracts, whether as a result of improper estimates, performance, or otherwise;
- its ability to settle or negotiate unapproved change orders and claims;
- fluctuating revenue resulting from a number of factors, including the cyclical nature of the individual markets in which our customers operate;
- our possible inability to raise additional capital when needed or refinance our existing debt, on attractive terms, or at all; and
- lack of necessary liquidity to provide bid, performance, advance payment and retention bonds, guarantees, or letters of credit securing DBMG's obligations under bids and contracts or to finance expenditures prior to the receipt of payment for the performance of contracts.

Life Sciences / Pansend Life Sciences, LLC

Our actual results or other outcomes of Pansend Life Sciences, LLC, and, thus, our Life Sciences segment, may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- our Life Sciences segment's ability to invest in development stage companies;
- our Life Sciences segment's ability to develop products and treatments related to its portfolio companies;
- medical advances in healthcare and biotechnology;
- governmental regulation in the healthcare industry; and
- our Life Science's segment possible inability to raise additional capital when needed or refinance its existing debt, on attractive terms, or at all.

Spectrum / HC2 Broadcasting Holdings Inc.

Our actual results or other outcomes of Broadcasting, and, thus, our Spectrum segment, may differ from those expressed or implied by forward-looking statements contained herein due to a variety of important factors, including, without limitation, the following:

- our Spectrum segment's ability to operate in highly competitive markets and maintain market share;
- our Spectrum segment's ability to effectively implement its business strategy or be successful in the operation of its business;
- our Spectrum segment's possible inability to raise additional capital when needed or refinance its existing debt, on attractive terms, or at all;
- new and growing sources of competition in the broadcasting industry; and
- FCC regulation of the television broadcasting industry.

We caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this document. Neither we nor any of our subsidiaries undertake any duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this document or to reflect actual outcomes, except as required by applicable law.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Interim Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act") as of the end of the period covered by this report. Based on this evaluation, our Interim Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2024, our disclosure controls and procedures were effective. Disclosure controls and procedures mean our controls and other procedures that are designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 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 Company is subject to claims and legal proceedings that arise in the ordinary course of business. Such matters are inherently uncertain, and there can be no guarantee that the outcome of any such matter will be decided favorably to the Company or that the resolution of any such matter will not have a material adverse effect upon the Company's Consolidated Financial Statements. The Company does not believe that any of such pending claims and legal proceedings will have a material adverse effect on its Consolidated Financial Statements. The Company records a liability in its Consolidated Financial Statements for these matters when a loss is known or considered probable and the amount can be reasonably estimated. The Company reviews these estimates each accounting period as additional information is known and adjusts the loss provision when appropriate. If a matter is both probable to result in a liability and the amounts of loss can be reasonably estimated, the Company estimates and discloses the possible loss or range of loss to the extent necessary for the Consolidated Financial Statements not to be misleading. If the loss is not probable or cannot be reasonably estimated, a liability is not recorded in its Consolidated Financial Statements. Refer to Note 13. Commitments and Contingencies of the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference for additional information.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes in our risk factors from those disclosed in Part 1, Item 1A of our Fiscal Year 2023 Form 10-K, which was filed with the SEC on March 6, 2024. See "Risk Factors" in Item 1A of Part I of such Fiscal Year 2023 Form 10-K for a complete description of the material risks we face.

Risks Relating to our Common Stock

We may not meet the continued listing requirements of the NYSE, which could result in a delisting of our common stock.

As previously reported, on February 26, 2024, we received a notification letter from the NYSE notifying us that the closing price for our common stock had been below $1.00 for the previous 30 consecutive trading days and that we therefore are "below criteria" for continued listing on the NYSE and subject to the procedures outlined in Sections 801 and 802 of the NYSE Listed Company Manual. The notification provided us with a cure period of six months, or until August 26, 2024, in which to regain compliance. To regain compliance, the closing price of our common stock must be at least $1.00 and the average closing price of our common stock over the preceding 30 trading days must be at least $1.00, and in such case, the NYSE will provide us with written confirmation of compliance.

The Company held its annual meeting of stockholders on June 18, 2024, where the Company's stockholders approved a reverse stock split of the Company's common stock, par value $0.001 per share, at a ratio within a range of 1-for-2 and 1-for-10 and granted the Company's Board of Directors the discretion to determine the timing and ratio of the split within such range. On July 4, 2024, the Company's Board of Directors determined to effect the reverse stock split of the common stock at a 1-for-10 ratio (the "Reverse Stock Split") and approved the filing of a certificate of amendment (the "Certificate of Amendment") to the Second Amended and Restated Certificate of Incorporation of the Company to effect the Reverse Stock Split. The Company intends to file the Certificate of Amendment with the Delaware Secretary of State on August 8, 2024 to effect the Reverse Stock Split. The Reverse Stock Split should have the immediate effect of increasing the price of our common stock on the NYSE, therefore reducing the risk that our common stock could be delisted from the NYSE.

Although the Company expects the Reverse Stock Split to restore our compliance with the NYSE listing requirements, we can provide no assurance that it will have the expected result. If the NYSE delists our common stock from trading on its exchange for failure to meet NYSE listing standards for continued listing, an investor would likely find it significantly more difficult to dispose of or obtain our shares, and our ability to raise future capital through the sale of our shares or issue our shares as consideration in acquisitions could be severely limited. Additionally, we may not be able to list our common stock on another national securities exchange, which could result in our securities being quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our common stock and reduced liquidity for the trading of our securities. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Equity Award Share Withholding

Shares of common stock withheld as payment of withholding taxes in connection with the vesting or exercise of equity awards are treated as common stock repurchases. Those withheld shares of common stock are not considered common stock repurchases under an authorized common stock repurchase plan. During the six months ended June 30, 2024, there were no shares withheld in connection with the vesting of employee equity awards.

Unregistered Sales of Equity Securities

Series C Private Placement

On March 28, 2024, the Company issued and sold 25,000 shares of its Series C Non-Voting Participating Convertible Preferred Stock, par value $0.001 per share ("Series C Preferred Stock") for the aggregate purchase price of $25.0 million to Lancer Capital LLC ("Lancer Capital"), an investment fund led by Avram A. Glazer, the Chairman of the Company's board of directors, pursuant to that Investment Agreement dated as of March 5, 2024 (the "Investment Agreement") by and between the Company and Lancer Capital. The related Rights Offering and the Company's entry into the Investment Agreement was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission on March 6, 2024.

On April 24, 2024, in connection with the closing of the Rights Offering, the Company sold approximately 6,286 additional shares of Series C Preferred Stock to Lancer Capital in consideration of Lancer Capital funding $6.3 million pursuant to the Investment Agreement.

On June 18, 2024, the Company held its annual shareholder meeting where Company's shareholder's approved the conversion of the Series C Preferred Stock into common stock. As a result, approximately 31,286 Series C Preferred Stock, held by Lancer Capital, were converted into 44,693,895 of INNOVATE's common stock.

These issuances and sales were consummated without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements of the Securities Act under Section 4(a)(2) of the Securities Act. The Company is basing such reliance upon representations made by Lancer Capital, including, but not limited to, representations as to Lancer Capital's status as an "accredited investor" (as defined in Rule 501(a) under the Securities Act) and Lancer Capital's investment intent. The Series C Preferred Stock was not offered or sold by any form of general solicitation or general advertising (as such terms are used in Rule 502 under the Securities Act). The Series C Preferred Stock and the shares of common stock issuable upon conversion thereof may not be re-offered or sold in the United States absent an effective registration statement or an exemption from the registration requirements under applicable federal and state securities laws.

Use of Proceeds

The Company received $35.0 million in aggregate gross proceeds related to the Rights Offering and Concurrent Private Placement (inclusive of the $31.3 million from Lancer Capital discussed above) and incurred $1.8 million in dealer manager fees and other related costs. INNOVATE is utilizing and expects to continue to use the net proceeds from the Rights Offering and Concurrent Series C Private Placement for general corporate purposes, including debt service and working capital. In addition, as a result of the closing of the Rights Offering and Concurrent Private Placement, a mandatory prepayment was required on the CGIC Unsecured Note, and on April 26, 2024, INNOVATE redeemed $4.1 million of the CGIC Unsecured Note.

ITEM 6. EXHIBITS

(a) *Exhibits*

Please note that the agreements included as exhibits to this Form 10-Q are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about INNOVATE Corp. or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Description
3.1	Certificate of Amendment to Second Amended and Restated Certificate of Incorporation of INNOVATE Corp., dated June 18, 2024 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on June 20, 2024) (File No. 001-35210)
10.1	Amendment of Senior Secured Promissory Note dated effective as of April 30, 2024 by and between R2 Technologies, Inc. and Lancer Capital LLC (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed on May 5, 2024) (File No. 001-35210).
10.2	INNOVATE Corp. Second Amended and Restated 2014 Omnibus Equity Award Plan (incorporated by reference to Exhibit A to INNOVATE's Definitive Proxy Statement, filed on April 29, 2024) (File No. 001-35210).
10.3	Collateral Trust Agreement dated as of November 20, 2018 among HC2 Holdings, Inc., the other Grantors from time to time party hereto, U.S. Bank National Association, as Trustee under the Indenture and U.S. Bank National Association, as Collateral Trustee (filed herewith)
10.4	Amendment No. 1 to Collateral Trust Agreement, dated as of February 1, 2021, to the Collateral Trust Agreement, dated as of November 20, 2018 (the "Collateral Trust Agreement") (filed herewith)
10.5	Collateral Trust Joinder - Additional Pari Passu Obligations dated February 1, 2024 (filed herewith)
10.6	Third Amendment to Credit Agreement dated as of June 28, 2024, by and among DBM Global Inc., the other Borrowers listed on Schedule 1.1 hereto and UMB BANK, N.A. (filed herewith)
10.7	Amendment No. 2 of Senior Secured Promissory Note dated effective as of May 17, 2024 by and between R2 Technologies, Inc. and Lancer Capital LLC (filed herewith).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith).
32.1*	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer (furnished herewith).
101	The following materials from the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 formatted in Inline extensible business reporting language (XBRL): (i) Condensed Consolidated Statements of Cash Flows, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Balance Sheets, and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags (filed herewith).
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included in Exhibit 101).

* These certifications are being "furnished" and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

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.

INNOVATE Corp.

By: /S/ MICHAEL J. SENA

Michael J. Sena
Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Date: **August 7, 2024**

Exhibit 10.3

COLLATERAL TRUST AGREEMENT

dated as of November 20, 2018

among

HC2 HOLDINGS, INC.,

the other Grantors from time to time party hereto,

U.S. BANK NATIONAL ASSOCIATION,

as Trustee under the Indenture and

U.S. BANK NATIONAL ASSOCIATION,
as Collateral Trustee

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COLLATERAL TRUST AGREEMENT dated as of November 20, 2018 among HC2 HOLDINGS, INC., a Delaware corporation (the **"*Issuer*"**), the Grantors from time to time party hereto, U.S. BANK NATIONAL ASSOCIATION, as Trustee (as defined below), and U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee (in such capacity and together with its successors in such capacity, the **"*Collateral Trustee*"**).

W I T N E S S E T H:

WHEREAS, the Issuer intends to issue 11.500% Senior Secured Notes due 2021 (the **"*Notes*"**) in an aggregate principal amount of $470.0 million pursuant to an Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the **"*Indenture*"**) among the Issuer, the Guarantors party thereto and

U.S. Bank National Association, as trustee (in such capacity and together with its successors in such capacity, the **"*Trustee*"**).

WHEREAS, pursuant to the Pledge and Security Agreement dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, including any replacement thereof, the "***Pledge and Security Agreement***"), the Issuer and the other Grantors have agreed to grant liens and pledges on substantially all present and future Collateral in favor of the Collateral Trustee, for the ratable benefit of the Secured Parties, to secure the Obligations under the Indenture on a first priority basis, to the extent that such Liens have been provided for (or are subsequently provided for) in the applicable Security Documents.

WHEREAS, this Agreement sets forth the terms on which each Secured Party has appointed the Collateral Trustee to act as the Collateral Trustee for the present and future holders of the Pari Passu Obligations (as defined below) to receive, hold, maintain, administer and distribute the Collateral at any time delivered to the Collateral Trustee or the subject of the Security Documents, and to enforce the Security Documents and all interests, rights, powers and remedies of the Collateral Trustee with respect thereto or thereunder and the proceeds thereof. Capitalized terms used in this Agreement have the meanings assigned to them above or in Article 1 below.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

ARTICLE 1. DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1 Defined Terms. The following terms will have the

following meanings:

"*Act of Required Secured Parties*" means, as to any matter at any time, a direction in writing delivered to the Collateral Trustee by or with the written consent of the holders of (or the Authorized Representatives representing the holders of) more than 50% of the sum of the aggregate outstanding principal amount of Pari Passu Debt (including the face amount of outstanding letters of credit whether or not then available or drawn).

For purposes of this definition, (i)(a) Pari Passu Debt registered in the name of, or beneficially owned by, the Issuer or any Affiliate of the Issuer and (b) prior to the Discharge of First-Out Obligations and the Discharge of Specified Pari Passu Obligations, Excess First-Out Obligations will be deemed not to be outstanding and neither (x) the Issuer or any Affiliate of the Issuer nor

(y) holders of Excess First-Out Obligations (with respect to such Excess First-Out Obligations) will be entitled to vote such Pari Passu Debt and (ii) votes will be determined in accordance with Section 7.2.

"*Additional Pari Passu Obligations*" has the meaning set forth in Section 3.8(b)(1).

"Additional Pari Passu Debt Designation" means a notice is substantially the form of Exhibit A.

"Additional Pari Passu Obligation Designation" means a notice is substantially the form of Exhibit B.

"*Affiliate*" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "*control*" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Agreement*" shall mean this Collateral Trust Agreement, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

"*Authorized Representative*" means (1) in the case of the Notes, the Trustee, or (2) in the case of any other Series of Pari Passu Debt (including any Series of First-Out Debt), the trustee, agent or representative of the holders of such Series of Pari Passu Debt who maintains the transfer register for such Series of Pari Passu Debt and is appointed as a representative of the Pari Passu Debt (for purposes related to the administration of the Security Documents) pursuant to the indenture, credit agreement or other agreement governing such Series of Pari Passu Debt, and who has executed a Collateral Trust Joinder.

"***Bankruptcy Code"*** means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"*Board of Directors*" means with respect to (1) a corporation, the board of directors of the corporation or any duly authorized committee thereof having the authority of the full board with respect to the determination to be made, (2) a limited liability company, any managing member thereof or, if managed by managers, the board of managers thereof, or any duly authorized committee thereof having the authority of the full board with respect to the determination to be made, (3) a partnership, the Board of Directors of the general partner of the partnership and (4) any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed.

"*Capital Lease*" means, with respect to any Person, any lease of any property which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"*Capital Stock*" means with respect to any Person, any and all shares of stock of a corporation, partnership interests or other equivalent interests (however designated, whether voting or non-voting) in such Person's equity, entitling the holder to receive a share of the profits and losses, and a distribution of assets, after liabilities, of such Person.

"Cash Management Arrangement" means with respect to any Person, any obligations of such person in respect of treasury management arrangements including any of the following products, services or facilities: (a) demand deposit or operating account relationships or other cash management services including, without limitation, any services provided in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse fund transfer services, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, automated clearinghouse transactions, return items, overdrafts, interstate depository network services, lockbox and stop payment services; (b) treasury management line of credit, commercial credit card, merchant card services, purchase or debit cards, including, without limitation, stored value cards and non-card e-payables services; and (c) other banking products or services, other than loans or letters of credit.

"*Collateral*" means, in the case of each Series of Pari Passu Debt, all properties and assets of the Issuer and the other Grantors now owned or hereafter acquired in which Liens have been granted, or purported to be granted, or required to be granted, to the Collateral Trustee to secure any or all of the Pari Passu Obligations, including any property subject to Liens granted pursuant to Section 7.20, and shall exclude any properties and assets in which the Collateral Trustee is required to release its Liens pursuant to Section 3.2; *provided*, that, if such Liens are required to be released as a result of the sale, transfer or other disposition of any properties or assets of the Issuer or any other Grantor, such assets or properties will cease to be excluded from the Collateral if the Issuer or any other Grantor thereafter acquires or reacquires such assets or properties.

"*Collateral Trust Joinder*" means (1) with respect to the provisions of this Agreement relating to any Pari Passu Obligations, an agreement substantially in the form of Exhibit B and

(2) with respect to the provisions of this Agreement relating to the addition of additional Grantors, an agreement substantially in the form of Exhibit C.

"*Collateral Trustee*" has the meaning set forth in the preamble.

"Collateral Trustee Obligations" has the meaning set forth in Section 3.4(a).

"Controlling Representative" means the Authorized Representative that represents the Series of Pari Passu Debt with the then largest outstanding principal amount, subject to the proviso in the definition of "Act of Required Secured Parties."

*"**Discharge of Excess First-Out Obligations**"* means the occurrence of all of the following:

(1) termination or expiration of all commitments to extend credit that would constitute Excess First-Out Obligations;

(2) payment in full in cash of the principal of and interest and premium (if any) on all Excess First-Out Obligations (including all interest, fees and expenses accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, specified in the Excess First-Out Documents, even if such interest, fee or expense is not enforceable, allowable or allowed as a claim in such proceeding);

(3) discharge or cash collateralization (at the lower of (i) 105% of the aggregate undrawn amount and (ii) the percentage of the aggregate undrawn amount required for release of liens under the terms of an Excess First-Out Document or refinancing in respect thereof, as applicable) of all outstanding letters of credit constituting Excess First-

Out Obligations; and

(4) payment in full in cash of all other Excess First-Out Obligations (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at or prior to such time) that are outstanding and unpaid at the time that each of the events described in clauses (1), (2) and (3) above shall have occurred.

*"**Discharge of First-Out Obligations**"* means the occurrence of all of the following:

(1) with respect to each Series of First-Out Debt, termination or expiration of all commitments to extend credit that would constitute First-Out Obligations (other than Excess First-Out Obligations);

(2) payment in full in cash of the principal of and interest and premium (if any) on all First-Out Obligations (other than any undrawn letters of credit and other than Excess First-Out Obligations) (including all interest, fees and expenses accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, specified in the First-Out Documents, even if such interest, fee or expense is not enforceable, allowable or allowed as a claim in such proceeding);

(3) discharge or cash collateralization at the lower of (i) 105% of the aggregate undrawn amount and (ii) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable Series of First-Out Debt of all outstanding letters of credit constituting First-Out Obligations (other than Excess First-Out Obligations); and

(4) payment in full in cash of all other First-Out Obligations (other than Excess First-Out Obligations and any obligations for taxes, costs, indemnifications,

reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at or prior to such time) that are outstanding and unpaid at the time that each of the events described in clauses (1), (2) and (3) above shall have occurred;

provided, however, that if, at any time after the Discharge of First-Out Obligations has occurred, the Issuer thereafter enters into any First-Out Document evidencing a First-Out Debt the incurrence of which is not prohibited by any applicable Security Document, then such Discharge of First-Out Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement with respect to such new First-Out Debt (other than with respect to any actions taken as a result of the occurrence of such first Discharge of First-Out Obligations), and, from and after the date on which the Issuer designates such Indebtedness as First-Out Debt in accordance with Section 3.8, the Obligations under such First-Out Document shall automatically and without any further action be treated as First-Out Obligations for all purposes of this Agreement, including for purposes of the Lien and payment priorities and rights in respect of Collateral set forth herein.

"*Discharge of Pari Passu Obligations*" means the occurrence of Discharge of First-Out Obligations, Discharge of Specified Pari Passu Obligations and the Discharge of Excess First-Out Obligations.

"*Discharge of Specified Pari Passu Obligations*" means the occurrence of all of the following (other than in respect of First-Out Obligations or Excess First-Out Obligations):

(1) with respect to each Series of Specified Pari Passu Debt, either (x) payment in full in cash of the principal of and interest and premium (if any) on all Pari Passu Debt of such series or (y) there has been a legal defeasance or covenant defeasance pursuant to the terms of the applicable Security Documents for such Series of Specified Pari Passu Debt; and

(2) payment in full in cash of all other Specified Pari Passu Obligations that are outstanding and unpaid at the time the Specified Pari Passu Debt is paid in full in cash (or the cash collateralization of any such Obligations on terms satisfactory to the applicable holder thereof) (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time);

provided, however, that if, at any time after the Discharge of Specified Pari Passu Obligations has occurred, the Issuer thereafter enters into any Specified Pari Passu Document evidencing a Specified Pari Passu Debt the incurrence of which is not prohibited by any applicable Security Document, then such Discharge of Specified Pari Passu Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement with respect to such new Specified Pari Passu Debt (other than with respect to any actions taken as a result of the occurrence of such first Discharge of Specified Pari Passu Obligations), and, from and after the date on which the Issuer designates such Indebtedness as Specified Pari Passu Debt in accordance with Section

3.8, the Obligations under such Specified Pari Passu Document shall automatically and without any further action be treated as Specified Pari Passu Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein.

"Excess First-Out Authorized Representative" means the Authorized Representative in respect of any Excess First-Out Obligations.

"***Excess First-Out Debt***" means any Indebtedness secured on a pari passu basis with the Pari Passu Obligations that would have otherwise constituted First-Out Debt but for the limitation on such incurrence under Section 4.11(b)(1) of the Indenture (as in effect on the date hereof).

"Excess First-Out Document" means, collectively, each credit agreement, debt facility, commercial paper facility, indenture, trust deed, note purchase agreement or other facility, agreement, instrument or arrangement pursuant to which any Excess First-Out Obligations are incurred and secured in accordance with the terms of the Security Documents. For avoidance of doubt, the same Pari Passu Document may evidence or govern both First-Out Obligations and Excess First-Out Obligations but shall be a First-Out Document with respect to the First-Out Obligations evidenced thereunder and an Excess First-Out Document with respect to Excess First-Out Obligations evidenced thereunder.

"***Excess First-Out Obligations***" means Excess First-Out Debt, together with all interest and fees thereon, and any Obligations in respect thereof.

"***Excess First-Out Secured Parties***" means each holder of an Excess First-Out Obligation, including each Excess First-Out Representative and the Collateral Trustee.

"Excluded Assets" shall have the meaning set forth in the Pledge and Security Agreement.

"*First-Out Authorized Representative*" means in the case of any Series of First-Out Debt, the agent, trustee or counterparty who is appointed as a representative of such First-Out Debt (for purposes related to the administration of the applicable First-Out Documents) pursuant to the credit agreement, debt facility, commercial paper facility, indenture, trust deed, note purchase agreement or other facility, agreement, instrument, or arrangement governing such Series of First-Out Debt and that executes and delivers or cause to deliver an Additional Pari Passu Debt Designation in accordance with Section 3.8(a) and a Collateral Trust Joinder in accordance with Section 3.8(b).

"First-Out Cash Management Arrangements" means a Cash Management Arrangement with a First-Out Cash Management Counterparty which creates First-Out Cash Management Obligations.

"***First-Out Cash Management Counterparty***" has the meaning set forth in the definition of "First-Out Cash Management Obligations".

"***First-Out Cash Management Obligations***" means all obligations owing to any First- Out Authorized Representative or any of its Affiliates or a Person that is or was a lender under any First-Out Debt or any Affiliate of any such lender, in each case at the time the First-Out Cash Management Arrangements which created such obligations were entered into or which existed at the time the First-Out Document became effective (each such Person, a ***"First-Out Cash Management Counterparty"***).

"First-Out Debt" means Indebtedness secured on a *pari passu* basis with the Pari Passu Obligations, which Indebtedness was permitted to be incurred pursuant to Section 4.11(b)(1) of the Indenture and any guarantees thereof that are permitted to be incurred and so secured under the terms of the Indenture and each applicable Security Document; provided that:

(i) on or prior to the incurrence of such Indebtedness, such Indebtedness is designated by the Issuer, in an Officer's Certificate delivered to the Collateral Trustee and each Authorized Representative , as both "Pari Passu Debt" and "First-Out Debt" for the purposes of the Security Documents;

(ii) a First-Out Authorized Representative is designated with respect to such Indebtedness and executes and delivers or cause to deliver to the Collateral Trustee (A) an Additional Pari Passu Debt Designation in accordance with Section 3.8(a) and (B) a Collateral Trust Joinder in accordance with Section 3.8(b);

(iii) all requirements set forth in this Agreement as to the confirmation, grant or perfection of the Collateral to secure such Indebtedness are satisfied (and the satisfaction of such requirements and the other provisions of this clause (iii) will be conclusively established, absent manifest error, if the Issuer delivers to the Collateral Trustee an Officer's Certificate stating that such requirements and other provisions have been satisfied and that such debt constitutes First-Out Debt); and

(iv) such Indebtedness is *pari passu* in right of payment with each other Series of First- Out Debt (it being understood that there may be different Series of First-Out Debt with different maturities and amortization profiles, but the principal amount of Indebtedness under all such series must be *pari passu* in right of payment) and does not have any senior or junior rights with respect to the application of proceeds from Collateral other than as provided herein.

For the avoidance of doubt, Excess First-Out Debt shall not constitute First-Out Debt but shall constitute Pari Passu Debt.

"***First-Out Documents***" means, collectively, each First-Out Cash Management Arrangement, and any credit agreement, debt facility, commercial paper facility, indenture, trust deed, note purchase agreement or other facility, agreement, instrument, or arrangement pursuant to which any First-Out Obligations is incurred and secured in accordance with the terms of the Security Documents.

"***First-Out Obligations***" means the First-Out Debt and all other "Obligations" (or equivalent term) in connection with under a Series of First-Out Debt under an applicable First- Out Document in respect thereof; *provided* that, for the avoidance of doubt, Excess First-Out Obligations shall not constitute First-Out Obligations, but shall constitute Pari Passu Obligations.

"***First-Out Secured Parties***" means each holder of a First-Out Obligation, including each First-Out Authorized Representative and the Collateral Trustee.

"*GAAP*" means generally accepted accounting principles in the United States of America as in effect as of the Issue Date.

"*Grantor*" means each Person that at any time provides collateral security for any Pari Passu Obligations.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part; *provided* that the term "Guarantee" does not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means, each person who has Guaranteed payment of any Pari Passu Obligations.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money or advances or;

(2) evidenced by loan agreements, indentures, bonds, notes (including seller notes), debentures or similar instruments, letters of credit, bankers' acceptances or other similar instruments, excluding obligations in respect of trade letters of credit or bankers' acceptances issued in respect of trade payables.

"*Indemnified Liabilities*" means any and all liabilities (including all environmental liabilities), obligations, losses, damages, penalties, actions, judgments, suits, costs, taxes, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, performance, administration or enforcement of this Agreement or any of the other Security Documents, including any of the foregoing relating to the use of proceeds of any Pari Passu Debt or the violation of, noncompliance with or liability under, any law (including environmental laws) applicable to or enforceable against the Issuer, any of its Subsidiaries or any other Grantor or any of the Collateral and all reasonable costs and expenses (including reasonable fees and expenses of legal counsel selected by the Indemnitee) incurred by any Indemnitee in connection with any claim, action, investigation or proceeding in any respect relating to any of the foregoing, whether or not suit is brought.

"*Indemnitee*" has the meaning set forth in Section 7.10(a).

"*Indenture*" has the meaning set forth in the recitals.

"Indenture Secured Parties" means each of the Collateral Trustee, the Trustee and the Holders (as defined in the Indenture) of the Notes.

"*Insolvency or Liquidation Proceeding*" means:

(1) any voluntary or involuntary case commenced by or against the Issuer or any other Grantor under Title 11, U.S. Code or any similar federal or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization, receivership, liquidation or adjustment or marshalling of the assets or liabilities of the Issuer or any other Grantor, any receivership or assignment for the benefit of creditors relating to the Issuer or any other Grantor or any similar case or proceeding relative to the Issuer or any other Grantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Issuer or any other Grantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other proceeding of any type or nature in which substantially all claims of creditors of the Issuer or any other Grantor are determined and any payment or distribution is or may be made on account of such claims.

"*Issue Date*" means the date on which the Notes are originally issued under the Indenture.

"*Issuer*" has the meaning set forth in the preamble.

"*Last-Out Authorized Representative*" means each Authorized Representative other than a First-Out Authorized Representative.

"***Last-Out Obligations***" means all Pari-Passu Obligations other than First-Out Obligations.

"***Last-Out Secured Parties***" means each Secured Party other than any First-Out Secured

Party.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of

any kind (including any conditional sale or other title retention agreement or Capital Lease), to secure payment of a debt or performance of an obligation and any option, call, trust (contractual, statutory, deemed, equitable, constructive, resulting or otherwise), UCC Financing Statement, any right of set-off or recoupment or preferential arrangement having the practical effect of any of the foregoing.

"*Modification*" has the meaning set forth in Section 3.8(d)(1).

"*Moody's*" means Moody's Investors Service, Inc., and its successors.

"*Mortgage*" shall mean an agreement, including a mortgage, deed of trust or any other document, creating and evidencing a Pari Passu Lien on a Mortgaged Property, which in the case of real property owned in fee, shall in form and substance, with such schedules and including such provisions, as shall be necessary to conform such document to applicable local or foreign law or as shall be customary under applicable local or foreign legal requirements.

"*Mortgaged Property*" shall mean (1) each Real Property located in the United States owned in fee as of the Issue Date that, together with any improvements thereon, has a fair market value of at least $5.0 million and (2) each Real Property located in the United States owned in fee following the Issue Date that, together with any improvements thereon, has a fair market value of at least $5.0 million.

"*Notes*" has the meaning set forth in the recitals.

"Note Guarantee" means the Guarantee of the notes by a Grantor pursuant to the Indenture.

"***Obligations***" means, all obligations (whether in existence on the date hereof or arising afterwards, absolute or contingent, direct or indirect) for or in respect of principal (when due, upon acceleration, upon redemption, upon mandatory repayment or repurchase pursuant to a mandatory offer to purchase, or otherwise), premium, interest, penalties, fees, indemnification, reimbursement and other amounts payable and liabilities under any applicable Pari Passu Document, including all interest accrued or accruing after the commencement of any bankruptcy, insolvency or reorganization or similar case or proceeding at the contract rate (including, without limitation, any contract rate applicable upon default) specified in the relevant documentation, whether or not the claim for such interest is allowed as a claim in such case or proceeding.

"*Officer's Certificate*" means a certificate with respect to compliance with a condition or covenant provided for in this Agreement, signed on behalf of the Issuer by an officer of the Issuer, who must be any of the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, including:

(a) a statement that the Person making such certificate has read such covenant or condition;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

"*Pari Passu Debt*" means:

(1) the Notes issued on the date of the Indenture;

(2) any First-Out Debt;

(3) any Excess First-Out Debt;

(4) any other Indebtedness of the Issuer that is secured equally and ratably with the Notes, the First-Out Obligations and the Excess First-Out Obligations by a Pari Passu Lien that was permitted to be incurred and so secured under each applicable Pari Passu Document; *provided*, that:

(a) on or before the date on which such Indebtedness is incurred by the Issuer, such Indebtedness is designated by the Issuer as "Pari Passu Debt" for the purposes of the Indenture and this Agreement in a Pari Passu Obligation Designation executed and delivered in accordance with Section 3.8(a);

(b) unless such Indebtedness is issued under an existing Pari Passu Document for any Series of Pari Passu Debt whose Authorized Representative is already party to this Agreement, the Authorized Representative for such Indebtedness executes and delivers a Collateral Trust Joinder in accordance with Section 3.8(b); and

(c) all other requirements set forth in Section 3.8 have been complied

with.

"*Pari Passu Debt Default*" means any event or condition that, under the terms of any credit agreement, indenture or other agreement governing any Series of Pari Passu Debt causes, or permits holders of Pari Passu Debt outstanding thereunder (with or without the giving of notice or lapse of time, or both, and whether or not notice has been given or time has lapsed) to cause, the Pari Passu Debt outstanding thereunder to become immediately due and payable.

"*Pari Passu Documents*" means, collectively, the Indenture, the Notes, the Note Guarantees, any First-Out Document, any Excess First-Out Document and any other indenture, credit agreement or other agreement pursuant to which any Pari Passu Debt is incurred and the Security Documents.

"*Pari Passu Lien*" means a Lien granted, or purported to be granted, by a Security Document to the Collateral Trustee, at any time, upon any property of the Issuer or any other Grantor to secure Pari Passu Obligations.

"*Pari Passu Obligations*" means the Pari Passu Debt and all other Obligations in respect of Pari Passu Debt, including without limitation any Post-Petition Interest whether or not allowable, and all guarantees of any of the foregoing. In addition to the foregoing, all Collateral Trustee Obligations shall be deemed to constitute Pari Passu Obligations.

"*Pari Passu Secured Parties*" means holders of Pari Passu Obligations.

"Permitted Prior Lien" means any Lien that has priority over the Lien of the Collateral Trustee for the benefit of the Secured Parties which Lien was permitted under each Pari Passu Document.

"***Person***" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Pledge and Security Agreement" has the meaning set forth in the recitals.

"*Post-Petition Interest"* means interest, fees, expenses and other charges that pursuant to the Pari Passu Documents continue to accrue after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest, fees, expenses and other charges are allowed or allowable under the Bankruptcy Code or in any such Insolvency or Liquidation Proceeding.

"Premises" shall have the meaning assigned thereto in the applicable Mortgage.

"Reaffirmation Agreement" means an agreement reaffirming the security interests granted to the Collateral Trustee in substantially the form attached as Exhibit 1 to Exhibit A of this Agreement

"*Real Property*" shall mean, collectively, all right, title and interest (including any leasehold, fee, mineral or other estate) in and to any and all parcels of or interests in real property owned, leased or operated by any person, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment, all general intangibles and contract rights and other property and rights incidental to the ownership, lease or operation thereof.

"S&P" means S&P Global Ratings or any successor thereto.

"*Sale Proceeds*" means the proceeds from the sale of the Issuer or one or more of the Grantors as a going concern.

"Secured Parties" means the Indenture Secured Parties, the Last-Out Secured Parties, the First-Out Secured Parties, the Pari Passu Secured Parties, the Excess First-Out Secured Parties and the other holders of Pari Passu Obligations, each Authorized Representative and the Collateral Trustee.

"Security Documents" means this Agreement, the Pledge and Security Agreement, the Mortgages, each Collateral Trust Joinder and any other mortgages, deeds of trust, deeds to secure debt, security agreements, security trust agreements, pledge agreements, joinders, agency agreements, control agreements, financing statements or other grants or transfers for security executed and delivered by the Issuer or any other Grantor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Trustee, for the benefit of any of the Secured Parties, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and Section 7.1.

"***Series of First-Out Debt***" means, severally, the First-Out Debt under an issue or series of First-Out Debt. For purposes hereof, obligations arising under any Cash Management Arrangement and characterized as "Obligations" (or equivalent term) under a Series of First-Out Debt shall be considered to be part of the same series as such Series of First-Out Debt.

"*Series of Pari Passu Debt*" means, severally, the Notes, any Series of First-Out Debt and each other issue or series of Pari Passu Debt. For the avoidance of doubt, all reimbursement obligations in respect of letters of credit issued pursuant to a Pari Passu Document shall be part of the same Series of Pari Passu Debt as all other Pari Passu Debt incurred pursuant to such Pari Passu Document.

"*Series of Specified Pari Passu Debt*" means, severally, the Specified Pari Passu Debt under an issue or series of Specified Pari Passu Debt.

"*Specified Pari Passu Debt*" means all Pari Passu Debt other than First-Out Debt and Excess First-Out Debt.

"*Specified Pari Passu Documents*" means any Pari Passu Documents other than First- Out Documents and Excess First-Out Documents.

"*Specified Pari Passu Obligations*" means all Pari Passu Obligations other than First- Out Obligations and Excess First-Out Obligations.

"*Specified Pari Passu Secured Parties*" means each holder of a Specified Pari Passu Obligation.

"Subsidiary" means with respect to any Person, any corporation, association or other business entity of which more than 50% of the outstanding Voting Stock is owned, directly or indirectly, by, or, in the case of a partnership, the sole general partner or the managing partner or the only general partners of which are, such Person and one or more Subsidiaries of such Person (or a combination thereof).

"*Trustee*" has the meaning set forth in the recitals.

"*Trust Estate*" has the meaning set forth in Section 2.1.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided, however*, that in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of, or remedies with respect to, any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions hereof relating to such perfection, priority or remedies.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

SECTION 1.2 Other Definition Provisions.

(a) The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule, Exhibit and Annex

references, are to this Agreement unless otherwise specified. References to any Schedule, Exhibit or Annex shall mean such Schedule, Exhibit or Annex as amended or supplemented from time to time in accordance with this Agreement.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) The expressions "payment in full," "paid in full" and any other similar terms or phrases when used herein shall mean payment in cash in immediately available funds.

(d) The use herein of the word "include" or "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter.

(e) All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

(f) All terms used in this Agreement that are defined in Article 9 of the UCC and not otherwise defined herein have the meanings assigned to them in Article 9 of the UCC.

(g) Notwithstanding anything to the contrary in this Agreement, any references contained herein to any section, clause, paragraph, definition or other provision of the Indenture (including any definition contained therein) shall be deemed to be a reference to such section, clause, paragraph, definition or other provision as in effect on the date of this Agreement; *provided*, that any reference to any such section, clause, paragraph or other provision shall refer to such section, clause, paragraph or other provision of the Indenture (including any definition contained therein) as amended or modified from time to time if such amendment or modification has been (1) made in accordance with the Indenture and (2) approved in a writing delivered to the Trustee and the Collateral Trustee by, or on behalf of, the requisite Secured Parties as are needed (if any) under the terms of the applicable Pari Passu Documents to approve such amendment or modification. Unless otherwise set forth herein, references to principal amount shall include, without duplication, any reimbursement obligations with respect to a letter or credit and the face amount thereof (whether or not such amount is, at the time of determination, drawn or available to be drawn).

This Agreement and the other Security Documents will be construed without regard to the identity of the party who drafted it and as though the parties participated equally in drafting it. Consequently, each of the parties acknowledges and agrees that any rule of construction that a document is to be construed against the drafting party will not be applicable either to this Agreement or the other Security Documents.

ARTICLE 2. THE TRUST ESTATE

SECTION 2.1 Declaration of Trust.

To secure the payment of the Pari Passu Obligations and in consideration of the premises and mutual agreements set forth in this Agreement, each of the Grantors hereby confirms the grant to the Collateral Trustee, its successors and permitted assigns, and the Collateral Trustee hereby accepts and agrees to hold, in trust under this Agreement for the benefit of all current and future Secured Parties, all of such Grantor's right, title and interest in, to and under all Collateral, now or hereafter granted to the Collateral Trustee under any Security Document for the benefit of the Secured Parties, together with all of the Collateral Trustee's right, title and interest in, to and under the Security Documents, and all interests, rights, powers and remedies of the Collateral Trustee thereunder or in respect thereof and all cash and non-cash proceeds thereof (collectively, the **"*Trust Estate*"**).

The Collateral Trustee and its successors and assigns under this Agreement will hold the Trust Estate in trust for the benefit solely and exclusively of all current and future Secured Parties as security for the payment of all present and future Pari Passu Obligations.

Notwithstanding the foregoing, if at any time:

(1) all Liens securing the Pari Passu Obligations have been released as provided in Section 4.1;

(2) the Collateral Trustee holds no other property in trust as part of the Trust

Estate;

(3) no monetary obligation (other than indemnification and other contingent

obligations not then due and payable) is outstanding and payable under this Agreement to the Collateral Trustee or any of its co-trustees or agents (whether in an individual or representative capacity); and

(4) the Issuer delivers to the Collateral Trustee an Officer's Certificate stating that all Pari Passu Liens of the Collateral Trustee have been released in compliance with all applicable provisions of the Pari Passu Documents and that the Grantors are not required by any Pari Passu Document to grant any Pari Passu Lien upon any property,

then the trust arising hereunder will terminate (subject to any reinstatement pursuant to Section 7.19 hereof), except that all provisions set forth in Sections 7.10 and 7.11 that are enforceable by the Collateral Trustee or any of its co-trustees or agents (whether in an individual or representative capacity) will remain enforceable in accordance with their terms.

The parties further declare and covenant that the Trust Estate will be held and distributed by the Collateral Trustee subject to the further agreements herein.

SECTION 2.2 Collateral Shared Equally and Ratably.

(a) The parties to this Agreement agree that the payment and satisfaction of all of the Pari Passu Obligations will be secured equally and ratably by the Liens established in favor of the Collateral Trustee for the benefit of the Secured Parties, notwithstanding the time of incurrence of any Pari Passu Obligations or the date, time, method or order of grant, attachment or perfection of any Liens securing such Pari Passu Obligations and notwithstanding any provision of the UCC, the time of incurrence of any Series of Pari Passu Debt or the time of incurrence of any other Pari Passu Obligation, or any other applicable law or any defect or deficiencies in, or failure to perfect or lapse in perfection of, or avoidance as a fraudulent conveyance or otherwise of, the Liens securing the Pari Passu Obligations, the subordination of such Liens to any other Liens, or any other circumstance whatsoever, whether or not any Insolvency or Liquidation Proceeding has been commenced against the Issuer or any other Grantor, it is the intent of the parties that, and the parties hereto agree for themselves and Secured Parties represented by them that, all Pari Passu Obligations will be and are secured equally and ratably by all Pari Passu Liens at any time granted by the Issuer or any other Grantor to secure any Obligations in respect of any Series of Pari Passu Debt, whether or not upon property otherwise constituting collateral for such Series of Pari Passu Debt, and that all such Pari Passu Liens will be enforceable by the Collateral Trustee for the benefit of all Secured Parties equally and ratably; *provided, however*, that notwithstanding the foregoing, this provision will not be violated with respect to any particular Collateral and any particular Series of Pari Passu Debt if the Security Documents in respect thereof prohibit the applicable Authorized Representative from accepting the benefit of a Lien on any particular asset or property or such Authorized Representative otherwise expressly declines in writing to accept the benefit of a Lien on such asset or property;

(b) Notwithstanding anything herein to the contrary, each First-Out Authorized Representative will have the exclusive right to deal with that portion of the Collateral consisting of cash collateral held to cash collateralize letter of credit obligations under its applicable First-Out Document, including exercising rights under control agreements with respect to such accounts.

ARTICLE 3. OBLIGATIONS AND POWERS OF COLLATERAL TRUSTEE

SECTION 3.1 Appointment and Undertaking of the Collateral Trustee.

(a) Each Secured Party acting through its respective Authorized Representative and/or by its acceptance of the benefits of the Security Documents hereby appoints the Collateral Trustee to serve as Collateral Trustee hereunder on the terms and conditions set forth herein. Subject to, and in accordance with, this Agreement, the Collateral Trustee will, as Collateral Trustee, for the benefit solely and exclusively of the present and future Secured Parties, in accordance with the terms of this Agreement:

(1) accept, enter into, hold, maintain, administer and enforce all Security Documents, including all Collateral subject thereto, and all Liens created thereunder, perform its obligations hereunder and under the Security Documents and protect, exercise and enforce the interests, rights, powers and remedies granted or available to it under, pursuant to or in connection with the Security Documents;

(2) take all lawful and commercially reasonable actions permitted under the Security Documents that it may deem necessary or advisable to protect or

preserve its interest in the Collateral subject thereto and such interests, rights, powers and remedies;

(3) deliver and receive notices pursuant to this Agreement and the Security Documents;

(4) sell, assign, collect, assemble, foreclose on, institute legal proceedings with respect to, or otherwise exercise or enforce the rights and remedies of a secured party (including a mortgagee, trust deed beneficiary and insurance beneficiary or loss payee) with respect to the Collateral, or otherwise realize on the Collateral, under the Security Documents and its other interests, rights, powers and remedies;

(5) remit as provided in Section 3.4 all cash proceeds received by the Collateral Trustee from the collection, foreclosure or enforcement of its interest in the Collateral under the Security Documents or any of its other interests, rights, powers or remedies;

(6) execute and deliver (i) amendments and supplements to the Security Documents as from time to time authorized pursuant to Section 7.1 accompanied by an Officer's Certificate to the effect that the amendment or supplement was permitted under Section 7.1 and (ii) acknowledgements of Collateral Trust Joinders delivered pursuant to Section 3.8 or 7.21 hereof; and

(7) release any Lien granted to it by any Security Document upon any Collateral if and as required by Section 3.2 or Article 4.

(8) Act or decline to act in connection with any enforcement of Liens as provided in Section 3.3.

(b) Each party to this Agreement acknowledges and consents to the undertaking of the Collateral Trustee set forth in Section 3.1(a) and agrees to each of the other provisions of this Agreement applicable to the Collateral Trustee.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Collateral Trustee will not commence any exercise of remedies or any foreclosure actions or otherwise take any action or proceeding against any of the Collateral (other than actions as necessary to prove, protect or preserve the Liens securing the Pari Passu Obligations) unless and until it shall have been directed in writing by an Act of Required Secured Parties and then only in accordance with the provisions of this Agreement.

(d) Notwithstanding anything to the contrary contained in this Agreement, neither the Issuer nor any of its Affiliates may serve as Collateral Trustee.

SECTION 3.2 Release or Subordination of Liens. The Collateral Trustee will not release or subordinate any Lien of the Collateral Trustee or consent to the release or subordination of any Lien of the Collateral Trustee, except:

(a) as directed by an Act of Required Secured Parties accompanied by an Officer's Certificate to the effect that the release or subordination was permitted by each applicable Security Document;

(b) as required by Article 4; or

(c) as ordered pursuant to applicable law under a final and nonappealable order or judgment of a court of competent jurisdiction.

SECTION 3.3 Enforcement of Liens. If the Collateral Trustee at any time receives written notice that any event of default shall have occurred and be continuing under the Indenture, a First-Out Document, Excess First-Out Document or any other Pari Passu Document entitling the Collateral Trustee to foreclose upon, collect or otherwise enforce its Liens under the Security Documents, the Collateral Trustee will promptly deliver written notice thereof to each Authorized Representative. Thereafter, the Collateral Trustee may await direction by an Act of Required Secured Parties and will act, or decline to act, as directed by an Act of Required Secured Parties, in the exercise and enforcement of the Collateral Trustee's interests, rights, powers and remedies in respect of the Collateral or under the Security Documents or applicable law and, following the initiation of such exercise of remedies, the Collateral Trustee will act, or decline to act, with respect to the manner of such exercise of remedies as directed by an Act of Required Secured Parties. Unless it has been directed to the contrary by an Act of Required Secured Parties, the Collateral Trustee in any event may (but will not be obligated to) take or refrain from taking such action with respect to any default under any Pari Passu Document as it may deem advisable and in the best interest of the Secured Parties.

SECTION 3.4 Application of Proceeds.

(a) The Collateral Trustee will apply the proceeds of any collection, sale, foreclosure or other realization upon, or exercise of any right or remedy with respect to, any Collateral and the proceeds thereof, Sale Proceeds, and the proceeds of any title insurance or other insurance policy required under any Pari Passu Document or otherwise covering the Collateral in the following order of application:

FIRST, to the payment of all amounts payable under this Agreement on account of the Collateral Trustee's fees and any reasonable legal fees, costs and expenses or other liabilities of any kind incurred by the Collateral Trustee or any co-trustee or agent of the Collateral Trustee in connection with any Security Document (including, but not limited to, indemnification obligations that are then due and payable) (collectively, the ***"Collateral Trustee Obligations"***);

SECOND, to the repayment of obligations, other than the Pari Passu Obligations, secured by a Permitted Prior Lien on the Collateral sold or realized upon to the extent that such other Lien has priority over the Pari Passu Liens but only if such obligation is discharged (in whole or in part) in connection with such sale;

THIRD, equally and ratably to each First-Out Authorized Representative for application to the equal and ratable payment of all outstanding First-Out Obligations that

are then due and payable in such order as may be provided in the First-Out Documents in an amount sufficient to cause the Discharge of First-Out Obligations;

FOURTH, after the Discharge of First-Out Obligations, to the respective Authorized Representatives, on a pro rata basis for each Series of Specified Pari Passu Debt, for application to the payment of all such outstanding Specified Pari Passu Debt and any such other outstanding Specified Pari Passu Obligations that are then due and payable and so secured (for application in such order as may be provided in the Specified Pari Passu Documents applicable to the respective Specified Pari Passu Obligations) in an amount sufficient to pay in full in cash all outstanding Specified Pari Passu Debt and all other Specified Pari Passu Obligations that are then due and payable (including all interest and fees accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, specified in the Specified Pari Passu Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Specified Pari Passu Document) of all outstanding letters of credit, if any, constituting Specified Pari Passu Debt);

FIFTH, to each Excess First-Out Authorized Representative for application to the equal and ratable payment of any Excess First-Out Obligations that are then due and payable in such order as may be provided in the Excess First-Out Documents in an amount sufficient to cause the Discharge of Excess First-Out Obligations; and

SIXTH, any surplus remaining after the payment in full in cash of amounts described in the preceding clauses will be paid to the Issuer or the applicable Grantor, as the case may be, its successors or assigns, or to such other Persons as may be entitled to such amounts under applicable law or as a court of competent jurisdiction may direct.

Notwithstanding the foregoing, if any Series of Pari Passu Debt has released its Lien on any Collateral as described in Section 4.4 below, then such Series of Pari Passu Debt and any related Pari Passu Obligations of that series thereafter shall not be entitled to share in the proceeds of any Collateral so released by that series.

(b) After the occurrence and during the continuance of an event of default under and as defined in any First-Out Document, if any Last-Out Authorized Representative or Last-Out Secured Party exercises any rights of set-off, banker's liens or consolidation of accounts prior to the Discharge of First-Out Obligations, the relevant Last-Out Authorized Representative or Last-Out Secured Party shall immediately segregate and hold an amount equal to the amount so discharged in trust for application to the First-Out Obligations and forthwith deliver such amount to the Collateral Trustee to be applied pursuant to this Section 3.4. The foregoing sentence regarding the treatment of First-Out Obligations relative to Last-Out Obligations shall apply *mutatis mutandis* to the treatment of Specified Pari Passu Obligations relative to Excess First-Out Obligations.

(c) This Section 3.4 is intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Pari Passu Obligations, each present and future Authorized Representative and the Collateral Trustee as holder of Pari Passu Liens. The Authorized Representative of each future Series of Pari Passu Debt will be required to deliver a Collateral Trust Joinder including a lien sharing and priority confirmation as provided in Section 3.8 at the time of incurrence of such Series of Pari Passu Debt.

(d) In connection with the application of proceeds pursuant to Section 3.4(a), except as otherwise directed by an Act of Required Secured Parties, the Collateral Trustee may sell any non-cash proceeds for cash prior to the application of the proceeds thereof.

(e) In making the determinations and allocations in accordance with Section 3.4(a), the Collateral Trustee may conclusively rely upon information supplied by the relevant Authorized Representative, as to the amounts of unpaid principal and interest and other amounts outstanding with respect to its respective Pari Passu Debt and any other Pari Passu Obligations.

SECTION 3.5 Powers of the Collateral Trustee.

(a) The Collateral Trustee is irrevocably authorized and empowered to enter into and perform its obligations and protect, perfect, exercise and enforce its interest, rights, powers and remedies under the Security Documents and applicable law and in equity and to act as set forth in this Article 3 or, subject to the other provisions of this Agreement, as requested in any lawful directions given to it from time to time in respect of any matter by an Act of Required Secured Parties.

(b) No Authorized Representative or Secured Party (other than the Collateral Trustee) will have any liability whatsoever for any act or omission of the Collateral Trustee.

SECTION 3.6 Documents and Communications. The Collateral Trustee will permit each Authorized Representative and each Secured Party upon reasonable written notice from time to time to inspect and copy, at the cost and expense of the party requesting such copies, any and all Security Documents and other documents, notices, certificates, instructions or communications received by the Collateral Trustee in its capacity as such.

SECTION 3.7 For Sole and Exclusive Benefit of the Secured Parties. The Collateral Trustee will accept, hold, administer and enforce all Liens on the Collateral at any time transferred or delivered to it and all other interests, rights, powers and remedies at any time granted to or enforceable by the Collateral Trustee and all other property of the Trust Estates solely and exclusively for the benefit of the present and future holders of present and future Pari Passu Obligations, and will distribute all proceeds received by it in realization thereon or from enforcement thereof solely and exclusively pursuant to the provisions of Section 3.4.

SECTION 3.8 Additional Pari Passu Obligations.

(a) The Collateral Trustee will, as Collateral Trustee hereunder, perform its undertakings set forth in this Agreement with respect to any Pari Passu Debt that is issued or incurred after the date hereof if:

(1) such Pari Passu Debt is identified as Pari Passu Debt in accordance with the procedures set forth in Section 3.8(b); and

(2) unless such Indebtedness is issued under an existing Pari Passu Document for any Series of Pari Passu Debt whose Authorized Representative is already party to this Agreement, the designated Authorized Representative identified pursuant to Section 3.8(b) signs a Collateral Trust Joinder and delivers the same to the Collateral Trustee.

Notwithstanding the foregoing, (x) the incurrence of revolving credit obligations under commitments that have previously been designated as Pari Passu Debt, including under a First-Out Document, and (y) the issuance of letters of credit and incurrence of reimbursement obligations in respect thereof under commitments that have previously been designated as Pari Passu Debt, including under a First-Out Document, shall automatically constitute Pari Passu Debt and shall not require compliance with the procedures set forth in Section 3.8(b).

(b) The Issuer will be permitted to designate as Pari Passu Debt hereunder any Indebtedness that is incurred by the Issuer or any other Grantor after the date of this Agreement in accordance with the terms of all applicable Pari Passu Documents. The Issuer may only effect such designation by delivering to the Collateral Trustee a Pari Passu Obligation Designation that:

(1) states that the Issuer or such other Grantor intends to incur, or has incurred, additional Pari Passu Debt (**"*Additional Pari Passu Obligations*"**) which will be (as specified in such Pari Passu Debt Designation) Pari Passu Debt not prohibited by any Pari Passu Document to be incurred and secured by a Pari Passu Lien equally and ratably with all previously existing and future Pari Passu Debt;

(2) if applicable, specifies that such Pari Passu Debt constitutes First-

Out Debt;

(3) specifies the name and address of the Authorized Representative

for such Pari Passu Obligations for purposes of this Agreement including Section 7.7;

(4) states that the Issuer and each other Grantor has duly authorized, executed (if applicable) and recorded (or caused to be recorded) in each appropriate governmental office all relevant filings and recordations to ensure that the Additional Pari Passu Obligations are secured by the Collateral in accordance with the Pari Passu Documents;

(5) attaches as Exhibit 1 to such Additional Pari Passu Obligation Designation a Reaffirmation Agreement in substantially the form attached as Exhibit 1 to Exhibit A of this Agreement, which Reaffirmation Agreement has been duly executed by the Issuer and each other Grantor; and

(6) states that the Issuer has caused a copy of the Additional Pari Passu Obligation Designation and the related Collateral Trust Joinder to be delivered to each then existing Authorized Representative.

Although the Issuer shall be required to deliver a copy of each Additional Pari Passu Obligation Designation and each Collateral Trust Joinder to each then existing Authorized Representative, the failure to so deliver a copy of the Additional Pari Passu Obligation Designation and/or Collateral Trust Joinder to any then existing Authorized Representative shall not affect the status of such debt as Additional Pari Passu Obligations if the other requirements of this Section 3.8 are complied with. Each of the Collateral Trustee and any then existing Authorized Representative shall have the right to request that the Issuer provide a legal opinion of counsel as to the Additional Pari Passu Obligations being secured by a valid and perfected security interest in the Collateral. Notwithstanding the foregoing, nothing in this Agreement will be construed to allow the Issuer or any other Grantor to incur additional Indebtedness or Liens if prohibited by the terms of any Pari Passu Documents.

(c) With respect to any Pari Passu Debt that is issued or incurred after the date hereof, Issuer and each of the other Grantors agrees to take such actions (if any) as may from time to time reasonably be requested by the Collateral Trustee, any Authorized Representative or any Act of Required Secured Parties, and enter into such technical amendments, modifications and/or supplements to the then existing Guarantees and Security Documents (or execute and deliver such additional Security Documents) as may from time to time be reasonably requested by such Persons (including as contemplated by clause (d) below), to ensure that the Additional Pari Passu Obligations are secured by, and entitled to the benefits of, the relevant Security Documents, and each Secured Party (by its acceptance of the benefits hereof) hereby agrees to, and authorizes the Collateral Trustee to enter into, any such technical amendments, modifications and/or supplements (and additional Security Documents). Issuer and each Grantor hereby further agree that, if there are any recording, filing or other similar fees payable in connection with any of the actions to be taken pursuant to this Section 3.8(c) or Section 3.8(d), all such amounts shall be paid by, and shall be for the account of, Issuer and the respective Grantors, on a joint and several basis.

(d) Without limitation of the foregoing, Issuer and each of the other Grantors agrees to take the following actions with respect to any Real Property Collateral with respect to all Additional Pari Passu Obligations within 90 days of the later of the delivery of the Additional Pari Passu Obligation Designation and the acquisition of any Mortgaged Property or the entry into a lease or sublease in respect thereof:

(1) deliver to the Collateral Trustee, as mortgagee, for the benefit of the Secured Parties, fully executed counterparts of Mortgages or an appropriate mortgage modification (each such modification, a "***Modification***"), duly executed by the Issuer or the applicable Grantor, as the case may be, and corresponding UCC fixture filings, together with evidence of the completion (or satisfactory arrangements for the completion, with evidence of completion provided as soon as reasonably practicable) of all recordings and filings of such Mortgages and corresponding UCC fixture filings as may be necessary to create a valid, perfected Lien, subject to Permitted Prior Liens, against the Premises purported to be covered thereby;

(2) deliver to the Collateral Trustee, (i) mortgagee's title insurance policies in favor of the Collateral Trustee in an amount equal to 100% of the fair market value of the Premises purported to be covered by the related Mortgages, insuring that title

to such property is marketable and that the interests created by the Mortgage constitute valid Liens thereon free and clear of all Liens, defects and encumbrances other than Permitted Prior Liens, and such policies shall also include, to the extent available and issued at ordinary rates, customary endorsements and shall be accompanied by evidence of the payment in full (or satisfactory arrangements for the payment in full) of all premiums thereon and (ii) such affidavits, certificates, instruments of indemnification and other items (including a so-called "gap" indemnification) as shall be reasonably required to induce the title insurer to issue the title insurance policies and endorsements referenced herein with respect to each of the Premises;

(3) other than with respect to any Premises owned or leased by the Issuer or a Grantor on the Issue Date, deliver to the Collateral Trustee either (i) new ALTA surveys or (ii) the most recent existing surveys of such Premises, together with either (y) an updated survey certification in favor of the Collateral Trustee from the applicable surveyor stating that, based on a visual inspection of the property and the knowledge of the surveyor, there has been no change in the facts depicted in the survey or (z) an affidavit and/or indemnity from the Issuer or the applicable Grantor, as the case may be, stating that, to its knowledge, there has been no change in the facts depicted in the survey, other than, in each case, changes that do not materially adversely affect the use by the Issuer or such Grantor, as applicable, of such Premises for the Issuer or such Grantor's business as so conducted at such Premises and in each case (i) and (ii), in form and substance sufficient for the title insurer issuing the title policies to remove the standard survey and survey-related exceptions from such policies and issue the survey, survey-related, and other endorsements required pursuant to clause (2) above to such policy;

(4) deliver opinions of counsel to the Collateral Trustee in the jurisdictions where such Premises are located and the jurisdiction of the Issuer or the applicable Grantor, as the case may be, in each case, in form and substance customary in comparable financings, including, but not limited to, opinions stating that such Mortgage

(i) has been duly authorized, executed and delivered by the Issuer or such Grantor, (ii) constitutes a legal, valid, binding and enforceable obligation of the Issuer or such Grantor and (iii) is in proper form for recording in order to create, when recorded in the appropriate recording office, a mortgage Lien on the property and a security interest in that part of the property constituting fixtures, and upon proper recording in the appropriate recording office, the Mortgage will make effective such Lien and security interest intended to be created thereby;

(5) deliver to the Collateral Trustee FEMA Standard Flood Hazard Determinations with respect to each of the Premises, notice about special flood hazard area status and flood disaster assistance, and, in the event any such Premises is located in a special flood hazard area, evidence of flood insurance;

(6) such other information, documentation, and certifications as may be necessary in order to create valid, perfected and subsisting Liens against the Premises covered by the Mortgages; and

(7) deliver to the Collateral Trustee an Officer's Certificate that the foregoing requirements have been satisfied.

ARTICLE 4. OBLIGATIONS ENFORCEABLE BY THE ISSUER AND THE OTHER

GRANTORS

SECTION 4.1 Release of Liens on Collateral.

(a) The Collateral Trustee's Liens upon the Collateral will be released in any of the following circumstances:

(1) in whole, upon (A) payment in full and discharge of all outstanding Pari Passu Debt and all other Pari Passu Obligations that are outstanding, due and payable at the time all of the Pari Passu Debt is paid in full and discharged and (B) termination or expiration of all commitments to extend credit under all Pari Passu Documents and the cancellation or termination, cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Pari Passu Documents) of all outstanding letters of credit issued pursuant to any Security Documents or, solely to the extent if any agreed to by the issuer of any outstanding letter of credit issued pursuant to any Security Document, the issuance of a back to back letter of credit in favor of the issuer of any such outstanding letter of credit in an amount equal to such outstanding letter of credit and issued by a financial institution acceptable to such issuer;

(2) as to any Collateral that is sold, transferred or otherwise disposed of by the Issuer or any other Grantor to a Person that is not (either before or after such sale, transfer or disposition) the Issuer or a Restricted Subsidiary (as defined under the Indenture) of the Issuer in a transaction or other circumstance that is permitted by Section

4.12 of the Indenture, if any, and is permitted by all of the other Pari Passu Documents, at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of; *provided*, that the Collateral Trustee's Liens upon the Collateral will not be released if the sale or disposition is subject to the "Merger, Consolidation or Sale of Assets" provisions of the Indenture;

(3) as to a release of less than all or substantially all of the Collateral (other than pursuant to clause (2) above), if (A) consent to the release of all Pari Passu Liens on such Collateral has been given by an Act of Required Secured Parties or (B) the Pari Passu Liens on such collateral have been automatically released pursuant to the Pari Passu Documents; *provided*, that this clause (3) shall not apply to (i) Discharge of Pari Passu Obligations upon payment in full thereof or (ii) sales or dispositions subject to the "Merger, Consolidation or Sale of Assets" provisions of the Indenture;

(4) as to a release of all or substantially all of the Collateral (other than pursuant to clause (1) above), if (A) consent to release of that Collateral has been given by the requisite percentage or number of holders of each Series of Pari Passu Debt at the time outstanding as provided for in the applicable Security Documents and (B) the Issuer

has delivered an Officer's Certificate to the Collateral Trustee certifying that any such necessary consents have been obtained;

(5) if any Grantor (i) ceases to be a Guarantor (including as a result of being designated as an Unrestricted Subsidiary (as defined under the Indenture) or ceasing to be a Subsidiary) (ii) is sold, transferred or otherwise disposed of to a Person that is not the Issuer or a Restricted Subsidiary (as defined under the Indenture) or (iii) is released from its obligations under each of the Security Documents, then the Liens on such Collateral and the obligations of such Grantor under its Guarantee of the Pari Passu Obligations, shall be automatically, unconditionally and simultaneously released; and

(6) with respect to any Collateral that becomes an Excluded Asset.

(b) The Collateral Trustee agrees for the benefit of the Issuer and the other Grantors that if the Collateral Trustee at any time receives an Officer's Certificate stating that

(A) the signing officer has read Article 4 of this Agreement and understands the provisions and the definitions relating hereto, (B) such officer has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not the conditions precedent in this Agreement and all other Security Documents, if any, relating to the release of the Collateral have been complied with and (C) in the opinion of such officer, such conditions precedent, if any, have been complied with, then the Collateral Trustee will execute (with such acknowledgements and/or notarizations as are required) and deliver such release to the Issuer or other applicable Grantor on or before the later of (x) the date specified in such request for such release and (y) the fifth Business Day after the date of receipt of the items required by this Section 4.1(b) by the Collateral Trustee.

(c) The Collateral Trustee hereby agrees that:

(1) in the case of any release pursuant to clause (2) of Section 4.1(a), if the terms of any such sale, transfer or other disposition require the payment of the purchase price to be contemporaneous with the delivery of the applicable release, then, at the written request of and at the expense of the Issuer or other applicable Grantor, the Collateral Trustee will either (A) be present at and deliver the release at the closing of such transaction or (B) deliver the release under customary escrow arrangements that permit such contemporaneous payment and delivery of the release; and

(2) at any time when a Pari Passu Debt Default under a Series of Pari Passu Debt has occurred and is continuing, within one Business Day of the receipt by it of any Act of Required Secured Parties pursuant to Section 4.1(a)(3), the Collateral Trustee will deliver a copy of such Act of Required Secured Parties to each Authorized Representative.

(d) Each Authorized Representative hereby agrees that within one Business Day of the receipt by it of any notice from the Collateral Trustee pursuant to Section 4.1(c)(2), such Authorized Representative will deliver a copy of such notice to each registered holder of the Series of Pari Passu Debt for which it acts as Authorized Representative.

SECTION 4.2 Delivery of Copies to Authorized Representatives. The Issuer will deliver to each Authorized Representative a copy of each Officer's Certificate delivered to the Collateral Trustee pursuant to Section 4.1(b), together with copies of all documents delivered to the Collateral Trustee with such Officer's Certificate. The Authorized Representatives will not be obligated to take notice thereof or to act thereon, subject to Section 4.1(d).

SECTION 4.3 Collateral Trustee not Required to Serve, File or Record. The Collateral Trustee is not required to serve, file, register or record any instrument releasing or subordinating its Liens on any Collateral; *provided, however*, that if the Issuer or any other Grantor shall make a written demand for a termination statement under Section 9-513(c) of the UCC, the Collateral Trustee shall comply with the written request of such Issuer or Grantor to comply with the requirements of such UCC provision; *provided*, *further,* that the Collateral Trustee must first confirm with the Authorized Representatives that the requirements of such UCC provisions have been satisfied.

SECTION 4.4 Release of Liens in Respect of any Series of Pari Passu Debt.

(a) *Release of Liens in Respect of the Notes.* In addition to any release pursuant to Section 4.1 hereof, the Collateral Trustee's Lien will no longer secure the Notes outstanding under the Indenture or any other Obligations under the Indenture, and the right of the holders of the Notes and such Obligations to the benefits and proceeds of the Collateral Trustee's Lien on the Collateral will terminate and be discharged:

(1) upon satisfaction and discharge of the Indenture as set forth under Article 12 of the Indenture;

(2) upon a Legal Defeasance or Covenant Defeasance (each as defined under the Indenture) of the Notes as set forth under Article 8 of the Indenture;

(3) upon payment in full and discharge of all Notes outstanding under the Indenture and all Obligations that are outstanding, due and payable under the Indenture at the time the Notes are paid in full and discharged;

(4) in whole or in part, with the consent of the holders of the requisite percentage of Notes in accordance with Article 9 of the Indenture.

(b) The Collateral Trustee agrees for the benefit of the Issuer and the other Grantors that if the Collateral Trustee at any time receives an Officer's Certificate stating that (A) the signing officer has read Article 4 of this Agreement and understands the provisions and the definitions relating hereto, (B) such officer has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not the conditions

precedent in this Agreement and all other Security Documents, if any, relating to the release of the Collateral have been complied with and (C) in the opinion of such officer, such conditions precedent, if any, have been complied with, then the Collateral Trustee will execute (with such acknowledgements and/or notarizations as are required) and deliver such release to the Issuer or other applicable Grantor on or before the later of (x) the date specified in such request for such release and (y) the fifth Business Day after the date of receipt of the items required by this Section 4.4(b) by the Collateral Trustee.

(c) *Release of Liens in Respect of any Series of Pari Passu Debt other than the Notes.* In addition to any release pursuant to Section 4.1 hereof, as to any Series of Pari Passu Debt other than the Notes, the Collateral Trustee's Lien will no longer secure such Series of Pari Passu Debt if the requirements of a Discharge of Specified Pari Passu Obligations, Discharge of First- Out Obligations or Discharge of Excess First-Out Obligations, as applicable, are satisfied with respect to such Series of Pari Passu Debt and all Pari Passu Obligations related thereto that are outstanding and unpaid at the time such Series of Pari Passu Debt is paid are also paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

ARTICLE 5. IMMUNITIES OF THE COLLATERAL TRUSTEE

SECTION 5.1 No Implied Duty. The Collateral Trustee will not have any fiduciary duties nor will it have responsibilities or obligations other than those expressly assumed by it in this Agreement and the other Security Documents. The Collateral Trustee will not be required to take any action that is contrary to applicable law or any provision of this Agreement or the other Security Documents.

SECTION 5.2 Appointment of Agents and Advisors. The Collateral Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, accountants, appraisers or other experts or advisors selected by it in good faith as it may reasonably require and will not be responsible for any misconduct or negligence on the part of any of them.

SECTION 5.3 Other Agreements. The Collateral Trustee has accepted its appointment as Collateral Trustee hereunder and is bound by the Security Documents executed by the Collateral Trustee as of the date of this Agreement and, as directed by an Act of Required Secured Parties, the Collateral Trustee shall execute additional Security Documents delivered to it after the date of this Agreement; *provided, however*, that such additional Security Documents do not adversely affect the rights, privileges, benefits and immunities of the Collateral Trustee. The Collateral Trustee will not otherwise be bound by, or be held obligated by, the provisions of any credit agreement, indenture or other agreement governing Pari Passu Debt (other than this Agreement and the other Security Documents to which it is a party).

SECTION 5.4 Solicitation of Instructions.

(a) The Collateral Trustee may at any time solicit written confirmatory instructions, in the form of an Act of Required Secured Parties, an Officer's Certificate or an order of a court of competent jurisdiction, as to any action that it may be requested or required to take, or that it may propose to take, in the performance of any of its obligations under this Agreement or the other Security Documents.

(b) No written direction given to the Collateral Trustee by an Act of Required Secured Parties that in the sole judgment of the Collateral Trustee imposes, purports to impose or might reasonably be expected to impose upon the Collateral Trustee any obligation or liability not set forth in or arising under this Agreement and the other Security Documents will be binding upon the Collateral Trustee unless the Collateral Trustee elects, at its sole option, to accept such direction.

SECTION 5.5 Limitation of Liability. The Collateral Trustee will not be responsible or liable for any action taken or omitted to be taken by it hereunder or under any other Security Document, except for its own negligence, bad faith or willful misconduct as determined by a court of competent jurisdiction.

SECTION 5.6 Documents in Satisfactory Form. The Collateral Trustee will be entitled to require that all agreements, certificates, opinions, instruments and other documents at any time submitted to it, including those expressly provided for in this Agreement, be delivered to it in a form and with substantive provisions reasonably satisfactory to it.

SECTION 5.7 Entitled to Rely. The Collateral Trustee may seek and rely upon, and shall be fully protected in relying upon, any judicial order or judgment, upon any advice, opinion or statement of legal counsel, independent consultants and other experts selected by it in good faith and upon any certification, instruction, notice or other writing delivered to it by the Issuer or any other Grantor in compliance with the provisions of this Agreement or delivered to it by any Authorized Representative as to the Secured Parties for whom it acts, without being required to determine the authenticity thereof or the correctness of any fact stated therein or the propriety or validity of service thereof. The Collateral Trustee may act in reliance upon any instrument comporting with the provisions of this Agreement or any signature reasonably believed by it to be genuine and may assume that any Person purporting to give notice or receipt or advice or make any statement or execute any document in connection with the provisions hereof or the other Security Documents has been duly authorized to do so. To the extent an Officer's Certificate or opinion of counsel is required or permitted under this Agreement to be delivered to the Collateral Trustee in respect of any matter, the Collateral Trustee may rely conclusively on such Officer's Certificate or opinion of counsel as to such matter and such Officer's Certificate or opinion of counsel shall be full warranty and protection to the Collateral Trustee for any action taken, suffered or omitted by it under the provisions of this Agreement and the other Security Documents.

SECTION 5.8 Pari Passu Debt Default. The Collateral Trustee will not be required to inquire as to the occurrence or absence of any Pari Passu Debt Default and will

not be affected by or required to act upon any notice or knowledge as to the occurrence of any Pari Passu Debt Default unless and until it is directed by an Act of Required Secured Parties.

SECTION 5.9 Actions by Collateral Trustee. As to any matter not expressly provided for by this Agreement or the other Security Documents, the Collateral Trustee will act or refrain from acting as directed by an Act of Required Secured Parties and will be fully protected if it does so, and any action taken, suffered or omitted pursuant to hereto or thereto shall be binding on the Secured Parties.

SECTION 5.10 Security or Indemnity in favor of the Collateral Trustee. The Collateral Trustee will not be required to advance or expend any funds or otherwise incur any financial liability in the performance of its duties or the exercise of its powers or rights hereunder unless it has been provided with security or indemnity satisfactory to it, in its sole discretion, against any and all liability or expense which may be incurred by it by reason of taking or continuing to take such action.

SECTION 5.11 Rights of the Collateral Trustee. In the event of any conflict between any terms and provisions set forth in this Agreement and those set forth in any other Security Document, the terms and provisions of this Agreement shall supersede and control the terms and provisions of such other Security Document. In the event there is any bona fide, good faith disagreement between the other parties to this Agreement or any of the other Security Documents resulting in adverse claims being made in connection with Collateral held by the Collateral Trustee and the terms of this Agreement or any of the other Security Documents do not unambiguously mandate the action the Collateral Trustee is to take or not to take in connection therewith under the circumstances then existing, or the Collateral Trustee is in doubt as to what action it is required to take or not to take hereunder or under the other Security Documents, it will be entitled to refrain from taking any action (and will incur no liability for doing so) until directed otherwise in writing by a request signed jointly by the parties hereto entitled to give such direction or by order of a court of competent jurisdiction.

SECTION 5.12 Limitations on Duty of Collateral Trustee in Respect of Collateral.

(a) Beyond the exercise of reasonable care in the custody of Collateral in its possession, the Collateral Trustee will have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Trustee will not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Liens on the Collateral; *provided, however,* that, notwithstanding the foregoing, the Collateral Trustee will execute, file or record, or cause the Issuer to execute, file or record, UCC-3 continuation statements and other documents and instruments to preserve, protect or perfect the security interests granted to the Collateral Trustee (subject to the priorities set forth herein) if it shall receive a specific written request to execute, file or record the particular continuation statement or other specific document or instrument by any Authorized Representative. The Collateral Trustee shall deliver to each other Authorized Representative a copy of any such written request. The Collateral Trustee will be deemed to

have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and the Collateral Trustee will not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Trustee in good faith.

(b) Except as provided in Section 5.12(a), the Collateral Trustee will not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes negligence, bad faith or willful misconduct on the part of the Collateral Trustee, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of any Grantor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Collateral Trustee hereby disclaims any representation or warranty to the current and future holders of the Pari Passu Obligations concerning the perfection of the security interests granted to it or in the value of any Collateral.

SECTION 5.13 Assumption of Rights, Not Assumption of Duties.

Notwithstanding anything to the contrary contained herein:

(1) each of the parties thereto will remain liable under each of the Security Documents (other than this Agreement) to the extent set forth therein to perform all of their respective duties and obligations thereunder to the same extent as if this Agreement had not be executed;

(2) the exercise by the Collateral Trustee of any of its rights, remedies or powers hereunder will not release such parties from any of their respective duties or obligations under the other Security Documents; and

(3) the Collateral Trustee will not be obligated to perform any of the obligations or duties of any of the parties to the Security Documents other than the Collateral Trustee.

SECTION 5.14 No Liability for Clean Up of Hazardous Materials. In the event that the Collateral Trustee is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Collateral Trustee's sole discretion may cause the Collateral Trustee to be considered an "owner or operator" under any environmental laws or otherwise cause the Collateral Trustee to incur, or be exposed to, any environmental liability or any liability under any other federal, state or local law, the Collateral Trustee reserves the right, either (i) prior to taking such action, to perform sufficient due diligence (which may include Phase I and Phase II environmental site assessments) or (ii) instead of taking such action, either to resign as Collateral Trustee or to arrange for the transfer of the title or control of the asset to a court appointed receiver. The Collateral Trustee will not be liable to any Person for any environmental liability or any environmental claims or contribution actions under any federal,

state or local law, rule or regulation by reason of the Collateral Trustee's actions and conduct as authorized, empowered and directed hereunder or relating to any kind of discharge or release or threatened discharge or release of any hazardous materials into the environment.

ARTICLE 6. RESIGNATION AND REMOVAL OF THE COLLATERAL TRUSTEE

SECTION 6.1 Resignation or Removal of Collateral Trustee. Subject to the appointment of a successor Collateral Trustee as provided in Section 6.2 and the acceptance of such appointment by the successor Collateral Trustee:

(a) the Collateral Trustee may resign at any time by giving not less than 30 days' notice of resignation to each Authorized Representative and the Issuer; and

(b) the Collateral Trustee may be removed at any time, with or without cause, by an Act of Required Secured Parties.

SECTION 6.2 Appointment of Successor Collateral Trustee. Upon any such resignation or removal, a successor Collateral Trustee may be appointed by an Act of Required Secured Parties. If no successor Collateral Trustee has been so appointed and accepted such appointment within 30 days after the predecessor Collateral Trustee gave notice of resignation or was removed, the retiring Collateral Trustee may (at the expense of the Issuer), at its option, appoint a successor Collateral Trustee, or petition a court of competent jurisdiction for appointment of a successor Collateral Trustee, which must be a bank or trust company:

(1) authorized to exercise corporate trust powers;

(2) having a combined capital and surplus of at least $500,000,000;

(3) maintaining an office in New York, New York; and

(4) that is not the Issuer or an Affiliate of the Issuer.

The Collateral Trustee will fulfill its obligations hereunder until a successor Collateral Trustee meeting the requirements of this Section 6.2 has accepted its appointment as Collateral Trustee and the provisions of Section 6.3 have been satisfied.

SECTION 6.3 Succession. When the Person so appointed as successor Collateral Trustee accepts such appointment:

(1) such Person will succeed to and become vested with all the rights, powers, privileges and duties of the predecessor Collateral Trustee, and the predecessor Collateral Trustee will be discharged from its duties and obligations hereunder; and

(2) the predecessor Collateral Trustee will (at the expense of the Issuer) promptly transfer all Liens and collateral security and other property of the Trust Estates within its possession or control to the possession or control of the successor Collateral Trustee and will execute instruments and assignments as may be necessary or desirable or reasonably requested by the successor Collateral Trustee to transfer to the

successor Collateral Trustee all Liens, interests, rights, powers and remedies of the predecessor Collateral Trustee in respect of the Security Documents or the Trust Estates.

Thereafter the predecessor Collateral Trustee will remain entitled to enforce the immunities granted to it in Article 5 and the provisions of Sections 7.10 and 7.11.

SECTION 6.4 Merger, Conversion or Consolidation of Collateral Trustee. Any Person into which the Collateral Trustee may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Collateral Trustee shall be a party, or any Person succeeding to the business of the Collateral Trustee shall be the successor of the Collateral Trustee pursuant to Section 6.3; *provided*, that (i) without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto, except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding, such Person satisfies the eligibility requirements specified in clauses (1) through (4) of Section 6.2 and (ii) prior to any such merger, conversion or consolidation, the Collateral Trustee shall have notified the Issuer and each Authorized Representative thereof in writing.

ARTICLE 7. MISCELLANEOUS PROVISIONS

SECTION 7.1 Amendment.

(a) No amendment or supplement to the provisions of this Agreement will be effective without the approval of the Collateral Trustee acting as directed by an Act of Required Secured Parties, except that:

(1) any amendment or supplement that has the effect solely of:

(A) adding or maintaining Collateral, securing additional Pari Passu Obligations that are otherwise not prohibited by the terms of any Security Document to be secured by the Collateral or preserving, perfecting or establishing the Liens thereon or the rights of the Collateral Trustee therein; or

(B) providing for the assumption of any Grantor's obligations under any Pari Passu Document in the case of a merger or consolidation or sale of all or substantially all of the assets of such Grantor to the extent not prohibited by the terms of the Indenture, a First-Out Document or any Security Document, as applicable;

will become effective when executed and delivered by the Issuer or any other applicable Grantor party thereto and the Collateral Trustee;

(2) no amendment or supplement that reduces, impairs or adversely affects the right of any Secured Party:

(A) to vote its outstanding Pari Passu Debt as to any matter described as subject to an Act of Required Secured Parties (or amends the

provisions of this Section 7.1(a)(2) or the definitions of "*Act of Required Secured Parties" or "Controlling Representative"*);

(B) to share in the order of application described in Section 3.4 in the proceeds of enforcement of or realization on any Collateral that has not been released in accordance with the provisions described in Section 4.1 or 4.4;

(C) to require that Liens securing Pari Passu Obligations be released only as set forth in the provisions described in Section 4.1 or 4.4; or

(D) under this Section 7.1,

will become effective without the consent of the requisite percentage or number of holders of each Series of Pari Passu Debt so affected under the applicable Security Documents;

(3) no amendment or supplement that imposes any obligation upon the Collateral Trustee or any Authorized Representative or adversely affects the rights of the Collateral Trustee or any Authorized Representative, respectively, in its capacity as such will become effective without the consent of the Collateral Trustee or such Authorized Representative, respectively; and

(4) if the Issuer or any other Grantor incurs any Indebtedness secured by a second or junior Lien and such Indebtedness shall otherwise be permitted by each Pari Passu Document, then this Agreement may be amended, without the approval of the Collateral Trustee acting as directed by an Act of Required Secured Parties, to provide for a second or subordinated Lien on the Collateral and the related intercreditor requirements in connection therewith; *provided* that such amendment provides for customary market terms for such second or subordinated Lien (as determined in good faith by the Issuer and certified in an Officer's Certificate to the Collateral Trustee) and does not adversely affect the rights of the Secured Parties in any material manner.

(b) The Collateral Trustee will not enter into any amendment or supplement unless it has received an Officer's Certificate to the effect that such amendment or supplement will not result in a breach of any provision or covenant contained in any of the Security Documents. Prior to executing any amendment or supplement pursuant to this Section 7.1, the Collateral Trustee will be entitled to receive an opinion of counsel of the Issuer to the effect that the execution of such document is authorized or permitted hereunder, and with respect to amendments adding Collateral, an opinion of counsel of the Issuer addressing customary creation and perfection, and if such additional Collateral consists of equity interests of any Person which equity interests constitute certificated securities, priority matters with respect to such additional Collateral (which opinion may be subject to customary assumptions and qualifications).

SECTION 7.2 Voting. In connection with any matter under this Agreement requiring a vote of holders of Pari Passu Debt, each Series of Pari Passu Debt will cast its votes in accordance with the Pari Passu Documents governing such Series of Pari Passu Debt. The amount of Pari Passu Debt to be voted by a Series of Pari Passu Debt will equal (1) the aggregate principal amount of Pari Passu Debt held by such Series of Pari Passu Debt

(including outstanding letters of credit whether or not then available or drawn), *plus* (2) other than in connection with an exercise of remedies, the aggregate unfunded commitments (if any) to extend credit which, when funded, would constitute Indebtedness of such Series of Pari Passu Debt. Following and in accordance with the outcome of the applicable vote under its Security Documents, the Authorized Representative of each Series of Pari Passu Debt will cast all of its votes under that Series of Pari Passu Debt as a block in respect of any vote under this Agreement. Notwithstanding anything to the contrary in the foregoing, clause (i) of the second paragraph of the definition of "Act of Required Secured Parties" shall apply to this Section 7.2.

SECTION 7.3 Further Assurances; Insurance.

(a) The Issuer and each of the other Grantors will take such further actions with respect to the Collateral, and execute and/or deliver to the Collateral Trustee and file such additional mortgages, financing statements, amendments, assignments, agreements, supplements, powers and instruments, as may reasonably be required from time to time in order to:

(1) create, perfect, preserve and protect the security interest in the Collateral and the rights and interests of the Collateral Trustee under the Security Documents;

(2) carry into effect the purposes of the Security Documents or better to assure and confirm the validity, enforceability and priority of the Collateral Trustee's security interest in the Collateral;

(3) permit the Collateral Trustee to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral, including the filing of financing statements, continuation statements and other documents under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interest created in the Collateral and the execution and delivery of Control Agreements (as defined in the Pledge and Security Agreement); and

(4) perfect, continue and maintain the validity, enforceability and priority of the security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Collateral Trustee hereunder, as against third parties, with respect to the Collateral.

(b) Upon the request of the Collateral Trustee or any Authorized Representative at any time and from time to time, the Issuer and each of the other Grantors will promptly execute, acknowledge, deliver and/or file such security documents, instruments, certificates, notices and other documents, and take such other actions as may be reasonably required, or that the Collateral Trustee may reasonably request, to create, perfect, protect, assure or enforce the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Secured Parties.

(c) The Issuer and the other Grantors will:

(1) keep their properties adequately insured at all times by financially sound and reputable insurers;

(2) maintain such other insurance, to such extent and against such risks (and with such deductibles, retentions and exclusions), including fire and other risks insured against by extended coverage and coverage for acts of terrorism, as is customary for companies in the same or similar businesses operating in the same or similar locations, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by them;

(3) maintain such other insurance as may be required by law; and

(4) maintain such other insurance as may be required by the Security

Documents.

(d) Upon the request of the Collateral Trustee, the Issuer and the other Grantors will furnish to the Collateral Trustee full information as to their property and liability insurance carriers.

(e) All insurance policies required by Section 7.3(c) (except for the insurance described in Section 7.3(c)(3)) above will:

(1) provide that, with respect to third party liability insurance, the Collateral Trustee shall be named as additional insured, with a waiver of subrogation;

(2) name the Collateral Trustee as a loss payee and additional insured;

(3) provide that (x) no cancellation or termination of such insurance and (y) no reduction in the limits of liability of such insurance or other material change shall be effective until 30 days after written notice is given by the insurers to the Collateral Trustee of such cancellation, termination, reduction or change;

(4) waive all claims for insurance premiums or commissions or additional premiums or assessments against the Secured Parties; and

(5) waive any right of the insurers to setoff or counterclaim or to make any other deductions, whether by way of attachment or otherwise, as against the Secured Parties.

With respect to the foregoing clauses 3, 4, and 5, the Issuer and the other Grantors, as applicable, will use their commercially reasonable efforts to ensure that such insurance policies comply with this Section 7.3(e).

(f) Upon the request of the Collateral Trustee, the Issuer and the other Grantors will permit the Collateral Trustee or any of its agents or representatives, at reasonable times and intervals upon reasonable prior notice, to visit their offices and sites and inspect any of the Collateral and to discuss matters relating to the Collateral with their respective officers and

independent public accountants. The Issuer and the other Grantors shall, at any reasonable time and from time to time upon reasonable prior notice, permit the Collateral Trustee or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of the Issuer and the other Grantors and their Subsidiaries, all at the Issuer's expense.

SECTION 7.4 Successors and Assigns.

(a) Except as provided in Section 5.2, the Collateral Trustee may not, in its capacity as such, delegate any of its duties or assign any of its rights hereunder, and any attempted delegation or assignment of any such duties or rights will be null and void. All obligations of the Collateral Trustee hereunder will inure to the sole and exclusive benefit of, and be enforceable by, each Authorized Representative and each present and future holder of Pari Passu Obligations.

(b) Neither the Issuer nor any other Grantor may delegate any of its duties or assign any of its rights hereunder, and any attempted delegation or assignment of any such duties or rights will be null and void. All obligations of the Issuer and the other Grantors hereunder will inure to the sole and exclusive benefit of, and be enforceable by, the Collateral Trustee, each Authorized Representative and each present and future holder of Pari Passu Obligations.

SECTION 7.5 Delay and Waiver. No failure to exercise, no course of dealing with respect to the exercise of, and no delay in exercising, any right, power or remedy arising under this Agreement or any of the other Security Documents will impair any such right, power or remedy or operate as a waiver thereof. No single or partial exercise of any such right, power or remedy will preclude any other or future exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

SECTION 7.6 Notices. Any communications, including notices and instructions, between the parties hereto or notices provided herein to be given may be given to the following addresses:

If to the Collateral Trustee:

U.S. Bank National Association
Global Corporate Trust Services
Mailcode: EP MN WS3C
60 Livingston Avenue
St. Paul, MN 55107-2292
Facsimile No.: (651) 466-4730
Attention: Rick Prokosch – Vice President and Account Manager

with a copy to

Thompson Hine LLP
Attention: Irving Apar
335 Madison Ave., 12th Floor

New York, NY 10017

If to the Issuer or any other Grantor	HC2 Holdings, Inc. Attention: Joseph Ferraro 450 Park Avenue, 30th Floor New York, NY 10022 with a copy to: Latham & Watkins, LLP Attention: Senet Bischoff 885 Third Avenue New York, NY 10022-4834
If to the Trustee:	U.S. Bank National Association Global Corporate Trust Services Mailcode: EP MN WS3C 60 Livingston Avenue St. Paul, MN 55107-2292 Facsimile No.: (651) 466-4730 Attention: Rick Prokosch – Vice President and Account Manager with a copy to Thompson Hine LLP Attention: Irving Apar 335 Madison Ave., 12th Floor New York, NY 10017

and if to any other Authorized Representative, to such address as it may specify by written notice to the parties named above.

All notices and communications will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery, to the relevant address set forth above or, as to holders of Pari Passu Debt, its address shown on the register kept by the office or agency where the relevant Pari Passu Debt may be presented for registration of transfer or for exchange. To the extent applicable, any notice or communication will also be so mailed to any Person described in § 313(c) of the Trust Indenture Act of 1939, as amended, to the extent required thereunder. Failure to mail a notice or communication to a holder of Pari Passu Debt or any defect in it will not affect its sufficiency with respect to other holders of Pari Passu Debt.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

SECTION 7.7 Notice Following Discharge of Pari Passu Obligations. Promptly following the Discharge of First-Out Obligations, Discharge of Specified Pari Passu Obligations or the Discharge of Excess First-Out Obligations, as the case may be, with respect to one or more Series of Pari Passu Debt, each Authorized Representative with respect to each applicable Series of Pari Passu Debt that is so discharged will provide written notice of such discharge to the Collateral Trustee and to each other Authorized Representative.

SECTION 7.8 Entire Agreement. This Agreement states the complete agreement of the parties relating to the undertaking of the Collateral Trustee set forth herein and supersedes all oral negotiations and prior writings in respect of such undertaking.

SECTION 7.9 Compensation; Expenses. The Grantors jointly and severally agree to pay, promptly upon demand:

(1) such compensation to the Collateral Trustee and its agents as the Issuer and the Collateral Trustee may agree in writing from time to time;

(2) all reasonable costs and expenses incurred by the Collateral Trustee and its agents in the preparation, execution, delivery, filing, recordation, administration or enforcement of this Agreement or any other Security Document or any consent, amendment, waiver or other modification relating hereto or thereto;

(3) all reasonable fees, expenses and disbursements of legal counsel and any auditors, accountants, consultants or appraisers or other professional advisors and agents engaged by the Collateral Trustee or any Authorized Representative incurred in connection with the negotiation, preparation, closing, administration, performance or enforcement of this Agreement and the other Security Documents or any consent, amendment, waiver or other modification relating hereto or thereto and any other document or matter requested by the Issuer or any other Grantor;

(4) all reasonable costs and expenses incurred by the Collateral Trustee and its agents in creating, perfecting, preserving, releasing or enforcing the Collateral Trustee's Liens on the Collateral, including filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees, and title insurance premiums;

(5) all other reasonable costs and expenses incurred by the Collateral Trustee and its agents in connection with the negotiation, preparation and execution of the Security Documents and any consents, amendments, waivers or other modifications thereto and the transactions contemplated thereby or the exercise of rights or performance of obligations by the Collateral Trustee thereunder; and

(6) after the occurrence of any Pari Passu Debt Default, all costs and expenses incurred by the Collateral Trustee, its agents and any Authorized Representative in connection with the preservation, collection, foreclosure or enforcement of the Collateral subject to the Security Documents or any interest, right, power or remedy of the Collateral Trustee or in connection with the collection or enforcement of any of the Pari Passu Obligations or the proof, protection, administration or resolution of any claim based upon the Pari Passu Obligations in any Insolvency or Liquidation Proceeding,

including all fees and disbursements of attorneys, accountants, auditors, consultants, appraisers and other professionals engaged by the Collateral Trustee, its agents or the Authorized Representatives.

The agreements in this Section 7.9 will survive repayment of all other Pari Passu Obligations, the termination or assignment of this Agreement, the invalidity or unenforceability of any terms or provisions of this Agreement and the removal or resignation of the Collateral Trustee.

SECTION 7.10 Indemnity.

(a) The Grantors jointly and severally agree to defend, indemnify, pay and hold harmless the Collateral Trustee, each Authorized Representative, each Secured Party and each of their respective Affiliates and each and all of the directors, officers, partners, trustees, employees, attorneys and agents, and (in each case) their respective heirs, representatives, successors and assigns (each of the foregoing, an **"*Indemnitee*"**) from and against any and all Indemnified Liabilities; *provided*, no Indemnitee will be entitled to indemnification hereunder with respect to any Indemnified Liability to the extent such Indemnified Liability is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(b) All amounts due under this Section 7.10 will be payable upon demand.

(c) To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in Section 7.10(a) may be unenforceable in whole or in part because they violate any law or public policy, each of the Grantors will contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(d) No Grantor will ever assert any claim against any Indemnitee, on any theory of liability, for any lost profits or special, indirect or consequential damages or (to the fullest extent a claim for punitive damages may lawfully be waived) any punitive damages arising out of, in connection with, or as a result of, this Agreement or any other Security Document or any agreement or instrument or transaction contemplated hereby or relating in any respect to any Indemnified Liability, and each of the Grantors hereby forever waives, releases and agrees not to sue upon any claim for any such lost profits or special, indirect, consequential or (to the fullest extent lawful) punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(e) The agreements in this Section 7.10 will survive repayment of all other Pari Passu Obligations, the termination or assignment of this Agreement, the invalidity or unenforceability of any terms or provisions of this Agreement and the removal or resignation of the Collateral Trustee.

SECTION 7.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor

in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.12 Section Headings. The section headings and Table of Contents used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

SECTION 7.13 Obligations Secured. All obligations of the Grantors set forth in or arising under this Agreement will be Pari Passu Obligations and are secured by all Liens granted by the Security Documents.

SECTION 7.14 Governing Law. **THIS AGREEMENT AND ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW RULES THAT WOULD RESULT IN THE APPLICATION OF A DIFFERENT GOVERNING LAW (OTHER THAN ANY MANDATORY PROVISIONS OF THE UCC RELATING TO THE LAW GOVERNING PERFECTION AND THE EFFECT OF PERFECTION OR PRIORITY OF THE SECURITY INTERESTS).**

SECTION 7.15 Consent to Jurisdiction. All judicial proceedings brought against any party hereto arising out of or relating to this Agreement may be brought in any state or federal court of competent jurisdiction in the State, County and City of New York. By executing and delivering this Agreement, each Grantor, for itself and in connection with its properties, irrevocably:

(1) accepts generally and unconditionally the nonexclusive jurisdiction and venue of such courts;

(2) waives any defense of forum non conveniens;

(3) agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to such party at its address provided in accordance with Section 7.8;

(4) agrees that service as provided in clause (3) above is sufficient to confer personal jurisdiction over such party in any such proceeding in any such court and otherwise constitutes effective and binding service in every respect; and

(5) agrees that each party hereto retains the right to serve process in any other manner permitted by law or to bring proceedings against any party in the courts of any other jurisdiction.

SECTION 7.16 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY

APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER SECURITY DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, BREACH OF DUTY, COMMON LAW, STATUTE 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 SECURITY DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HERETO FURTHER REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

SECTION 7.17 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic imaging means), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission (e.g. “pdf” or “tif” format) shall be effective as delivery of a manually executed counterpart hereof.

SECTION 7.18 Grantors and Additional Grantors. The Issuer represents and warrants that each Person who is a Grantor on the date hereof has duly executed this Agreement. The Issuer will cause each Person that hereafter becomes a Grantor or is required by any Security Document to become a party to this Agreement to become a party to this Agreement, for all purposes of this Agreement, within 30 Business Days of the date on which it was acquired or created, by causing such Person to execute and deliver to the Collateral Trustee a Collateral Trust Joinder, whereupon such Person will be bound by the terms hereof to the same extent as if it had executed and delivered this Agreement as of the date hereof. The Issuer shall promptly provide each Authorized Representative with a copy of each Collateral Trust Joinder executed and delivered pursuant to this Section 7.21; *provided*, however, that the failure to so deliver a copy of the Collateral Trust Joinder to any then existing Authorized Representative shall not affect the inclusion of such Person as a Grantor if the other requirements of this Section 7.21 are complied with.

SECTION 7.19 Continuing Nature of this Agreement. This Agreement will be reinstated if at any time any payment or distribution in respect of any of the Pari Passu Obligations is rescinded or must otherwise be returned in an Insolvency or Liquidation Proceeding or otherwise by any Pari Passu Secured Party or Authorized Representative or any representative of any such party (whether by demand, settlement, litigation or otherwise). In the event that all or any part of a payment or distribution made with respect to the Pari Passu

Obligations from the proceeds of any Collateral or any title insurance policy required by any real property mortgage at any time after the date of the payment or distribution that is so recovered, whether pursuant to a right of subrogation or otherwise, that Authorized Representative or that Pari Passu Secured Party, as the case may be, will forthwith deliver the same to the Collateral Trustee, for the account of the Secured Parties to be applied in accordance with Section 3.4.

SECTION 7.20 Insolvency.

(a) This Agreement will be applicable both before and after the commencement of any Insolvency or Liquidation Proceeding by or against any Grantor. The relative rights, as provided for in this Agreement, will continue after the commencement of any such Insolvency or Liquidation Proceeding on the same basis as prior to the date of the commencement of any such case, as provided in this Agreement.

(b) The Collateral Trustee (on behalf of the First-Out Secured Parties) and each First-Out Authorized Representative, for itself and on behalf of the First-Out Secured Parties, and the Collateral Trustee and the Last-Out Authorized Representatives (each on behalf of the Last-Out Secured Parties) agrees that because of, among other things, their differing rights to payment of the proceeds of the Collateral, the First-Out Obligations are fundamentally different from the Last-Out Obligations, are not substantially similar to the Last-Out Obligations within the meaning of Bankruptcy Code Section 1122(a), and must be separately classified from the Last-Out Obligations in any plan of reorganization proposed, confirmed or adopted in an Insolvency or Liquidation Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the First-Out Secured Parties and the Last-Out Secured Parties in respect of the Collateral constitute only one secured claim or are properly classified in one class (rather than separate claims or classes of secured claims), then each of the Last-Out Secured Parties hereby acknowledges and agrees that all distributions shall be made in accordance with Section 3.4 of this Agreement and the First-Out Secured Parties shall be entitled to receive, in addition to amounts distributed to them from, or in respect of, the Collateral in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest, fees, costs, expenses, premiums, and other charges, irrespective of whether a claim for such amounts is allowed or allowable in such Insolvency or Liquidation Proceeding, before any distribution from, or in respect of, any Collateral is made in respect of the claims held by the Last-Out Secured Parties, with the Collateral Trustee and their applicable Last-Out Authorized Representative (each on behalf of the Last-Out Secured Parties) and the Last-Out Secured Parties acknowledging and agreeing to turn over to the First-Out Secured Parties amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this section and this Agreement, even if such turnover has the effect of reducing the claim or recovery of the Last-Out Secured Parties.

(c) None of any Last-Out Authorized Representatives or any other Last-Out Secured Party (whether in the capacity of a secured creditor or an unsecured creditor) shall propose, vote in favor of, or otherwise directly or indirectly support any plan of reorganization that is inconsistent with the priorities or other provisions of this Agreement (including but not limited to Sections 7.20 and 3.4), other than (i) if such a plan classifies the claims held by the Last-Out Secured Parties with the claims held by the First-Out Secured Parties and such plan provides for treatment that, taking into account the turnover obligations under Section 7.20(b),

would provide for the Discharge of First-Out Obligations on the effective date of such plan (or as soon thereafter as is reasonably practicable under the circumstances), or (ii) with the prior written consent of the First-Out Authorized Representatives. Furthermore, none of any Last-Out Authorized Representative or any other Last-Out Secured Party (whether in the capacity of a secured creditor or an unsecured creditor) shall object to or contest (or support any other party in objection or contesting) a plan of reorganization or other dispositive restructuring plan on the grounds that the First-Out Obligations and Last-Out Obligations are classified separately.

(d) Each Last-Out Authorized Representative, for itself and on behalf of each other Last-Out Secured Party, agrees that (A) no Last-Out Authorized Representative nor any other Last-Out Secured Party will object to, oppose or contest (or join with or support any third party objecting to, opposing or contesting) (i) any request by any First-Out Authorized Representative or any other First-Out Secured Party for adequate protection, including for payment of post-petition interest, or (ii) any objection by any First-Out Authorized Representative or any other First-Out Secured Party to any motion, relief, action or proceeding based on the First-Out Authorized Representative or First-Out Secured Parties claiming a lack of adequate protection; and (B) the Last-Out Secured Parties will seek relief granting adequate protection, in the case of liens or claims granted as adequate protection only to the extent such protection is subordinate to, and subordinate to matching adequate protection in favor of, the claims of the First-Out Secured Parties.

(e) Each Last-Out Authorized Representative, for itself and on behalf of each other Last-Out Secured Party, agrees that neither such Last-Out Authorized Representative nor any other Last-Out Secured Party shall oppose or seek to challenge any claim by any First-Out Authorized Representative or any other First-Out Secured Party for allowance or payment in any Insolvency or Liquidation Proceeding of First-Out Obligations consisting of post-petition interest or cash collateralization of all letters of credit to the extent of the value of the Liens securing the First-Out Obligations (it being understood that such value will be determined without regard to the existence of the Last-Out Obligations).

SECTION 7.21 Rights and Immunities of Authorized Representatives. The Collateral Trustee will be entitled to all of the rights, protections, immunities and indemnities set forth in the Indenture and any future Authorized Representative will be entitled to all of the rights, protections, immunities and indemnities set forth in the credit agreement, indenture or other agreement governing the applicable Pari Passu Debt with respect to which such Person will act as representative, in each case as if specifically set forth herein. In no event will any Authorized Representative be liable for any act or omission on the part of the Grantors or the Collateral Trustee hereunder.

SECTION 7.22 Purchase Right. The First-Out Secured Parties agree that following the first to occur of (a) the acceleration of the First-Out Obligations, (b) a payment default under any First-Out Document that has not been cured or waived by the applicable First- Out Secured Parties within 60 days of the occurrence thereof or (c) the commencement of an Insolvency or Liquidation Proceeding with respect to the Issuer or any other Grantor (each, a "Purchase Event"), within thirty (30) days of the Purchase Event, one or more of the Specified Pari Passu Secured Parties (the "Purchasers") may request by written notice to each First-Out Authorized Representative, and the First-Out Secured Parties hereby offer such Purchasers the

option, to purchase all, but not less than all, of the aggregate amount of outstanding First-Out Obligations (including unfunded commitments under any First-Out Document) outstanding at the time of purchase at par, plus (i) any premium that would be applicable upon prepayment of the First-Out Obligations and accrued and unpaid interest, all interest accrued thereon after the commencement of any Insolvency or Liquidation Proceeding, at the applicable post-default rate and fees (including breakage costs), (ii) if applicable, the cash collateral to be furnished to the First-Out Secured Parties providing letters of credit under the First-Out Documents in such amounts (not to exceed 105% thereof) as such First-Out Secured Party determines is reasonably necessary to secure such First-Out Secured Party in connection with any such outstanding and undrawn letters of credit and (iii) in the case of any First-Out Cash Management Obligations, the amount that would be payable to First-Out Secured Parties, including all amounts payable as a result of the termination (or early termination) thereof, in any event, without warranty or representation or recourse (except for representations and warranties required to be made by assigning lenders pursuant to customary assignment documentation). Promptly following the receipt of such notice, each First-Out Authorized Representative will deliver to the Purchasers a statement of the amount of the First-Out Obligations provided by the First-Out Secured Parties represented by each such First-Out Authorized Representative, if any, then outstanding and the amount of the cash collateral requested by any such First-Out Authorized Representative to be delivered pursuant to the applicable First-Out Documents. If such right is exercised, the First-Out Secured Parties and the Purchasers shall endeavor to close promptly thereafter but in any event within ten (10) Business Days of the request. If one or more of the Specified Pari Passu Secured Parties exercise such purchase right, any such purchase shall be allocated pro-rata among the Purchasers and such purchase shall be exercised pursuant to documentation mutually acceptable to each of the First-Out Authorized Representatives and the Purchasers. If none of the Specified Pari Passu Secured Parties timely exercises such right the First-Out Secured Parties shall have no further obligations pursuant to this Section 7.22 for such Purchase Event and may take any further actions in their sole discretion in accordance with the First-Out Documents and this Agreement. Each First-Out Secured Party will retain all rights to indemnification provided in the relevant First-Out Document for all claims and other amounts relating to the period prior to the purchase of the First-Out Obligations pursuant to this Section 7.22.

IN WITNESS WHEREOF, the parties hereto have caused this Collateral Trust Agreement to be executed by their respective officers or representatives as of the day and year first above written.

HC2 HOLDINGS, INC.
as Issuer

By: */s/ Michael J. Sena*
Name: Michael J. Sena
Title: Chief Financial Officer

ICS GROUP HOLDINGS INC
as Grantor

By: */s/ Michael J. Sena*
Name: Michael J. Sena
Title: Chief Financial Officer

HC2 INTERNATIONAL HOLDING, INC.
as Grantor

By: */s/ Michael J. Sena*
Name: Michael J. Sena
Title: Chief Financial Officer

HC2 HOLDINGS 2, INC.
as Grantor

By: */s/ Michael J. Sena*
Name: Michael J. Sena
Title: Chief Financial Officer

DBM GLOBAL INTERMEDIATE HOLDCO INC.
as Grantor

By: */s/ Michael J. Sena*
Name: Michael J. Sena
Title: Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as
Trustee under the Indenture

By: /s/ R. Prokosch
Name: Richard Prokosch
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as
Collateral Trustee

By: /s/ R. Prokosch
Name: Richard Prokosch
Title: Vice President

[FORM OF]
ADDITIONAL PARI PASSU DEBT DESIGNATION

Reference is made to the Collateral Trust Agreement dated as of November 20, 2018 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the "Collateral Trust Agreement") among HC2 HOLDINGS, INC. (the "Issuer"), the Grantors from time to time party thereto, [*insert name of Indenture Trustee*], as Trustee under the Indenture (as defined therein) and U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Collateral Trust Agreement. This Additional Pari Passu Debt Designation is being executed and delivered in order to designate additional Pari Passu Debt as Pari Passu Debt entitled to the benefit of the Collateral Trust Agreement.

The undersigned, the duly appointed [*specify title*] of the [Issuer] hereby certifies on behalf of the [Issuer] that:

(A) [*insert name of the Issuer or other Grantor*] intends to incur additional Pari Passu Debt (**"*Additional Pari Passu Obligations*"**) permitted by each applicable Pari Passu Document to be secured by a Pari Passu Lien equally and ratably with all previously existing and future Pari Passu Debt;

(B) [such Pari Passu Debt constitutes First-Out Debt;"]

(C) the name and address of the Authorized Representative for the Additional Pari Passu Obligations for purposes of Section 7.8 of the Collateral Trust Agreement is:

_____

_____

Telephone: _____

Fax: _____

(D) Each of the Issuer and each other Grantor has duly authorized, executed (if applicable) and recorded (or caused to be recorded) in each appropriate governmental office all relevant filings and recordations to ensure that the Additional Pari Passu Obligations are secured by the Collateral in accordance with the Security Documents;

(E) Attached as Exhibit 1 hereto is a Reaffirmation Agreement duly executed by the Issuer and each other Grantor, and

(F) the Issuer has caused a copy of this Additional Pari Passu Debt Designation and the related Collateral Trust Joinder to be delivered to each existing Authorized Representative.

IN WITNESS WHEREOF, the Issuer has caused this Pari Passu Debt Designation to be duly executed by the undersigned officer as of ___, 20__.

[*insert name of Issuer*]

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENT OF RECEIPT

The undersigned, the duly appointed Collateral Trustee under the Collateral Trust Agreement, hereby acknowledges receipt of an executed copy of this Additional Pari Passu Debt Designation.

U.S. BANK NATIONAL ASSOCIATION,
as Collateral Trustee

By: _____
Name: _____
Title: _____

[FORM OF] REAFFIRMATION AGREEMENT

Reference is made to the Collateral Trust Agreement dated as of November 20, 2018 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the "Collateral Trust Agreement") among HC2 HOLDINGS, INC. (the "Issuer"), the Grantors from time to time party thereto, [*insert name of Indenture Trustee*], as Trustee under the Indenture (as defined therein), and U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Collateral Trust Agreement. This Reaffirmation Agreement is being executed and delivered as of , 20 in connection with an Additional Pari Passu Debt Designation of even date herewith which Additional Pari Passu Debt Designation has designated such additional Pari Passu Debt as Pari Passu Debt entitled to the benefit of the Collateral Trust Agreement.

Each of the undersigned hereby consents to the designation of additional Pari Passu Debt as Pari Passu Debt as set forth in the Additional Pari Passu Debt Designation of even date herewith and hereby confirms its respective guarantees, pledges, grants of security interests and other obligations, as applicable, under and subject to the terms of each of the Pari Passu Documents to which it is party, and agrees that, notwithstanding the designation of such additional indebtedness or any of the transactions contemplated thereby, such guarantees, pledges, grants of security interests and other obligations, and the terms of each Pari Passu Document to which it is a party, are not impaired or adversely affected in any manner whatsoever and shall continue to be in full force and effect and such additional Pari Passu Debt shall be entitled to all of the benefits of such Pari Passu Documents.

Governing Law and Miscellaneous Provisions. The provisions of Article 7 of the Collateral Trust Agreement will apply with like effect to this Reaffirmation Agreement.

IN WITNESS WHEREOF, each of the undersigned has caused this Reaffirmation Agreement to be duly executed as of the date written above.

[names of Grantors and Grantors]

By: _____
Name: _____
Title: _____

[EXHIBIT B to Collateral Trust Agreement]

[FORM OF]
COLLATERAL TRUST JOINDER – ADDITIONAL PARI PASSU OBLIGATIONS

Reference is made to the Collateral Trust Agreement dated as of November 20, 2018 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the "Collateral Trust Agreement") among HC2 HOLDINGS, INC. (the "Issuer"), the Grantors from time to time party thereto, [*insert name of Indenture Trustee*], as Trustee under the Indenture (as defined therein) and U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Collateral Trust Agreement. This Collateral Trust Joinder is being executed and delivered pursuant to Section 3.8 of the Collateral Trust Agreement as a condition precedent to the debt for which the undersigned is acting as agent being entitled to the benefits of being additional Pari Passu Debt under the Collateral Trust Agreement.

1. Joinder. The undersigned, ___, a ___, (the "New Representative") as [trustee, administrative agent] under that certain [*described applicable indenture, credit agreement or other document governing the additional Pari Passu Debt*] hereby agrees to become party as a Authorized Representative under the Collateral Trust Agreement for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Collateral Trust Agreement as fully as if the undersigned had executed and delivered the Collateral Trust Agreement as of the date thereof. [Such Authorized Representative shall be a First-Out Authorized Representative thereunder].

2. Lien Sharing and Priority Confirmation.

The undersigned New Representative, on behalf of itself and each holder of Obligations in respect of the Series of Pari Passu Debt for which the undersigned is acting as Authorized Representative hereby agrees, for the enforceable benefit of all holders of each existing and future Series of Pari Passu Debt, each other existing and future Authorized Representative and each current and future Pari Passu Secured Party and as a condition to being treated as Pari Passu Debt under the Collateral Trust Agreement that:

(a) as provided by Section 2.2 of the Collateral Trust Agreement, all Pari Passu Obligations will be and are secured equally and ratably by all Pari Passu Liens at any time granted by the Issuer or any other Grantor to secure any Obligations in respect of any Series of Pari Passu Debt, whether or not upon property otherwise constituting collateral for such Series of Pari Passu Debt, and that all such Pari Passu Liens will be enforceable by the Collateral Trustee for the benefit of all Secured Parties equally and ratably; *provided, however*, that notwithstanding the foregoing, this provision will not be violated with respect to any particular Collateral and any particular Series of Pari Passu Debt if the Security Documents in respect thereof prohibit the applicable Authorized Representative from accepting the benefit of a Lien on any particular asset or

property or such Authorized Representative otherwise expressly declines in writing to accept the benefit of a Lien on such asset;

(b) the New Representative and each holder of Obligations in respect of the Series of Pari Passu Debt for which the undersigned is acting as Authorized Representative are bound by the provisions of this Agreement, including the provisions relating to the ranking of Pari Passu Liens and the order of application of proceeds from the enforcement of Pari Passu Liens; and

(c) the Collateral Trustee shall perform its obligations under the Collateral Trust Agreement and the other Security Documents.

3. Governing Law and Miscellaneous Provisions. The provisions of Article 7 of the Collateral Trust Agreement will apply with like effect to this Collateral Trust Joinder.

IN WITNESS WHEREOF, the parties hereto have caused this Collateral Trust Joinder to be executed by their respective officers or representatives as of __, 20__.

[insert name of the new representative]

By: _____
Name: _____
Title: _____

The Collateral Trustee hereby acknowledges receipt of this Collateral Trust Joinder and agrees to act as Collateral Trustee for the New Representative and the holders of the Obligations represented thereby:

U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee

By: _____
Name: _____
Title: _____

[FORM OF]

COLLATERAL TRUST JOINDER – ADDITIONAL GRANTOR

Reference is made to the Collateral Trust Agreement dated as of November [20], 2018 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the "Collateral Trust Agreement") among HC2 HOLDINGS, INC. (the "Issuer"), the Grantors from time to time party thereto, [*insert name of Indenture Trustee*], as Trustee under the Indenture (as defined therein) and U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Collateral Trust Agreement. This Collateral Trust Joinder is being executed and delivered pursuant to Section 7.21 of the Collateral Trust Agreement.

1. Joinder. The undersigned, , a , hereby agrees to become party as a Grantor under the Collateral Trust Agreement for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Collateral Trust Agreement as fully as if the undersigned had executed and delivered the Collateral Trust Agreement as of the date thereof.

2. Governing Law and Miscellaneous Provisions. The provisions of Article 7 of the Collateral Trust Agreement will apply with like effect to this Collateral Trust Joinder.

IN WITNESS WHEREOF, the parties hereto have caused this Collateral Trust Joinder to be executed by their respective officers or representatives as of _____, 20___.

[_____]

By: _____
Name: _____
Title: _____

The Collateral Trustee hereby acknowledges receipt of this Collateral Trust Joinder and agrees to act as Collateral Trustee with respect to the Collateral pledged by the new Grantor:

U.S. BANK NATIONAL ASSOCIATION, as
Collateral Trustee

By: _____

Name: _____

Title: _____

AMENDMENT NO. 1
TO COLLATERAL TRUST AGREEMENT

AMENDMENT NO. 1 TO COLLATERAL TRUST AGREEMENT, dated as of February 1, 2021 (this "***Amendment***"), to the Collateral Trust Agreement, dated as of November 20, 2018 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the "***Collateral Trust Agreement***"), among HC2 HOLDINGS, INC. (the "***Issuer***"), the Grantors from time to time party thereto, U.S. BANK NATIONAL ASSOCIATION, as Collateral Trustee, and U.S. BANK NATIONAL ASSOCIATION, as "Trustee" under the "Indenture" (each as defined in the Collateral Trust Agreement prior to giving effect to this Amendment).

WHEREAS, U.S. Bank National Association, as the Authorized Representative of the holders of more than 50% of the sum of the aggregate outstanding principal amount of Pari Passu Debt (the "***Specified Authorized Representative***"), the Issuer, the Grantors and the Collateral Trustee have agreed to amend certain terms and conditions of the Collateral Trust Agreement.

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

1. Definitions. All terms used herein that are defined in the Collateral Trust Agreement and not otherwise defined herein shall have the meanings assigned to them in the Collateral Trust Agreement.

2. Amendments to Collateral Trust Agreement.

(a) Preliminary Statements. The first preliminary statement of the Collateral Trust Agreement is hereby amended and restated in its entirety as follows:

WHEREAS, the Issuer intends to issue 11.500% Senior Secured Notes, due 2021, in an aggregate principal amount of $470.0 million pursuant to an Indenture, dated as of the date hereof, among the Issuer, the Guarantors party thereto and U.S. Bank National Association, as trustee**.**

(b) Existing Definitions. The following definitions in Section 1.1 of, the Collateral Trust Agreement are hereby amended and restated in their entirety to read as follows:

(i) "***Indenture***" means the Indenture, dated February 1, 2021, among the Issuer, the guarantors, as defined therein, and the Trustee, as trustee, as amended, supplemented, refinanced, replaced or otherwise modified and in effect from time to time.

(ii) "***Notes***" means the Issuer's 8.500% Senior Secured Notes due 2026, issued pursuant to the Indenture.

(iii) "***Trustee***" means U.S. Bank National Association, in its capacity as trustee pursuant to the Indenture and any successor appointed in accordance with the Indenture.

(c) Notices.

(i) The addresses for notices to the Issuer or any other Grantor set forth in Section 7.6 of the Collateral Trust Agreement are hereby replaced with the following addresses:

If to the Issuer or any other Grantor:	HC2 Holdings, Inc. Attention: Joseph Ferraro 450 Park Avenue, 29th Floor New York, NY 10022 with a copy to: Skadden, Arps, Slate, Meagher & Flom LLP Attention: Gregory Fernicola One Manhattan West New York, New York, 10001

(ii) The addresses for notices to the Trustee set forth in Section 7.6 of the Collateral Trust Agreement are hereby replaced with the following addresses:

If to the Trustee:	U.S. Bank National Association Global Corporate Trust Services Mailcode: EP MN WS3C 60 Livingston Avenue St. Paul, MN 55107- 2292 Facsimile No.: (651) 466-4730 Attention: Benjamin Krueger – Vice President and Account Manager with a copy to: Thompson Hine LLP Attention: Yesenia Batista 335 Madison Ave., 12th Floor

3. Conditions to Effectiveness. This Amendment shall become effective only upon satisfaction of the following conditions precedent (the first date upon which all such conditions shall have been satisfied being hereinafter referred to as the "Amendment Effective Date"):

(a) the Collateral Trustee and the Specified Authorized Representative shall have received a copy of this Amendment, duly executed and delivered by the Issuer, the Grantors, the Collateral Trustee and the Specified Authorized Representative.

(b) the Collateral Trustee shall have received (i) an Officer's Certificate, signed on behalf of the Issuer by an officer of the Issuer, to the effect that this Amendment will not result in a breach of any provision or covenant contained in any of the Security Documents and (ii) an opinion of counsel of the Issuer to the effect that the execution of this Amendment is authorized or permitted under the Collateral Trust Agreement, in each case, as set forth in Section 7.1(b) of the Collateral Trust Agreement.

(c) the Collateral Trustee shall have received a notice of Discharge of Specified Pari Passu Obligations from the "Trustee" with respect to the "Notes" (in each case, under and as defined in the Collateral Trust Agreement prior to giving effect to this Amendment), as required under Section 7.7 of the Collateral Trust Agreement.

4. Continued Effectiveness of the Collateral Trust Agreement. Each party hereto(a) acknowledges and consents to this Amendment and (b) confirms and agrees that the Collateral Trust Agreement is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that on and after the Amendment Effective Date, all references in the Collateral Trust Agreement and any Security Document to "the Collateral Trust Agreement", to the "Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Collateral Trust Agreement shall mean the Collateral Trust Agreement as amended by this Amendment. This Amendment does not and shall not affect any of the obligations of the parties to the Collateral Trust Agreement, other than as expressly provided herein.

5. Direction to Collateral Trustee. The Specified Authorized Representative, as the Authorized Representative of the holders of more than 50% of the sum of the aggregate outstanding principal amount of Pari Passu Debt as of the date hereof hereby (a) directs the Collateral Trustee to execute and deliver this Amendment and (b) acknowledges and agrees that the direction in this Section 5 constitutes an Act of Required Secured Parties under Sections 1.1 and 7.1 of the Collateral Trust Agreement.

6. Miscellaneous.

(a) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts (including by facsimile or other electronic imaging means), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Amendment by facsimile or other electronic transmission (e.g. "pdf" or "tif" format) shall be effective as delivery of a manually executed counterpart hereof. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Amendment and any other document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature , physical delivery thereof or the use of a paper-based record keeping 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. Without limiting the generality of the foregoing, the Issuer and each other Grantor hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Collateral Trustee, the Issuer and the other Grantors, electronic images of Collateral Trust Agreement as amended by this Amendment (including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original and (ii) waives any argument, defense or right to contest the validity or enforceability of the Collateral Trust Agreement as amended by this Amendment based solely on the lack of paper original copies of the Collateral Trust Agreement and/or this Amendment, including with respect to any signature pages thereto.

(b) Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

(c) Sections 7.14 (Governing Law), 7.15 (Consent to Jurisdiction) and 7.16 (Waiver of Jury Trial) of the Collateral Trust Agreement are incorporated herein by reference mutatis mutandis.

(d) Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

[*Remainder of page intentionally left blank.*]

HC2 HOLDINGS, INC.
as Issuer

By: */s/ Michael Sena*
Name: Michael Sena
Title: CFO

HC2 HOLDINGS 2, INC.
as Grantor

By: */s/ Michael Sena*
Name: Michael Sena
Title: CFO

DBM GLOBAL INTERMEDIATE HOLDCO INC.
as Grantor

By: */s/ Michael Sena*
Name: Michael Sena
Title: CFO

U.S. BANK NATIONAL ASSOCIATION, as
Collateral Trustee

By: */s/ Benjamin J. Krueger*
Name: Benjamin J. Krueger
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as
Authorized Representative

By: */s/ Benjamin J. Krueger*
Name: Benjamin J. Krueger
Title: Vice President

Exhibit 10.5

COLLATERAL TRUST JOINDER – ADDITIONAL PARI PASSU OBLIGATIONS

February 1, 2021

Reference is made to the Collateral Trust Agreement dated as of November 20, 2018 (as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, including, without limitation, as amended by this Collateral Trust Joinder, the "***Collateral Trust Agreement***") among HC2 HOLDINGS, INC., a Delaware corporation (the "***Issuer***"), the grantors from time to time party thereto, U.S. BANK NATIONAL ASSOCIATION, as Trustee under the Indenture (as defined therein prior to the date thereof) and U.S. BANK NATIONAL ASSOCIATION, as collateral trustee (in such capacity, under such Collateral Trust Agreement, including without limitation, as amended by this Collateral Trust Joinder, the "Collateral Trustee"). Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Collateral Trust Agreement. This Collateral Trust Joinder is being executed and delivered pursuant to Section 3.8 of the Collateral Trust Agreement as a condition precedent to the debt for which the undersigned is acting as trustee being entitled to the benefits of being additional Pari Passu Debt under the Collateral Trust Agreement.

1. Joinder. The undersigned, U.S. BANK NATIONAL ASSOCIATION, as trustee (in such capacity, the "***New Representative***"), under that certain Indenture, dated February 1, 2021, among the Issuer, the guarantors, as defined therein, and the New Representative (as amended, supplemented, amended and restated or otherwise modified from time to time, the "***Additional Pari Passu Debt Agreement***"), hereby agrees to become party as an Authorized Representative under the Collateral Trust Agreement for all purposes thereof on the terms set forth therein, and to be bound by the terms of the Collateral Trust Agreement as fully as if the undersigned had executed and delivered the Collateral Trust Agreement as of the date thereof.

2. Lien Sharing and Priority Confirmation. The undersigned New Representative, on behalf of itself and each holder of Obligations in respect of the Series of Pari Passu Debt for which the undersigned is acting as Authorized Representative pursuant to the Additional Pari Passu Debt Agreement hereby agrees, for the enforceable benefit of all holders of each existing and future Series of Pari Passu Debt, each other existing and future Authorized Representative and each current and future Pari Passu Secured Party and as a condition to being treated as Pari Passu Debt under the Collateral Trust Agreement that:

(a) as provided by Section 2.2 of the Collateral Trust Agreement, all Pari Passu Obligations will be and are secured equally and ratably by all Pari Passu Liens at any time granted by the Issuer or any other Grantor to secure any Obligations in respect of any Series of Pari Passu Debt, whether or not upon property otherwise constituting collateral for such Series of Pari Passu Debt, and that all such Pari Passu Liens will be enforceable by the Collateral Trustee for the benefit of all Secured Parties equally and ratably; *provided, however*, that notwithstanding the foregoing, this provision will not be violated with respect to any particular Collateral and any particular Series of Pari Passu Debt if the Security Documents in respect thereof prohibit the applicable Authorized Representative from accepting the benefit of a Lien on any particular asset or property or such

Authorized Representative otherwise expressly declines in writing to accept the benefit of a Lien on such asset;

(b) the New Representative and each holder of Obligations in respect of the Series of Pari Passu Debt for which the undersigned is acting as Authorize d Representative are bound by the provisions of the Collateral Trust Agreement, including the provisions relating to the ranking of Pari Passu Liens and the order of application of proceeds from the enforcement of Pari Passu Liens; and

(c) the Collateral Trustee shall perform its obligations under the Collateral Trust Agreement and the other Security Documents.

3. Governing Law and Miscellaneous Provisions. The provisions of Article 7 of the Collateral Trust Agreement will apply with like effect to this Collateral Trust Joinder.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Collateral Trust Joinder to be executed by their respective officers or representatives as of the date first written above.

U.S. BANK NATIONAL ASSOCIATION,
as the New Representative

By: */s/ Benjamin J. Krueger*
Name: Benjamin J. Krueger
Title: Vice President

The Collateral Trustee hereby acknowledges receipt of this Collateral Trust Joinder and agrees to act as Collateral Trustee for the New Representative and the holders of the Obligations represented thereby:

U.S. BANK NATIONAL ASSOCIATION,
as Collateral Trustee

By: */s/ Benjamin J. Krueger*
Name: Benjamin J. Krueger
Title: Vice President

THIRD AMENDMENT TO CREDIT AGREEMENT

DATED AS OF

June 28, 2024

AMONG

DBM GLOBAL INC. AND THE OTHER BORROWERS,

THE LENDERS,

AND

UMB BANK, N.A.,
AS ADMINISTRATIVE AGENT

BMO BANK N.A.,
AS SYNDICATION AGENT

FIFTH THIRD BANK, NATIONAL ASSOCIATION,
AS DOCUMENTATION AGENT

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is dated as of June 28, 2024 (the "Effective Date"), by and among **DBM GLOBAL INC.,** a Delaware corporation ("Holdings"), the other Borrowers listed on Schedule 1.1 hereto (together with Holdings, each a "Borrower" and collectively the "Borrowers"), the **LENDERS**, which are party hereto from time to time (each a "Lender" and collectively the "Lenders") and **UMB BANK, N.A.**, a national banking association, as Letter of Credit Issuer and as Administrative Agent (the "***Administrative Agent***").

IN CONSIDERATION of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I
DEFINITIONS

When used herein, the following terms shall have the meanings specified:

1.1 Amendment. "Amendment" shall mean this Third Amendment to Credit Agreement.

1.2 Credit Agreement. "Credit Agreement" shall mean the Credit Agreement by and among the Borrowers, the several financial institutions from time to time party thereto as Lenders, and the Administrative Agent, dated as of May 27, 2021, together with all of the Schedules and Exhibits attached thereto, as amended by First Amendment to Credit Agreement dated August 2, 2022 and Second Amendment to Credit Agreement dated December 12, 2023.

1.3 Other Terms. The other capitalized terms used in this Amendment shall have the definitions assigned in the Credit Agreement.

ARTICLE II
AMENDMENTS

The Credit Agreement is amended as follows:

2.1 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 bold, double-underlined text (indicated textually in the same manner as the following example: **underlined text**) as set forth in the Credit Agreement attached as Exhibit A hereto.

2.2 Except as expressly amended by this Amendment, all of the terms and conditions of the Credit Agreement shall remain in full force and effect and shall apply to any advance thereunder.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Each Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

3.1 Credit Agreement. All of the representations and warranties made by Borrowers in the Credit Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement, as amended have been duly authorized by all necessary corporate action and limited liability company action, as applicable, by Borrowers. This Amendment is the valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment, and performance of and compliance with the terms of the Credit Agreement, as amended, do not violate any presently existing provision of law or the articles of incorporation, articles of organization, bylaws or operating agreement, as applicable, of any Borrower or any agreement to which any Borrower is a party or by which it is bound.

3.4 Collateral Documents. All of the Obligations, as amended by this Amendment, shall be secured by all of the Collateral Documents. The Borrowers acknowledge and agree that the Collateral Documents are fully enforceable against each Borrower party thereto strictly in accordance with their terms and the Borrowers hereby reaffirm each of the Collateral Documents and acknowledge and agree that the Liens created by the Collateral Documents are valid, effective, properly perfected and enforceable first priority Liens, subject to Permitted Liens. Each of the Borrowers hereby reaffirms the grant of all Liens it has previously granted to the Administrative Agent.

3.5 Reaffirmation of Loan Documents. Each Borrower hereby (i) confirms that it has requested the Administrative Agent and the Lenders to enter into this Amendment, (ii) acknowledges that the Administrative Agent and the Lenders would not enter into this Amendment in the absence of the reaffirmation of each of the Loan Documents and the Obligations to which it is a party and that the Administrative Agent and the Lenders are thus relying on such reaffirmation and (iii) reaffirms each of the Loan Documents and the Obligations in each and every respect, including, without limitation, the validity of any and all obligations under each of the Loan Documents and the Obligations (as defined in the Credit Agreement, as amended by this Amendment). Each Borrower acknowledges and agrees that the Loan Documents all continue in full force and effect, and the Administrative Agent and the Lenders retain all of their rights and remedies under the Loan Documents. Each Borrower acknowledges and agrees that all Loan Documents and Collateral Documents previously executed by it shall secure all amounts owed by any Borrower to any one or more of the Administrative Agent and Lenders and their respective affiliates. Each Borrower hereby acknowledges and agrees that the obligations which are secured by any Collateral Document executed by it shall include all Obligations, including, without limitation, all principal of and

interest on the Notes and the Loans, as all such Obligations are amended as provided in the Credit Agreement as amended by this Amendment, and all obligations with respect to Letters of Credit and Hedging Obligations.

3.6 Governing Law; Jurisdiction; Waiver of Jury Trial. The governing law, jurisdiction and waiver of jury trial provisions contained in Article XV of the Credit Agreement are hereby incorporated by reference *mutatis mutandis*.

ARTICLE IV
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and Section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.4 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

4.5 Effectiveness. This Amendment shall be effective as of the Effective Date upon receipt by the Administrative Agent of each of the following, which are in form and substance acceptable to the Administrative Agent and executed as appropriate:

(a) this Amendment;

(b) a 2024 Term Note in favor of Fifth Third Bank, National Association;

(c) Legal Opinion of Borrowers' counsel;

(d) copies of resolutions of each Borrower's and each Guarantor's Board of Directors (or similar governing body) authorizing the execution, delivery and performance of, as applicable, this Amendment, the Consent and Ratification attached hereto, the 2024 Term Note and such other documents as Administrative Agent may request and the consummation of the transactions contemplated hereby and thereby, together with specimen signatures of the persons authorized to execute such documents on each Borrower's and each Guarantor's behalf, all certified in each instance by its Secretary or Assistant Secretary;

(e) receipt by Administrative Agent of the fee required under Section 2.6.7 of the Credit Agreement; and

(f) receipt by Administrative Agent of such additional supporting documents and materials as Administrative Agent may reasonably request.

Notwithstanding the foregoing clause (d), Administrative Agent and Lenders agree that this Amendment shall become effective without delivery to the Administrative Agent of authorizing resolutions signed by all directors of Schuff Steel Management Company – Southwest, Inc., provided that Borrowers shall deliver to Administrative Agent resolutions satisfactory to Administrative Agent signed by all directors of Schuff Steel Management Company – Southwest, Inc. on or before July 10, 2024.

4.6 Fees and Expenses. The Borrowers shall pay all reasonable fees and expenses of the Administrative Agent related to the execution and delivery of this Amendment and the related documents including reasonable attorneys' fees and title company expenses related thereto.

4.7 Release. Each Borrower acknowledges, confirms, and agrees that: (i) none of the Borrowers or any of their Subsidiaries or Affiliates has any claim or cause of action against the Administrative Agent, any Affiliate of the Administrative Agent, any Lender, any Affiliate of any Lender (or any of the directors, officers, employees, agents or attorneys of the foregoing), and (ii) the Administrative Agent and the Lenders have heretofore properly performed and satisfied in a timely manner all of their obligations to the Borrowers and all of their Subsidiaries and Affiliates (if any) under the Credit Agreement and the other Loan Documents. Notwithstanding the foregoing, the Borrowers wish (and the Administrative Agent and Lenders agree) to eliminate any possibility that any past conditions, acts, omissions, events or circumstances would impair or otherwise adversely affect the Administrative Agent's or any Lender's rights, interests, security and/or remedies under the Credit Agreement and the other Loan Documents. Accordingly, for and in consideration of the agreements contained in this Amendment and other good and valuable consideration, each Borrower for itself and their Subsidiaries and Affiliates and the successors, assigns, heirs and representatives of each of the foregoing (collectively, the "Releasors") do hereby fully, finally, unconditionally and irrevocably release, waive and forever discharge the Administrative Agent, each Affiliate of the Administrative Agent, the Lenders and each Affiliate of any Lender, together with their respective directors, officers, employees, agents, attorneys successors and assigns (collectively, the "Released Parties") from: (x) any and all liabilities, obligations, duties, responsibilities, promises or indebtedness of any kind of the Released Parties to the Releasors or any of them (except for such obligations to be performed by the Released Parties after the date of this Amendment, as expressly stated in this Amendment and the other Loan Documents) and (y) all claims, demands, disputes, offsets, causes of action (whether at law or equity), suits or defenses of any kind whatsoever (if any), which the Releasors or any of them had from the beginning of the world, now has or might hereafter have against the Released Parties or any of them, in either case of clauses (x) or (y) on account of any condition, act, omission, event, contract, liability, obligation, indebtedness, claim, cause of action, defense, circumstance or matter of any kind that existed, arose or occurred at any time from the beginning of the world to the execution of this Amendment. For purposes of the release contained in this Section 4.7, any reference to any Releasor shall mean and include, as applicable, such Person's successors and

assigns, including, without limitation, any receiver, trustee or debtor-in-possession, acting on behalf of such Person. As to each and every claim released hereunder, each Borrower hereby represents that it has received the advice of legal counsel with regard to the releases contained herein and agrees to waive, to the extent permitted by law, any common law or statutory rule or principle that could affect the validity or scope or any other aspect of such release.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

ADMINISTRATIVE AGENT AND LENDER:

UMB BANK, N.A., as a Lender and as Administrative Agent

By: */s/ Kyle McMillian*
Name: Kyle McMillian
Title: Senior Vice President

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

SYNDICATION AGENT AND LENDER:

BMO BANK N.A., as a Lender and as Syndication Agent

By: */s/ Nick Irving*
Name: Nick Irving
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

SYNDICATION AGENT AND LENDER:

BMO BANK N.A., as Lender and as Syndication Agent

By: */s/ Nick Irving*
Name: Nick Irving
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

DOCUMENTATION AGENT AND LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION, as a Lender

By: */s/ Jeff Hofkey*
Name: Jeff Hofkey
Title: AVP, Relationship Manager

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

LENDER:

ARIZONA BANK & TRUST, as Lender

By: */s/ Troy R. Norris*
Name: Troy R. Norris
Title: SVP

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

LENDER:

ACADEMY BANK, as a Lender

By: */s/ Joe Baeres*
Name: Joe Baeres
Title: VP

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Credit Agreement as of the day and year first written above.

BORROWERS:

AITKEN MANUFACTURING INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President, Chief Financial Officer, Secretary and Treasurer

DBM GLOBAL INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President, Chief Financial Officer, Assistant Secretary and Treasurer

DBM VIRCON SERVICES (USA) INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Chairman, President, Secretary and Treasurer

GRAYWOLF INDUSTRIAL, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

GRAYWOLF INTEGRATED CONSTRUCTION COMPANY

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

SCHUFF STEEL MANAGEMENT COMPANY - SOUTHWEST, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President, Chief Financial Officer, Secretary, and Treasurer

SCHUFF STEEL COMPANY

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President, Chief Financial Officer, Secretary and Treasurer

MILCO NATIONAL CONSTRUCTORS, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

GRAYWOLF INTEGRATED CONSTRUCTION COMPANY - SOUTHEAST, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

BANKER STEEL HOLDCO LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Chief Financial Officer and Treasurer

DERR AND ISBELL CONSTRUCTION, LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

INNOVATIVE ENGINEERING SOLUTIONS LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

LYNCHBURG FREIGHT & SPECIALTY LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

MEMCO LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

NYC CONSTRUCTORS, LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

NYCC CONSTRUCTION SERVICES, LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

US CONSTRUCTION SERVICES INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

US ERECTORS LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President and Treasurer

CONSENT AND RATIFICATION OF GUARANTORS

Each of the undersigned Guarantors (a) is a party to the Guaranty dated May 27, 2021 and executed by the Guarantors in favor of Administrative Agent and is also a party to certain other Loan Documents, (b) is not a party to the foregoing Third Amendment to Credit Agreement, (b) consents to the foregoing Third Amendment to Credit Agreement, and (c) reaffirms such Guaranty and each of the Loan Documents to which it is a party and the Obligations in each and every respect, including, without limitation, the validity of any and all obligations under each of the Loan Documents and the Obligations (as defined in the Credit Agreement, as amended by the foregoing Third Amendment to Credit Agreement). Each of the Guarantors agrees that all of the Obligations, as amended by the foregoing Third Amendment to Credit Agreement, shall be secured by all of the Collateral Documents to which such Guarantor is a party. Each Guarantor acknowledges and agrees that all Loan Documents and Collateral Documents previously executed by it shall secure all amounts owed by any Borrower to any one or more of the Administrative Agent and Lenders and their respective affiliates. Each Guarantor hereby acknowledges and agrees that the obligations which are secured by any Collateral Document executed by it shall include all Obligations, including, without limitation, all principal of and interest on the Notes and the Loans, as all such Obligations are amended as provided in the Credit Agreement as amended by the foregoing Third Amendment to Credit Agreement, and all obligations with respect to Letters of Credit and Hedging Obligations. The Guarantors acknowledge and agree that the Collateral Documents to which such Guarantors are a party are fully enforceable against each Guarantor party thereto strictly in accordance with their terms and the Guarantors hereby reaffirm each of the Collateral Documents and acknowledge and agree that the Liens created by the Collateral Documents are valid, effective, properly perfected and enforceable first priority Liens, subject to Permitted Liens. Each of the Guarantors hereby reaffirms the grant of all Liens it has previously granted to the Administrative Agent.

ADDISON STRUCTURAL SERVICES, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Chairman, President, Secretary and Treasurer

CB-HORN HOLDINGS, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

DBM GLOBAL HOLDINGS INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Chairman, President, Secretary and Treasurer

DBM GLOBAL - NORTH AMERICA INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Chairman, President, Secretary and Treasurer

INNOVATIVE STRUCTURAL SYSTEMS INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Chairman, President, Secretary and Treasurer

M. INDUSTRIAL MECHANICAL, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

MIDWEST ENVIRONMENTAL, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

ON-TIME STEEL MANAGEMENT HOLDING, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President, Chief Financial Officer, Secretary, and Treasurer

PDC SERVICES (USA) INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Chairman, President, Secretary, and Treasurer

QUINCY JOIST COMPANY

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President, Chief Financial Officer, Secretary, and Treasurer

SCHUFF PREMIER SERVICES LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Manager

SCHUFF STEEL - ATLANTIC, LLC

By: */s/ Michael R. Hill*
Michael R. Hill, Manager

TITAN FABRICATORS, INC.

By: */s/ Michael R. Hill*
Michael R. Hill, Vice President

SCHEDULE 1.1

BORROWERS

ENTITY	JURISDICTION INCORPORATED/ORGANIZED
DBM Global Inc.	Delaware
GrayWolf Industrial, Inc.	Delaware
Schuff Steel Management Company – Southwest, Inc.	Delaware
Schuff Steel Company	Delaware
Aitken Manufacturing Inc.	Delaware
DBM Vircon Services (USA) Inc.	Arizona
GrayWolf Integrated Construction Company	Delaware
Milco National Constructors, Inc.	Delaware
GrayWolf Integrated Construction Company-Southeast, Inc.	Georgia
Banker Steel Holdco LLC	Delaware
US Erectors LLC	Delaware
NYC Constructors, LLC	Delaware
Derr and Isbell Construction, LLC	Texas
Memco LLC	Delaware
Lynchburg Freight & Specialty LLC	Delaware
Innovative Engineering Solutions LLC	Delaware
US Construction Services Inc.	Delaware
NYCC Construction Services, LLC	Delaware

EXHIBIT A

Amended Credit Agreement

See Attached

CREDIT AGREEMENT

DATED AS OF

May 27, 2021

AMONG

DBM GLOBAL INC. AND THE OTHER BORROWERS,

THE LENDERS,

AND

UMB BANK, N.A.,

AS ADMINISTRATIVE AGENT

BMO ~~HARRIS~~ BANK N.A.,

AS SYNDICATION AGENT

FIFTH THIRD BANK, NATIONAL ASSOCIATION,

AS DOCUMENTATION AGENT

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EXHIBITS AND SCHEDULES

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CREDIT AGREEMENT

This Credit Agreement (the "Agreement"), dated as of May 27, 2021, is by and among **DBM GLOBAL INC.,** a Delaware corporation ("Holdings"), the other Borrowers listed on Schedule 1.1 hereto (together with Holdings, each a "Borrower" and collectively the "Borrowers"), the **LENDERS**, which are party hereto from time to time (each a "Lender" and collectively the "Lenders") and **UMB BANK, N.A.**, a national banking association, as Letter of Credit Issuer and as Administrative Agent. The parties hereto agree as follows:

PRELIMINARY STATEMENTS:

(1) Contemporaneously with the making of the initial disbursement of proceeds of the Loans, the Initial Borrowers will consummate the Banker Steel Acquisition and the Banker Steel Borrowers will automatically be joined hereto as provided in Section 9.20.

(2) The Borrowers have requested that the Lenders make the Loans to the Borrowers to pay existing indebtedness, for the Banker Steel Acquisition and for working capital.

(3) The Lenders are willing to make the Loans, subject to and upon the terms and conditions set forth herein, and in reliance on the terms and provisions of Section 9.20.

ARTICLE I

DEFINITIONS

1.1 Definitions.

As used in this Agreement:

"2024 Redemption" means the redemption by Holdings, on or before July 31, 2024, of 100% of the Series A Fixed-To-Floating Rate Perpetual Preferred Stock of Holdings.

"2024 Term Loan" has the meaning given in Section 2.18.

"2024 Term Loan Commitment" means, as to any Lender, the commitment of such Lender to make a 2024 Term Loan pursuant to Section 2.18. The amount of each Lender's 2024 Term Loan Commitment on the Effective Date is set forth on Schedule 2 and, on the date hereof, the aggregate amount of the 2024 Term Loan Commitments is $25,000,000.00.

"2024 Term Loan Maturity Date" means May 31, 2026.

"2024 Term Note" means any note or notes executed by Borrowers evidencing any portion of the 2024 Term Loan.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which a Borrower or any of its Subsidiaries (i) acquires any going-concern business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or

otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Administrative Agent" means UMB Bank, N.A., in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender.

"Advance" means a borrowing hereunder of Revolving Loans, Term Loans or 2024 Term Loans.

"Affected Lender" is defined in Section 2.15.

"Affiliate(s)" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person, including, without limitation, such Person's Subsidiaries. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of Equity Interests of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership, by contract or otherwise.

"Agreement" means this Credit Agreement, as it may be amended or modified and in effect from time to time.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to a Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"Authorized Officer" means any of the President or Chief Financial Officer of Holdings, acting singly.

"Available Aggregate Revolving Commitment" means, at any time, the Revolving Commitments then in effect *minus* the Revolving Exposures at such time.

"Banker Steel" means Banker Steel Holdco LLC.

"Banker Steel Acquisition" means the acquisition of Banker Steel and its subsidiaries on terms previously disclosed to the Lenders.

"Banker Steel Acquisition Documents" means, collectively, (a) the Banker Steel Purchase Agreement, (b) the other documents, instruments and agreements relating to the Baker Steel Acquisition.

"Banker Steel Borrowers" means the Borrowers identified as Banker Steel Borrowers on Schedule 1.1.

"Banker Steel Purchase Agreement" means the Membership Interest Purchase Agreement dated March 12, 2021 among Bridge Fabrication Banker Holdings LLC, The Banker Family Irrevocable Trust #3 U/A/D December 22, 2009, Chesley F. McPhatter, III, and Richard Plant, as the sellers, Bridge Fabrication Banker Holdings LLC, as the sellers' representative, and Holdings, as the purchaser.

"Banker Trust 2023 Prepayment" means the payment in full, on or before December 31, 2023, of the Unsecured Subordinated Promissory Note by Holdings and Banker Steel Co., L.L.C. in favor of The Banker Family Irrevocable Trust #3 U/A/D December 22, 2009, which note is dated May 27, 2021 and in the original principal amount of $19,575,810.40.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Borrower" and "Borrowers" shall have the meaning ascribed to them in the opening paragraph of this Agreement and shall include any other parties who may become Borrowers hereunder by joinder or otherwise.

"Borrower Agent" is defined in Section 9.15.

"Borrowing Date" means a date on which an Advance is made or a Facility Letter of Credit is issued hereunder.

"Borrowing Notice" is defined in Section 2.4.

"Business Day" means a day (other than a Saturday or Sunday) on which banks generally are open in Phoenix, Arizona for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of Holdings and its Subsidiaries prepared in accordance with GAAP.

"Cash Management Services" means any banking services that are provided (i) to a Borrower or any Subsidiary by a Person that is the Administrative Agent, the Letter of Credit Issuer or any other Lender (or any Affiliate of any of the foregoing) at the time such banking service is entered into, or (ii) to a Borrower or any Subsidiary by a Person at the time such Person becomes the Administrative Agent, the Letter of Credit Issuer or any other Lender (or any Affiliate of any of the foregoing), including without limitation: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) stored value cards, (f) freight payable transactions, (g) automated clearing house or wire transfer services, or (h) treasury management, including controlled disbursement, consolidated account, lockbox, overdraft, return items, sweep and interstate depository network services.

"Change in Control" means (a) Holdings shall cease to own directly or indirectly, free and clear of all Liens or other encumbrances, 100% of the outstanding voting Equity Interests of

each other Borrower, each Guarantor and each Foreign Subsidiary; or (b) HC2 Holdings shall cease to own, directly or indirectly, free and clear of Liens and other encumbrances, at least 51% of the outstanding voting Equity Interests of Holdings, or (c) the acquisition, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) of Equity Interests representing more than 20% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of HC2 Holdings, other than any such Person or group holding more than 20% of such voting power on the date hereof.

"Change in Law" means the adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any Governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by any Lender or applicable Lending Installation or the Letter of Credit Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" means any and all Property and proceeds thereof in which a security interest or Lien is granted or is required to be granted by any Borrower or Guarantor or any Subsidiaries of Holdings to secure all or any portion of the Obligations. Notwithstanding anything herein or in any other Loan Document to the contrary, except as expressly stated below in this definition of "Collateral," in no event shall the Collateral be deemed to include (a) any of the outstanding equity interests in a Foreign Subsidiary (i) in excess of 65% of the voting power of all classes of equity interests of such Foreign Subsidiary entitled to vote in the election of directors or other similar body of such Foreign Subsidiary, or (ii) to the extent that the pledge thereof is prohibited by the laws of the jurisdiction of such Foreign Subsidiary's organization; (b) any equity interest in any Foreign Subsidiary that is not a first-tier Subsidiary of any one or more Borrowers or Guarantors; (c) any lease, license, contract, property rights or agreement to which a Borrower or a Guarantor is a party or any such Borrower's or Guarantor's rights or interests thereunder, if, and for so long as and to the extent that, the grant of the security interest would constitute or result in (i) the abandonment, invalidation or unenforceability of any material right, title or interest of such Borrower or Guarantor therein, or (ii) a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement (other than to the extent that any item referenced in the foregoing clause (i) or (ii) would be rendered ineffective or would not occur pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the applicable Uniform Commercial Code (or any successor provision or provisions), any other applicable law or principles of equity), provided, however, that the security interest (x) shall attach immediately when the condition causing the foregoing clause (i) or (ii) to apply is remedied, (y) shall attach

immediately to any severable term of such lease, license, contract, property rights or agreement to the extent that such attachment does not result in any of the consequences specified in (i) or (ii) above, and (z) shall attach immediately to any such lease, license, contract, property rights or agreement to which the account debtor or such Borrower's or Guarantor's counterparty has consented to such attachment; (d) any equity interest acquired after the date hereof that is an equity interest in any entity other than a Subsidiary of any Borrower or Guarantor, if (i) the terms of the organizational documents of the issuer of such equity interests do not permit the grant of the security interest in such equity interests by the owner thereof and the applicable Borrower or Guarantor, after employing commercially reasonable efforts, has been unable to obtain any approval or consent to the creation of the security interest therein that is required under such organizational documents, (ii) such acquisition is permitted under this Agreement, and (iii) Required Lenders have consented to such organizational documents; and (e) any application to register any trademark or service mark prior to the filing under applicable law of a certified statement of use (or the equivalent) for such trademark or service mark to the extent the creation of a security interest therein or the grant of a mortgage thereon would void or invalidate such trademark or service mark. Notwithstanding that as of the Effective Date Collateral does not include any of the outstanding equity interests in a Foreign Subsidiary in excess of 65% of the voting power of all classes of equity interests of such Foreign Subsidiary entitled to vote in the election of directors or other similar body of such Foreign Subsidiary, Administrative Agent may require that such equity interests in one or more first-tier Foreign Subsidiaries of any one or more Borrowers or Guarantors be added as collateral to the extent that the pledge thereof is not prohibited by the laws of the jurisdiction of such Foreign Subsidiary's organization and the pledge thereof will not result in adverse tax consequences to the Borrower.

"Collateral Documents" means, collectively, the Security Agreements, and all other agreements, instruments and documents that are intended to create, perfect or evidence Liens upon the Collateral as security for payment of the Obligations, including without limitation, all other security agreements, pledge agreements, financing statements, mortgages, assignments and deeds of trust, whether now, or hereafter executed by one or more of Borrowers, Guarantors or any Subsidiaries of Holdings and delivered to the Administrative Agent.

"Collateral Shortfall Amount" is defined in Section 8.1(a).

"Commitment" means a Term Loan Commitment, a 2024 Term Loan Commitment or a Revolving Commitment.

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

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or the obligations of any such Person as general partner of a partnership with respect to

the liabilities of the partnership.

"Control Agreement" means an agreement, in form and substance reasonably satisfactory to the Administrative Agent, among a Borrower or any Subsidiary, a banking institution holding such Person's funds, and the Administrative Agent with respect to collection and control of all deposits and balances held in an account maintained by such Person with such banking institution.

"Credit Extension" means the making of an Advance or the issuance of a Facility Letter of Credit hereunder.

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

"Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"Defaulting Lender" means, subject to Section 2.17(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within three (3) Business Days after the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and Holdings in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied or waived, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days after the date when due, (b) has notified Holdings and the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or Holdings, to confirm in writing to the Administrative Agent and Holdings that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and Holdings), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets (other than an Undisclosed Administration), including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of

attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.17(b)) upon delivery of written notice of such determination to Holdings and each Lender.

"Default Rate" has the meaning provided in Section 2.5.2

"Deposits" is defined in Section 11.1.

"Disposition" means a sale, transfer or other disposition of Property.

"Dollar" and "$" means the lawful currency of the United States of America.

"Dollar Amount" means, on any date of determination with respect to any amount, such amount in Dollars as determined by the Administrative Agent.

"Domestic Subsidiary" means any Subsidiary other than a Foreign Subsidiary.

"EBITDA" means, for any period, Net Income for such period plus (a) without duplication and to the extent deducted in determining Net Income for such period, the sum of (i) Interest Expense for such period, (ii) income tax expense for such period, (iii) all amounts attributable to depreciation and amortization expense for such period, and (iv) to the extent approved by Administrative Agent, non-cash and non-recurring expenses, minus (b) without duplication and to the extent included in Net Income, (i) any cash payments made during such period in respect of non-cash charges taken in a prior period and (ii) any extraordinary gains and any non-cash items of income for such period, all calculated for Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP. Notwithstanding the foregoing, for purposes of this Agreement, the EBITDA of Holdings and its Subsidiaries shall be deemed to be the following amounts for the periods set forth below:

Period	EBITDA Amount
Fiscal Quarter Ending September 26, 2020	$29,046,000.00
Fiscal Quarter Ending January 2, 2021	$32,952,000.00
Fiscal Quarter Ending April 3, 2021	$17,959,000.00

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"Effective Date" means the date on which the conditions specified in Section 4.1 are satisfied.

"Eligible Assignee" means any Person except a natural Person (or holding company,

investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person), a Borrower, any of a Borrower's Affiliates or Subsidiaries or any Defaulting Lender or any of its Subsidiaries.

"Environmental Indemnification Agreement" means the Environmental Indemnification Agreement dated the date hereof and executed by Borrowers and Guarantors in favor of Administrative Agent, as it may be amended, restated otherwise modified from time to time.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (i) the protection of the environment, (ii) personal injury or property damage relating to the release or discharge of Hazardous Materials, (iii) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, groundwater, land or air, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"Equity Interests" means all shares, interests or other equivalents, however designated, of or in a corporation, limited liability company, or partnership, whether or not voting, including but not limited to common stock, member interests, partnership interests, warrants, preferred stock, convertible debentures, and all agreements, instruments and documents convertible, in whole or in part, into any one or more or all of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with a Borrower or Guarantor, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure with respect to any Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by a Borrower, a Guarantor or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by a Borrower, a Guarantor or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by a Borrower, a Guarantor or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal of a Borrower, a Guarantor or any ERISA Affiliate from any Plan or Multiemployer Plan; or (g) the receipt by a Borrower, a Guarantor or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from a Borrower, a Guarantor or any ERISA Affiliate of any notice, concerning the imposition upon a Borrower, a Guarantor or any ERISA

Affiliate of withdrawal liability under Section 4201 of ERISA or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA.

"Event of Default" is defined in Article VII.

"Excluded Swap Obligation" means, with respect to any Borrower or Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Borrower or Guarantor of, or the grant by such Borrower or Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Borrower or Guarantor's failure for any reason to constitute an ECP at the time the guarantee of such Borrower or Guarantor or the grant of such security interest becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Excluded Taxes" means, in the case of each Lender or applicable Lending Installation, the Letter of Credit Issuer, and the Administrative Agent, (i) Taxes imposed on its overall net income, franchise Taxes, and branch profits Taxes imposed on it, by the respective jurisdiction under the laws of which such Lender, the Letter of Credit Issuer or the Administrative Agent is incorporated or is organized or in which its principal executive office is located or, in the case of a Lender, in which such Lender's applicable Lending Installation is located, (ii) in the case of a Non-U.S. Lender, any U.S. federal withholding Tax that is imposed on amounts payable to such Non-U.S. Lender pursuant to the laws in effect at the time such Non-U.S. Lender becomes a party to this Agreement or designates a new Lending Installation, except in each case to the extent that, pursuant to Section 3.3(a), 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 Installation, or is attributable to the Non-U.S. Lender's failure to comply with Section 3.3(f), and (iii) any U.S. federal withholding Taxes imposed by FATCA.

"Facility Letter of Credit" is defined in Section 2.14(a)

"Facility Letter of Credit Application" is defined in Section 2.14(c).

"Facility Letter of Credit Collateral Account" is defined in Section 2.14(k).

"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, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of the foregoing.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the Federal

Reserve Bank of New York based on such day's federal funds transactions by depositary institutions, as determined in such manner as shall be set forth on the Federal Reserve Bank of New York's Website from time to time, and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the effective federal funds rate, provided that, if the Federal Funds Effective Rate as so determined would be less than 1.0%, such rate shall be deemed to be 1.0% for the purposes of this Agreement.

"Finance Lease" of a Person means any lease of Property by such Person as lessee which would be classified and accounted for as a finance lease on a balance sheet of such Person prepared in accordance with GAAP.

"Finance Lease Obligations" of a Person means the amount of the obligations of such Person under Finance Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

"First Amendment Date" means August 2, 2022.

"First Amendment Increase" means the $25,000,000.00 increase in the Revolving Commitment effective on the First Amendment Date.

"Fixed Charges" means, for any period, without duplication, the sum of (a) cash Interest Expense, (b) scheduled principal payments on Indebtedness, (c) other payments made on Subordinated Indebtedness, and (d) Finance Lease payments, all calculated for Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP; provided that the Banker Trust 2023 Prepayment shall not be included in calculating Fixed Charges.

"Fixed Charge Coverage Ratio" means, for any period, the ratio of (a) EBITDA *minus* Unfinanced Capital Expenditures *minus* expense for taxes paid in cash (including any amount paid under the Borrowers' tax sharing arrangement with HC2 Holdings), *minus* Restricted Payments paid in cash (other than the 2024 Redemption) to (b) Fixed Charges, all calculated for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

"Foreign Subsidiary" means each Subsidiary of a Borrower that is organized under the laws of any jurisdiction other than the United States or any state thereof or the District of Columbia and that is conducting the majority of its business outside of the United States.

"Fronting Exposure" means, at any time there is a Defaulting Lender, with respect to the Letter of Credit Issuer, such Defaulting Lender's ratable share of the Letter of Credit Obligations with respect to Facility Letters of Credit issued by the Letter of Credit Issuer other than Letter of Credit 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.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, applied in a manner consistent with that used in preparing the financial statements referred to in Section 5.4, subject at all times to Section 9.8.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency,

authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

"Governmental Obligations" means noncallable direct general obligations of the United States of America or obligations the payment of principal of and interest on which is unconditionally guaranteed by the United States of America.

"GrayWolf Specified Properties" is defined in Section 6.24(a)

"Guarantor" means any guarantor which agrees to guaranty all or any portion of the Obligations of one or more Borrowers and their respective successors and assigns, including but not limited to the parties listed on Schedule 1.2 to this Agreement.

"Guaranty" means any guaranty executed by a Borrower or Guarantor in favor of the Administrative Agent, for the ratable benefit of the Lenders, whether now existing or made in the future.

"Hazardous Material" means any explosive or radioactive substances or wastes, any 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, per- and polyfluoroalkyl substances, all "Hazardous Substances" as defined by the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC 9601 et seq. ("CERCLA"), and any other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HC2 Holdings" means HC2 Holdings, Inc., a Delaware corporation.

"Hedging Agreement" means any interest rate, currency or commodity swap agreement, cap agreement or collar agreement, and any other agreement or arrangement designed to protect a Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"Hedging Obligation" means, with respect to any Person, any liability of such Person under any Hedging Agreement. The amount of any Person's obligation in respect of any Hedging Obligation will be deemed to be the incremental obligation that would be reflected in the financial statements of such Person in accordance with GAAP.

"Highest Lawful Rate" means, on any day, the maximum non-usurious rate of interest permitted for that day by applicable federal or state law stated as a rate per annum.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money (including the Obligations under this Agreement and the other Loan Documents), (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable

arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Finance Lease Obligations, (vii) obligations as an account party with respect to standby and commercial Letters of Credit, (viii) Contingent Obligations of such Person, (ix) any other obligation for borrowed money or other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person, and (x) guaranties of any of the foregoing.

"Indemnified Taxes" means Taxes imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document, other than Excluded Taxes and Other Taxes.

"Initial Borrowers" means the Borrowers identified as Initial Borrowers on Schedule 1.1.

"Interest Expense" means, with reference to any period, total interest expense (including that attributable to Finance Lease Obligations) of Holdings and its Subsidiaries for such period with respect to all outstanding Indebtedness of Holdings and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptances and net costs under Hedging Agreements in respect of interest rates, to the extent such net costs are allocable to such period in accordance with GAAP), calculated for Holdings and its Subsidiaries on a consolidated basis for such period in accordance with GAAP.

"Investment" of a Person means (a) any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; (b) stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities (including warrants or options to purchase securities) or other equity interests owned by such Person; (c) any deposit accounts and certificate of deposit owned by such Person; and (d) structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

"Lenders" means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns.

"Lending Installation" means, with respect to a Lender, the Letter of Credit Issuer or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender, the Letter of Credit Issuer or the Administrative Agent listed on the signature pages hereof or designated pursuant to Section 2.12.

"Letter of Credit" means a letter of credit or similar instrument which is issued upon the application of a Person or upon which a Person is an account party or for which a Person is in any way liable.

"Letter of Credit Fee" is defined in Section 2.14(d).

"Letter of Credit Issuer" means UMB Bank, N.A. in its capacity as issuer of Facility Letters of Credit hereunder.

"Letter of Credit Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility Letters of Credit outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"Letter of Credit Payment Date" is defined in Section 2.14(e).

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Finance Lease or other title retention agreement).

"Loan" means a Revolving Loan ~~or~~, a Term Loan or a 2024 Term Loan.

"Loan Documents" means this Agreement, the Facility Letter of Credit Applications, the Collateral Documents, the Environmental Indemnification Agreement, each Guaranty, each Note, each Subordination Agreement and any other document or agreement, now or in the future, executed by a Borrower or a Guarantor for the benefit of the Administrative Agent or any Lender in connection with this Agreement.

"Material Adverse Effect" means a material adverse effect on (i) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of Holdings and its Subsidiaries taken as a whole, (ii) the ability of any Borrower or any Guarantor to perform its obligations under the Loan Documents to which it is a party, (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent, the Letter of Credit Issuer or the Lenders under the Loan Documents, or (iv) the perfection or priority of any Lien on any material portion of the Collateral.

"Material Indebtedness" means Indebtedness of a Borrower or any Subsidiary in an outstanding principal amount of $2,000,000.00 or more in the aggregate (or the equivalent thereof in any currency other than Dollars).

"Material Indebtedness Agreement" means any agreement evidencing, securing or relating to Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

"Minimum Collateral Amount" means, with respect to a Defaulting Lender, at any time, (i) with respect to cash collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of the Letter of Credit Issuer with respect to such Defaulting Lender for all Facility Letters of Credit issued and outstanding at such time and (ii) otherwise, an amount determined by the Administrative Agent and the Letter of Credit Issuer in their sole discretion.

"Modify" and "Modification" are defined in Section 2.14(a).

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which a Borrower, a Guarantor or any ERISA Affiliate is a party to which more than one employer is obligated to make contributions.

"Net Income" means, for any period, the consolidated net income (or loss) determined for Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person (other than a Person acquired as part of the Banker Steel Acquisition) accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any Subsidiary, and (b) the income (or deficit) of any Person (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest, except (i) to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions on account of such Borrower's or such Subsidiary's ownership interest, or (ii) if such net income is required to be included in the consolidated net income of Holdings and its Subsidiaries in accordance with GAAP, and (c) the undistributed earnings of any Subsidiary, to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or requirement of law applicable to such Subsidiary.

"Net Proceeds" means, with respect to any event, (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, minus (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of Disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by Borrowers).

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Note" means any note issued pursuant to this Agreement, including but not limited to any Revolving Loan Note, Term Note or 2024 Term Note in favor of a Lender.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all Letter of Credit Obligations, all obligations in connection with Cash Management Services, all Hedging Obligations, all accrued and unpaid fees, and all expenses, reimbursements, indemnities and other obligations of a Borrower to the Lenders or to any

Lender, the Administrative Agent or any indemnified party arising under the Loan Documents (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding). Notwithstanding the foregoing, as to each Borrower or Guarantor (including as to any Collateral Documents executed by such Borrower or Guarantor), "Obligations" shall exclude any obligation that is an Excluded Swap Obligation as to such Borrower or Guarantor.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto.

"Operating Lease" of a Person means any lease of Property (other than a Finance Lease) by such Person as lessee.

"Operating Lease Obligations" means, as of any date of determination, the amount obtained by aggregating the present values, determined in the case of each particular Operating Lease by applying a discount rate (which discount rate shall equal the discount rate which would be applied under GAAP if such Operating Lease were a Finance Lease) from the date on which each fixed lease payment is due under such Operating Lease to such date of determination, of all fixed lease payments due under all Operating Leases of the Borrowers and their Subsidiaries.

"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.

"Participant" is defined in Section 12.2(a).

"Participant Register" is defined in Section12.2(c).

"PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

"Payment Date" means the last day of each calendar month, the Revolving Loan Maturity Date, the Term Loan Maturity Date and the 2024 Term Loan Maturity Date, *provided*, that if such day is not a Business Day, the Payment Date shall be the immediately succeeding Business Day.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Permitted Acquisition" means any Acquisition made by a Borrower or any of its Subsidiaries, *provided* that, (a) as of the date of the consummation of such Acquisition, no Default or Event of Default shall have occurred and be continuing or would result after giving effect to such Acquisition, and the representation and warranty contained in Section 5.11 shall be true both before and after giving effect to such Acquisition, (b) such Acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement that has been (if required by the governing documents of the seller or entity to be acquired) approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Acquisition (excluding the exercise of appraisal rights) shall be pending or

threatened by any shareholder or director of the seller or entity to be acquired, (c) the business to be acquired in such Acquisition is in the same line of business as a Borrower's or a Subsidiary's line of business or incidental thereto, (d) as of the date of the consummation of such Acquisition, all material approvals required in connection therewith shall have been obtained, (e) the Borrowers shall have furnished to the Administrative Agent a certificate demonstrating in reasonable detail a pro forma compliance with the financial covenants contained in Section 6.19 for such period, in each case, calculated as if such Acquisition, including the consideration therefor, had been consummated on the first day of such period, (f) any entity acquired in such Acquisition, and the entity acquiring assets in such Acquisition, will become a Guarantor hereunder in accordance with Section 6.24, and (g) the aggregate purchase price (including deferred purchase price) for such Acquisitions does not exceed $25,000,000.00 for any single Acquisition or $35,000,000.00 for all Acquisitions during the term of this Agreement (in each case, excluding the Banker Steel Acquisition).

"Permitted Foreign Subsidiary Investment" means (a) loans and capital contributions to Foreign Subsidiaries made prior to the date of this Agreement, and (b) loans and capital contributions to Foreign Subsidiaries made on or after the date of this Agreement that meet the following conditions:

(i) No Default or Event of Default exists and such Investment will not cause a Default or Event of Default; and

(ii) Such Investments are in an aggregate amount not to exceed $5,000,000.00 at any one time; provided that such Investments may exceed $5,000,000 in the aggregate for a period of time not in excess of 120 days in any fiscal year so long as such Investments do not at any time exceed $6,000,000.00 in the aggregate.

"Permitted Investments" shall mean with respect to any Person:

(a) Governmental Obligations;

(b) Obligations of a state or commonwealth of the United States or the obligations of the District of Columbia or any possession of the United States, or any political subdivision of any of the foregoing, which are described in Section 103(a) of the Code and are graded in any of the highest three (3) major grades as determined by at least one Rating Agency; or secured, as to payments of principal and interest, by a letter of credit provided by a financial institution or insurance provided by a bond insurance company which in each case is itself or its debt is rated in one of the highest three (3) major grades as determined by at least one Rating Agency;

(c) Banker's acceptances, commercial accounts, demand deposit accounts, certificates of deposit, other time deposits or depository receipts issued by or maintained with Administrative Agent, any Lender or any Affiliate thereof, or any bank, trust company, savings and loan association, savings bank or other financial institution whose deposits are insured by the Federal Deposit Insurance Corporation and whose reported capital and surplus equal at least $250,000,000.00, provided that such minimum capital and surplus requirement shall not apply to demand deposit accounts maintained in the ordinary course of business;

(d) Commercial paper rated at the time of purchase within the two highest classifications established by not less than two Rating Agencies, and which matures within 270 days after the date of issue;

(e) Secured repurchase agreements against obligations itemized in paragraph (a) above, and executed by a bank or trust company or by members of the association of primary dealers or other recognized dealers in United States government securities, the market value of which must be maintained at levels at least equal to the amounts advanced; and

(f) Any fund or other pooling arrangement which exclusively purchases and holds the investments itemized in (a) through (e) above.

"Permitted Liens" means the Liens permitted pursuant to Section 6.14.

"Person(s)" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code or Section 302 of ERISA as to which a Borrower or any ERISA Affiliate may have any liability.

"Prepayment Event" means:

(a) any Disposition (including pursuant to a sale and leaseback transaction) of any Property of Holdings or any Subsidiary, other than sales of inventory in the ordinary course of business; or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any Property of Holdings or any Subsidiary; or

(c) the issuance by Holdings of any Equity Interests, or the receipt by Holdings of any capital contribution (other than any capital contribution used to fund the Banker Steel Acquisition); or

(d) the incurrence by Holdings or any Subsidiary of any Indebtedness, other than Indebtedness permitted under Section 6.10.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the United States. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Pro Forma Liquidity" shall mean, as of any date, after giving effect to any proposed

Restricted Payment, the sum of (i) Borrowers' unrestricted cash, plus (ii) the Available Aggregate Revolving Commitment.

"Pro Rata Share" shall mean:

(a) with respect to a Lender's obligation to make Revolving Loans and receive payments of principal, interest, fees, costs and expenses with respect thereto, (x) prior to the Revolving Commitments being terminated or reduced to zero, the percentage obtained by dividing (i) such Lender's Revolving Commitment by (ii) the total Revolving Commitment and (y) from and after the time the Revolving Commitments have been terminated or reduced to zero, the percentage obtained by dividing (i) the aggregate unpaid principal amount of such Lender's Revolving Exposure by (ii) the aggregate unpaid principal amount of the Revolving Exposure of all Lenders;

(b) (i) with respect to a Lender's obligation to make a Term Loan and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (~~i~~x) the unpaid principal amount of such Lender's Term Loan by (~~ii~~y) the unpaid principal amount of all Term Loans of all Lenders~~;~~, and (ii) with respect to a Lender's obligation to make a 2024 Term Loan and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (x) the unpaid principal amount of such Lender's 2024 Term Loan by (y) the unpaid principal amount of all 2024 Term Loans of all Lenders;

(c) with respect to all other matters as to a particular Lender, the percentage obtained by dividing (i) such Lender's Revolving Commitment (or if the Revolving Commitments have been terminated or reduced to zero, the aggregate unpaid principal amount of such Lender's Revolving Exposure), plus the unpaid principal amount of such Lender's Term Loan, plus the unpaid principal amount of such Lender's 2024 Term Loan by (ii) the aggregate amount of the Revolving Commitments of all Lenders (or if the Revolving Commitments have been terminated or reduced to zero, the aggregate unpaid principal amount of the Revolving Exposure of all Lenders), plus the unpaid principal amount of all Term Loans of all Lenders, plus the unpaid principal amount of all 2024 Term Loans of all Lenders.

"Purchasers" is defined in Section 12.3(a).

"Rating Agency" shall mean Moody's Investor Services, Inc., Standard and Poor's Ratings Services, their respective successors or any other nationally recognized statistical rating organization which is acceptable to the Administrative Agent.

"Register" is defined in Section 12.3(d).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Borrowers then outstanding under Section 2.14 to reimburse the Letter of Credit Issuer for amounts paid by the Letter of Credit Issuer in respect of any one or more drawings under Facility Letters of Credit.

"Related Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"Reports" is defined in Section 9.6(a).

"Required Lenders" means (i) at least two Lenders that are not Affiliates of each other and that have greater than fifty percent of Pro Rata Share as determined pursuant to clause (c) of the definition of Pro Rata Share; provided that at any time there are two or fewer Lenders, "Required Lenders" means Lenders holding one hundred percent of Pro Rata Share as determined pursuant to clause (c) of the definition of Pro Rata Share. The Commitments and Revolving Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other Property) with respect to any Equity Interest in a Borrower or any Subsidiary, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in a Borrower or any Subsidiary thereof or any option, warrant or other right to acquire any such Equity Interest in a Borrower or any Subsidiary thereof.

"Revolving Commitment" means, for each Lender, the obligation, if any, of such Lender to make Revolving Loans to, and participate in Facility Letters of Credit issued upon the application of, the Borrowers, expressed as an amount representing the maximum possible aggregate amount of such Lender's Revolving Exposure hereunder. The initial amount of each Revolving Lender's Revolving Commitment is set forth on Schedule 2. As of the First Amendment Date, the aggregate amount of the Revolving Lenders' Revolving Commitments is $135,000,000.00.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of (i) the aggregate principal Dollar Amount of such Lender's Revolving Loans outstanding at such time, plus (ii) an amount equal to its Pro Rata Share of the Letter of Credit Obligations at such time.

"Revolving Lender" means, as of any date of determination, a Lender with a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Exposure.

"Revolving Loan" means, with respect to a Lender, such Lender's loan made pursuant to its commitment to lend set forth in Section 2.1.

"Revolving Loan Interest Rate" means for any day, the greater of (a) 4.25% per annum, and (b) the rate per annum set forth below opposite the applicable Level then in effect (based on the Senior Funded Indebtedness to EBITDA Ratio):

Level	Senior Funded Indebtedness to EBITDA Ratio	Revolving Loan Interest Rate
I	< 1.00 to 1.00	Prime Rate minus 1.25%
II	≥ 1.00 to 1.00 and < 1.50 to 1.0	Prime Rate minus 1.00%
III	≥ 1.50 to 1.00 and < 2.00 to 1.0	Prime Rate minus 0.75%
IV	≥ 2.00 to 1.0	Prime Rate minus 0.50%

Any increase or decrease in the Revolving Loan Interest Rate resulting from a change in the Senior Funded Indebtedness to EBITDA Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.1(c); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, the rate set forth in Level IV shall apply, in each case as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the first Business Day following the date on which such Compliance Certificate is delivered. In addition, at all times while the Default Rate is in effect the rate set forth in Level IV shall apply.

If, as a result of any restatement of or other adjustment to the financial statements of Holdings or any Subsidiary or for any other reason, the Borrowers, or the Lenders determine that (i) the Senior Funded Indebtedness to EBITDA Ratio as calculated by the Borrowers as of any applicable date was inaccurate and (ii) a proper calculation of the Senior Funded Indebtedness to EBITDA Ratio would have resulted in higher pricing for such period, the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the Letter of Credit Issuer), an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest and fees actually paid for such period.

This paragraph shall not limit the rights of the Administrative Agent, the Letter of Credit Issuer or any Lender under any provision of this Agreement to payment of interest on any Obligations at the Default Rate. The Borrowers' obligations under this paragraph shall survive

the termination of the Commitments and the repayment of all other Obligations hereunder.

The initial Revolving Loan Interest Rate shall be as set forth in Level III until the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.1(c) for the fiscal quarter ending on July 3, 2021 to the Administrative Agent.

"Revolving Loan Maturity Date" means August 15, 2025.

"Revolving Loan Note" means any note or notes executed by Borrowers evidencing Revolving Loans.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States, including transition rules, and, in each case, any amendments to such regulations.

"Sanctioned Country" means, at any time, a country, region or territory which is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

"Sanctions" means sanctions administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

"Second Amendment Date" means ~~November~~ December 12, 2023.

"Security Agreement" means, collectively, all Security Agreements executed by one or more of Borrowers and Guarantors in favor of the Administrative Agent, as amended, restated, supplemented or otherwise modified, renewed or replaced from time to time pursuant to the terms hereof and thereof.

"Senior Funded Indebtedness" means, at any date, the aggregate principal amount of total Indebtedness of Holdings and its Subsidiaries on a consolidated basis, including Finance Lease Obligations but excluding undrawn amounts under Letters of Credit and Operating Lease Obligations, *minus* the sum of (to the extent included in Indebtedness) (a) accounts payable arising from the purchase of goods and services in the ordinary course of business, (b) accrued expenses or losses, (c) deferred revenues or gains, and (d) Subordinated Indebtedness, all determined for Holdings and its Subsidiaries on a consolidated basis at such date, in accordance with GAAP.

"Senior Funded Indebtedness to EBITDA Ratio" means, at any date, the ratio of (a) Senior Funded Indebtedness for such date to (b) EBITDA for the period of four fiscal quarters ended on or most recently prior to such date.

"Side Letter" means the Side Letter as defined in the Subordination Agreement between Administrative Agent and The Banker Family Irrevocable Trust #3 U/A/D December 22, 2009 and the Subordination Agreement between Administrative Agent and Donald Banker,

"Subordination Agreements" means (a) the Subordination and Intercreditor Agreement dated the date hereof between Administrative Agent and the sellers in the Banker Steel Acquisition, (b) the Subordination and Intercreditor Agreement dated the date hereof between Administrative Agent and The Banker Family Irrevocable Trust #3 U/A/D December 22, 2009, (c) the Subordination and Intercreditor Agreement dated the date hereof between Administrative Agent and Donald Banker, and (d) all other subordination agreements executed by a holder of Subordinated Indebtedness in favor of the Administrative Agent and the Lenders from time to time after the Effective Date, in each case in form and substance satisfactory to Administrative Agent and Required Lenders; as amended, restated or otherwise modified from time to time.

"Subordinated Indebtedness" of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations to the written satisfaction of the Required Lenders. For avoidance of doubt, amounts owing under the Side Letter are Subordinated Indebtedness.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of Holdings.

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Tangible Assets" shall mean the total of all assets appearing on the consolidated balance sheet of Holdings prepared in accordance with GAAP (with inventory being valued at the lower of cost or market), after deducting all proper reserves (including reserves for depreciation) minus the sum of (i) goodwill, patents, trademarks, prepaid expenses, deposits, deferred charges and other personal property which is classified as intangible property in accordance with GAAP, and (ii) any amounts due from shareholders, Affiliates, officers or employees of the Borrowers.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

"Term Loan" has the meaning given in Section 2.2.

"Term Loan Commitment" means, as to any Lender, the commitment of such Lender to make a Term Loan pursuant to Section 2.2. The amount of each Lender's Term Loan Commitment on the Effective Date is set forth on Schedule 2 and, on the date hereof, the aggregate amount of the Term Loan Commitments is $110,000,000.00.

"Term Loan Maturity Date" means May 31, 2026.

"Term Note" means any note or notes executed by Borrowers evidencing any portion of the Term Loan.

"Third Amendment Date" means June 28, 2024.

"Title Insurer" means Fidelity National Title Insurance Company.

"Transferee" is defined in Section 12.3(e).

"UMB Bank, N.A." means UMB Bank, N.A., a national banking association, in its individual capacity, and its successors.

"Undisclosed Administration" means in relation to a Lender the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

"Unfinanced Capital Expenditures" means, for any period, Capital Expenditures made during such period which are not financed from the proceeds of any Indebtedness (other than the Revolving Loans or other revolving Indebtedness; it being understood and agreed that, to the extent any Capital Expenditures are financed with Revolving Loans or other revolving indebtedness, such Capital Expenditures shall be deemed Unfinanced Capital Expenditures).

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

1.2 Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise stated the word "from" means "from and including" and the word "to" or "until" each means "to but excluding".

1.3 Other Definitional Terms; Interpretative Provisions; Governing Decisions. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections, Exhibits, schedules and like references are to this Agreement unless otherwise expressly provided. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The term "shall" shall have the same meaning as the term "will". Unless the context in which used herein otherwise clearly requires, "or" has the inclusive meaning represented by the phrase "and/or." All incorporation by reference of covenants, terms, definitions or other provisions from other agreements are incorporated into this Agreement as if such provisions were fully set forth herein,

and such incorporation shall include all necessary definitions and related provisions from such other agreements but including only amendments thereto agreed to by the Lenders, and shall survive any termination of such other agreements until the Obligations under this Agreement and the other Loan Documents are irrevocably paid in full (other than inchoate indemnity obligations and Obligations that have been cash collateralized to the satisfaction of Administrative Agent, Letter of Credit Issuer and Lenders), all Facility Letters of Credit have expired without renewal or been returned to Letter of Credit Issuer, and the Revolving Commitments are terminated. Any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and any successor law or regulation. References to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, supplemented, restated or otherwise modified from time to time to the extent not otherwise stated herein or prohibited hereby and in effect at any given time.

ARTICLE II

THE CREDITS

2.1 Revolving Commitment. From and including the date of this Agreement and prior to the Revolving Loan Maturity Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Revolving Loans to the Borrowers and participate in Facility Letters of Credit issued upon the request of the Borrowers, *provided* that, after giving effect to the making of each such Revolving Loan and the issuance of each such Facility Letter of Credit, the Dollar Amount of such Lender's Revolving Exposure shall not exceed its Revolving Commitment. All Revolving Loans shall be made in Dollars. Subject to the terms of this Agreement, the Borrowers may borrow, repay and reborrow the Revolving Loans at any time prior to the Revolving Loan Maturity Date.

2.2 Term Loan Commitment. Each Lender with a Term Loan Commitment severally agrees to make a loan to Borrowers in Dollars (the "Term Loan") on the Effective Date in the amount of such Lender's Term Loan Commitment. The Commitments of the Lenders to make Term Loans shall expire concurrently with the making of the Term Loan on the Effective Date.

2.3 Required and Optional Payments; Termination.

(a) Scheduled Payments.

(i) Revolving Loans. If at any time the Dollar Amount of the aggregate Revolving Exposures exceeds the aggregate Revolving Commitments, the Borrowers shall immediately make a payment on the Loans to eliminate such excess. Unless sooner paid in full, the outstanding principal balance of the

Revolving Loans and all accrued and unpaid interest on Revolving Loans shall be paid in full on the Revolving Loan Maturity Date.

(ii) Term Loans. The Term Loan of each Lender shall be paid in installments equal to such Lender's Pro Rata Share of monthly payments of principal and interest of the Term Loan equal to $775,827.76 per month, payable on each Payment Date, commencing June 30, 2021. Unless sooner paid in full, the outstanding principal balance of the Term Loan and all accrued and unpaid interest on the Term Loan shall be paid in full on the Term Loan Maturity Date.

(iii) Maturity Dates. The outstanding balance of the Revolving Exposure and all other then outstanding Obligations under this Agreement and the other Loan Documents (other than the Term Loan and the 2024 Term Loan) shall be paid in full by the Borrowers and all Facility Letters of Credit terminated and returned to the Letter of Credit Issuer (or cash collateralized to the satisfaction of Administrative Agent, the Letter of Credit Issuer and Lenders) on the Revolving Loan Maturity Date. The outstanding balance of the Term Loan and all other then outstanding Obligations under this Agreement and the other Loan Documents shall be paid in full by the Borrowers on the Term Loan Maturity Date. The outstanding balance of the 2024 Term Loan and all other then outstanding Obligations under this Agreement and the other Loan Documents shall be paid in full by the Borrowers on the 2024 Term Loan Maturity Date.

(iv) 2024 Term Loans. The 2024 Term Loan of each Lender shall be paid in installments equal to such Lender's Pro Rata Share of monthly payments of principal and interest of the 2024 Term Loan, each equal to $104,166.67 of principal, plus accrued and unpaid interest, payable on each Payment Date, commencing July 31, 2024. Unless sooner paid in full, the outstanding principal balance of the 2024 Term Loan and all accrued and unpaid interest on the 2024 Term Loan shall be paid in full on the 2024 Term Loan Maturity Date.

(b) Optional Prepayments. Any Borrower may from time to time (i) pay all outstanding Advances, or (ii) pay any portion of the outstanding Advances in the amount of $1,000,000.00 or a greater amount that is a multiple of $500,000.00 (or the aggregate amount of the outstanding Loans at such time), in each case upon same day notice to the Administrative Agent, provided that in connection with any prepayment of the Term Loan, Borrowers shall pay any amount required under Section 2.6.4.

(c) Mandatory Prepayments. In the event and on each occasion that any Net Proceeds are received by or on behalf of Holdings or any Subsidiary in respect of any Prepayment Event, the Borrowers shall, immediately after such Net Proceeds are received by Holdings or any Subsidiary, prepay the Obligations and cash collateralize the Letter of Credit Obligations in an aggregate amount equal to 100% of such Net Proceeds, provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", if the Borrowers shall deliver to the Lender a certificate of an Authorized Officer to the effect that the Borrowers intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 90 days after receipt

of such Net Proceeds, to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) to be used in the business of Holdings and its Subsidiaries, and certifying that no Default or Event of Default has occurred and is continuing, then no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate, provided that to the extent of any such Net Proceeds that have not been so applied by the end of such 90-day period, a prepayment shall be required at such time in an amount equal to such Net Proceeds that have not been so applied.

(d) Application of Prepayments.

(i) All prepayments made pursuant to Section 2.3(b) (A) if made with respect to the Term Loans, shall be applied to reduce the subsequent scheduled repayments of Term Loans to be made pursuant to Section 2.3(a) in inverse order of maturity ~~or~~, (B) if made with respect to the Revolving Loans, to prepay such Loans in accordance with the Lender's respective Pro Rata Share without a corresponding reduction in the Revolving Commitments and to cash collateralize outstanding Letter of Credit Obligations, or (c) if made with respect to the 2024 Term Loans, shall be applied to reduce the subsequent scheduled repayments of the 2024 Term Loans to be made pursuant to Section 2.3(a) in the inverse order of maturity.

(ii) All prepayments required to be made pursuant to Section 2.3(c) shall be applied, first to prepay the Term Loans and 2024 Term Loans, pro rata, and shall be applied to reduce the subsequent scheduled repayments of Term Loans and 2024 Term Loans to be made pursuant to Section 2.3(a) in inverse order of maturity and second to prepay the Revolving Loans without a corresponding reduction in the Revolving Commitment and third to cash collateralize outstanding Letter of Credit Obligations; provided that all prepayments required to be made pursuant to Section 2.3(c) with respect to Net Proceeds arising from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding, to the extent they arise from casualties or losses to cash or inventory shall be applied, first, to prepay the Revolving Loans with a corresponding reduction in the Revolving Commitment and second, to cash collateralize outstanding Letter of Credit Obligations, and third, to prepay the Term Loans and 2024 Term Loans, pro rata (allocated and applied to subsequent scheduled repayments as set forth above).

2.4 Revolving Loan Borrowing; Ratable Loans. For Revolving Loans, unless otherwise agreed by Administrative Agent, Holdings, as Borrower Agent, shall give the Administrative Agent irrevocable notice in the form of Exhibit D (a "Borrowing Notice") not later than 10:00 a.m. (Phoenix, Arizona time) on the Borrowing Date, specifying: (a) the Borrowing Date, which shall be a Business Day, of such Advance, and (b) the aggregate amount of such Advance. The aggregate amount of any Advance of a Revolving Loan shall be the amount of $1,000,000.00 or a greater amount that is a multiple of $500,000.00. Not later than 4:00 PM (Phoenix, Arizona time) on each Borrowing Date, each Lender shall make available its Revolving Loans in funds immediately available to the Administrative Agent at its address

specified pursuant to Article XIII. The Administrative Agent will make the funds so received from the Lenders available to Holdings at the Administrative Agent's aforesaid address. Each Advance of Revolving Loans shall be made from the several Revolving Lenders ratably according to their Pro Rata Shares.

2.5 Interest Rates.

2.5.1 Interest Rates. Each Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made, to but excluding the date it is repaid, at a rate per annum equal to (a) in the case of Revolving Loans, the Revolving Loan Interest Rate for such day, ~~and~~ (b) in the case of Term Loans, 3.25% per annum, and (c) in the case of 2024 Term Loans, the Revolving Loan Interest Rate for such day, provided that the initial interest rate applicable to the 2024 Term Loans shall be as set forth in Level IV of the definition of Revolving Loan Interest Rate until the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.1(c) for the fiscal quarter ending on September 28, 2024 to the Administrative Agent.; in each case subject to Section 2.5.2. Changes in the rate of interest on any Advance of Revolving Loans or 2024 Term Loans will take effect simultaneously with each change in the Revolving Loan Interest Rate.

2.5.2 Rates Applicable After Event of Default. Notwithstanding anything to the contrary contained herein, during the continuance of an Event of Default the Required Lenders may, at their option, by notice from the Administrative Agent to Holdings (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.3 requiring unanimous consent of the Lenders to changes in interest rates), declare that each Advance shall bear interest at a rate per annum equal to the rate otherwise in effect from time to time *plus* 2.00% per annum (the "Default Rate"), and the Letter of Credit Fee shall be increased by 2.00% per annum, *provided* that, during the continuance of an Event of Default under Sections 7.2, 7.5 or 7.6, the interest rates set forth above shall be applicable automatically to all Advances without any election or action on the part of the Administrative Agent or any Lender. After an Event of Default has been waived, the interest rate applicable to advances and the Letter of Credit Fee shall revert to the rates applicable prior to the occurrence of an Event of Default.

2.6 Fees.

2.6.1 Upfront Fee. The Borrowers agree to pay to the Administrative Agent for the account of each Lender according to its Pro Rata Share of the Loans on the Effective Date, an upfront fee equal to 0.25% *times* the sum of such Lender's Revolving Commitment plus such Lender's Term Loan Commitment as of the Effective Date.

2.6.2 Administrative Fee. The Borrowers agree to pay to the Administrative Agent for the account of Administrative Agent on the Effective Date, an administrative fee equal to 0.10% *times* the aggregate Commitments as of the Effective Date.

2.6.3 Commitment Fee. The Borrowers agree to pay to the Administrative Agent for the account of each Lender according to its Pro Rata Share of the Revolving Loans a

commitment fee at a per annum rate equal to 0.25% per annum *times* the average daily Available Aggregate Revolving Commitment from the date hereof to and including the Revolving Loan Maturity Date, payable in arrears on each Payment Date.

2.6.4 Prepayment Fees. Borrowers shall pay a prepayment fee for the benefit of the Lenders based on each Lender's Pro Rata Share of the Term Loan upon any prepayment of the Term Loan in an amount equal to the Prepayment Percentage times the principal amount prepaid. The "Prepayment Percentage" shall equal (a) three percent (3.0%) to but excluding the first anniversary of the date of this Agreement, (b) two percent (2.0%) from and including the first anniversary of the date of this Agreement to but excluding the second anniversary of the date of this Agreement, and (c) one percent (1.0%) from and including the second anniversary of the date of this Agreement to but excluding the third anniversary of the date of this Agreement. Such fees shall be due and payable on the date of the applicable prepayment. For purposes of this Section 2.6.4, acceleration of the Loans following an Event of Default shall be considered a prepayment in full of the Loans; accordingly, the prepayment fee described in this Section shall be part of the Obligations and may be included by the Administrative Agent and Lenders in any judgment taken against the Borrower. The Borrower acknowledges that the prepayment fee described in this Section is a reasonable estimate of the cost to the Lenders resulting from the prepayment or acceleration of the Loans and is not imposed as a penalty. Notwithstanding the foregoing, no fee shall be payable under this Section 2.6.4 as a result of (x) a termination of this Agreement in connection with a restructuring or refinancing of the Commitments with Administrative Agent, (y) any prepayment made with excess cash arising from Borrower's operations, or (z) any prepayment made with proceeds of asset sales by Borrowers.

2.6.5 First Amendment Fees. The Borrowers agree to pay to the Administrative Agent for the account of each Lender on the First Amendment Date, a fee equal to the sum of (a) 0.25% *times* the portion of such Lender's Revolving Commitment that is part of the First Amendment Increase, plus (b) 0.15% times sum of the amount of such Lender's Revolving Commitment, excluding the portion of such Lender's Revolving Commitment referenced in the foregoing clause (a), plus such Lender's Term Loan Commitment as of the First Amendment Date.

2.6.6 Second Amendment Fees. The Borrowers agree to pay to the Administrative Agent for the account of each Lender on the Second Amendment Date, a fee equal to 0.25% *times* the amount of such Lender's Revolving Commitment.

2.6.7 Third Amendment Fees. The Borrowers agree to (a) on the Third Amendment Date, pay to the Administrative Agent for the account of each Lender having a 2024 Term Loan Commitment an arrangement fee equal to $50,000.00 *times* the fraction equal to the amount of such Lender's 2024 Term Loan Commitment divided by the amount of the aggregate 2024 Term Loan Commitments of all Lenders, and (b) on the Third Amendment Date, pay to the Administrative Agent for the account of each Lender having a Term Loan Commitment or a Revolving Commitment, a fee equal to $50,000.00 *times* the fraction equal to the total amount of such Lender's Term Loan Commitment and Revolving Commitment

divided by the amount of the aggregate Term Loan Commitments and Revolving Commitments of all Lenders.

2.7 Method of Payment of Loans. Each Advance shall be repaid and each payment of interest thereon shall be paid in Dollars. All payments of the Obligations under this Agreement and the other Loan Documents shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to Holdings, by 12:00 noon (Phoenix, Arizona time) on the date when due and shall (except (a) in the case of Reimbursement Obligations for which the Letter of Credit Issuer has not been fully indemnified by the Lenders, or (b) as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly, but in any event within one (1) Business Day of receipt thereof, by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Administrative Agent is hereby authorized to charge the account of Holdings maintained with UMB Bank, N.A., for each payment of principal, interest, Reimbursement Obligations and fees as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.7 shall also be deemed to refer, and shall apply equally, to the Letter of Credit Issuer, in the case of payments required to be made by a Borrower to the Letter of Credit Issuer pursuant to Section 2.14(f).

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

(a) The Administrative Agent shall also maintain accounts in which it will record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder, and (iii) the original stated amount of each Facility Letter of Credit and the amount of Letter of Credit Obligations outstanding at any time, and (iv) the amount of any sum received by the Administrative Agent hereunder from the Borrowers and each Lender's share thereof.

(b) The entries maintained in the accounts maintained pursuant to this Section 2.8 shall be *prima facie* evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Obligations in accordance with their terms.

(c) Any Lender may request through the Administrative Agent that the Loans made by such Lender be evidenced by a promissory note, substantially in the form of Exhibit E-1 ~~or~~, E-2 or E-3, as applicable (each a "Note"). In such event, the Borrowers

shall prepare, execute and deliver to such Lender such Note or Notes payable to the order of such Lender.

2.9 Telephonic Notices. The Borrowers hereby authorize the Lenders and the Administrative Agent to extend Advances and to transfer funds based on telephonic notices made by any Person or Persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of a Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices to be given telephonically. Each Borrower agrees to deliver promptly to the Administrative Agent a written confirmation (which may include e-mail) of each telephonic notice authenticated by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error. The parties agree to prepare appropriate documentation to correct any such error within ten (10) days after discovery by any party to this Agreement.

2.10 Calculation and Payment of Interest. Interest accrued on each Advance shall be payable on each Payment Date, commencing with the first Payment Date to occur after the Effective Date. Interest accrued pursuant to Section 2.5.2 shall be payable on demand. Interest on all Advances and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 12:00 p.m. (Phoenix, Arizona time) at the place of payment. If any payment of principal of or interest on an Advance shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day.

2.11 Notification of Advances, Interest Rates, and Prepayments. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Borrowing Notice and repayment notice received by it hereunder. Promptly after notice from the Letter of Credit Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility Letter of Credit hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the applicable interest rate.

2.12 Lending Installations. Each of the Administrative Agent, the Letter of Credit Issuer and the Lenders may designate its Lending Installation; each Lender may book its Advances and its participation in any Letter of Credit Obligations; and the Letter of Credit Issuer may book the Facility Letters of Credit at any Lending Installation selected by Administrative Agent, such Lender or the Letter of Credit Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility Letters of Credit, participations in Letter of Credit Obligations and any Notes issued hereunder shall be deemed held by each Lender or the Letter of Credit Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and the Letter of Credit Issuer may, by written notice to the Administrative Agent and Holdings in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility Letters of Credit will be issued by it and for

whose account Loan payments or payments with respect to Facility Letters of Credit are to be made.

2.13 Non-Receipt of Funds by the Administrative Agent. Unless the Borrowers or a Lender, as the case may be, notify the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of the Borrowers, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrowers, as the case may be, have not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three (3) days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrowers, the interest rate applicable to the relevant Loan.

2.14 Facility Letters of Credit.

(a) Issuance. The Letter of Credit Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue Letters of Credit denominated in Dollars (each, a "Facility Letter of Credit") and to renew, extend, increase, decrease or otherwise modify each Facility Letter of Credit ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Revolving Loan Maturity Date upon the request of the Borrowers; provided that immediately after each such Facility Letter of Credit is issued or Modified, the aggregate Dollar Amount of the outstanding Letter of Credit Obligations shall not cause (i) the aggregate amount of Letter of Credit Obligations at any time to exceed $25,000,000.00, or (ii) a Lender's Revolving Exposure to exceed its Revolving Commitment. No Facility Letter of Credit shall have an expiry date later than the earlier to occur of (x) the fifth Business Day prior to the Revolving Loan Maturity Date and (y) one (1) year after its issuance; provided, however, that the expiry date of a Facility Letter of Credit may be up to one (1) year later than the fifth Business Day prior to the Revolving Loan Maturity Date if the Borrowers have posted on or before the fifth Business Day prior to the Revolving Loan Maturity Date cash collateral in the Facility Letter of Credit Collateral Account on terms satisfactory to the Administrative Agent in an amount equal to 105% of the Letter of Credit Obligations with respect to such Facility Letter of Credit. Notwithstanding anything herein to the contrary, the Letter of Credit Issuer shall have no obligation hereunder to issue any Facility Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement.

(b) Participations. Upon the issuance by the Letter of Credit Issuer of a Facility Letter of Credit, the Letter of Credit Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Letter of Credit Issuer, a participation in such Facility Letter of Credit (and each Modification thereof) and the related Letter of Credit Obligations in proportion to its Pro Rata Share.

(c) Notice. The Borrowers shall give the Administrative Agent notice prior to 10:00 a.m. (Phoenix, Arizona time) at least five (5) Business Days prior to the proposed date of issuance of each Facility Letter of Credit, specifying the beneficiary, the proposed date of issuance and the expiry date of such Facility Letter of Credit, and describing the proposed terms of such Facility Letter of Credit and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the Administrative Agent shall promptly notify the Letter of Credit Issuer and each Lender of the contents thereof and of the amount of such Lender's participation in such proposed Facility Letter of Credit. The issuance by the Letter of Credit Issuer of any Facility Letter of Credit shall, in addition to the conditions precedent set forth in Article IV, be subject to the conditions precedent that such Facility Letter of Credit shall be satisfactory to the Letter of Credit Issuer and that the Borrowers shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility Letter of Credit as the Letter of Credit Issuer shall have reasonably requested (each, a "Facility Letter of Credit Application"). The Letter of Credit Issuer shall have no independent duty to ascertain whether the conditions set forth in Article IV have been satisfied; provided, however, that the Letter of Credit Issuer shall not issue a Facility Letter of Credit if, on or before the proposed date of issuance, the Letter of Credit Issuer shall have received notice from the Administrative Agent or the Required Lenders that any such condition has not been satisfied or waived. In the event of any conflict between the terms of this Agreement and the terms of any Facility Letter of Credit Application, the terms of this Agreement shall control.

(d) Letter of Credit Fees. The Borrowers shall pay to the Administrative Agent, for the account of the Lenders ratably in accordance with their respective Pro Rata Shares, with respect to each Facility Letter of Credit, a letter of credit fee at a per annum rate equal to 1.25% on the maximum stated amount of such Facility Letter of Credit (after giving effect to any scheduled increases or decreases) for the period from the date of issuance to the scheduled expiration date of such Facility Letter of Credit, such fee to be payable on or before the date of issuance (the "Letter of Credit Fee").

(e) Administration; Reimbursement by Lenders. Upon receipt of any demand for payment under any Facility Letter of Credit from the beneficiary of such Facility Letter of Credit, the Letter of Credit Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify Holdings and each other Lender as to the amount to be paid by the Letter of Credit Issuer as a result of such demand and the proposed payment date (the "Letter of Credit Payment Date"). The responsibility of the Letter of Credit Issuer to the Borrowers and each Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility Letter

of Credit in connection with such presentment shall be in conformity in all material respects with such Facility Letter of Credit. The Letter of Credit Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility Letters of Credit as it does with respect to letters of credit in which no participations are granted, it being understood that each Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Event of Default or any condition precedent whatsoever, to reimburse the Letter of Credit Issuer on demand for (i) such Lender's Pro Rata Share of the amount of each payment made by the Letter of Credit Issuer under each Facility Letter of Credit to the extent such amount is not reimbursed by the Borrowers pursuant to Section 2.14(f) below and there are not funds available in the Facility Letter of Credit Collateral Account to cover the same, plus (ii) interest on the foregoing amount to be reimbursed by such Lender, for each day from the date of the Letter of Credit Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Phoenix, Arizona time) on such date, from the next succeeding Business Day) to the date on which such Lender pays the amount to be reimbursed by it a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) Reimbursement by Borrowers. The Borrowers shall be irrevocably and unconditionally obligated to reimburse the Letter of Credit Issuer on or before the applicable Letter of Credit Payment Date for any amounts to be paid by the Letter of Credit Issuer upon any drawing under any Facility Letter of Credit, without presentment, demand, protest or other formalities of any kind; provided that neither the Borrowers nor any Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrowers or such Lender to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the Letter of Credit Issuer in determining whether a request presented under any Facility Letter of Credit issued by it complied with the terms of such Facility Letter of Credit or (ii) the Letter of Credit Issuer's failure to pay under any Facility Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility Letter of Credit. All such amounts paid by the Letter of Credit Issuer and remaining unpaid by the Borrowers shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the Revolving Loan Interest Rate for such day if such day falls on or before the applicable Letter of Credit Payment Date and (y) the sum of 2.00% per annum plus the Revolving Loan Interest Rate for such day if such day falls after such Letter of Credit Payment Date. The Letter of Credit Issuer will pay to each Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrowers for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility Letter of Credit issued by the Letter of Credit Issuer, but only to the extent such Lender has made payment to the Letter of Credit Issuer in respect of such Facility Letter of Credit pursuant to Section 2.14(e). Subject to the terms and conditions of this Agreement (including without limitation the submission of a Borrowing Notice in compliance with Section 2.4 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Borrowers may request an Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

(g) Obligations Absolute. The Borrowers' obligations under this Section 2.14 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrowers may have or have had against the Letter of Credit Issuer, any Lender or any beneficiary of a Facility Letter of Credit. The Borrowers further agree with the Letter of Credit Issuer and the Lenders that the Letter of Credit Issuer and the Lenders shall not be responsible for, and the Borrowers' Reimbursement Obligation in respect of any Facility Letter of Credit shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrowers, any of their Affiliates, the beneficiary of any Facility Letter of Credit or any financing institution or other party to whom any Facility Letter of Credit may be transferred or any claims or defenses whatsoever of the Borrowers or of any of their Affiliates against the beneficiary of any Facility Letter of Credit or any such transferee. The Letter of Credit Issuer shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility Letter of Credit. The Borrowers agree that any action taken or omitted by the Letter of Credit Issuer or any Lender under or in connection with each Facility Letter of Credit and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Borrowers and shall not put the Letter of Credit Issuer or any Lender under any liability to the Borrowers.

(h) Actions of Letter of Credit Issuer. The Letter of Credit Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility Letter of Credit, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, facsimile, telex, teletype or electronic mail message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Letter of Credit Issuer. The Letter of Credit Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.14, the Letter of Credit Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Lenders and any future holders of a participation in any Facility Letter of Credit.

(i) Indemnification. The Borrowers hereby agree to indemnify and hold harmless each Lender, the Letter of Credit Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses (including reasonable counsel fees and disbursements) which such Lender, the Letter of Credit Issuer or the Administrative Agent may incur (or which may be claimed against such Lender, the Letter of Credit Issuer or the Administrative Agent by any Person whatsoever) by reason of or in

connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility Letter of Credit or any actual or proposed use of any Facility Letter of Credit, including, without limitation, any claims, damages, losses, liabilities, costs or expenses (including reasonable counsel fees and disbursements) which the Letter of Credit Issuer may incur (i) by reason of or in connection with the failure of any other Lender to fulfill or comply with its obligations to the Letter of Credit Issuer hereunder (but nothing herein contained shall affect any rights the Borrowers may have against any Defaulting Lender) or (ii) by reason of or on account of the Letter of Credit Issuer issuing any Facility Letter of Credit which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility Letter of Credit does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the Letter of Credit Issuer, evidencing the appointment of such successor Beneficiary; provided that the Borrowers shall not be required to indemnify any Lender, the Letter of Credit Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the Letter of Credit Issuer in determining whether a request presented under any Facility Letter of Credit complied with the terms of such Facility Letter of Credit or (y) the Letter of Credit Issuer's failure to pay under any Facility Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Facility Letter of Credit. Nothing in this Section 2.14(i) is intended to limit the obligations of the Borrowers under any other provision of this Agreement.

(j) Lenders' Indemnification. Each Lender shall, ratably in accordance with its Pro Rata Share, indemnify the Letter of Credit Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrowers) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or the Letter of Credit Issuer's failure to pay under any Facility Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of the Facility Letter of Credit) that such indemnitees may suffer or incur in connection with this Section 2.14 or any action taken or omitted by such indemnitees hereunder.

(k) Facility Letter of Credit Collateral Account. The Borrowers agree that they will, upon the request of the Administrative Agent or the Required Lenders and until the final expiration date of any Facility Letter of Credit and thereafter as long as any amount is payable to the Letter of Credit Issuer or the Lenders in respect of any Facility Letter of Credit, maintain a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "Facility Letter of Credit Collateral Account"), in the name of Borrowers but under the sole dominion and control of the Administrative Agent, for the benefit of the Lenders. The Borrowers hereby pledge, assign and grant to the Administrative Agent, on behalf of and for the ratable benefit of the Lenders and the Letter of Credit Issuer, a security interest in all of the Borrowers' right, title and interest in and to all funds which may from time to time be on deposit in the Facility Letter of

Credit Collateral Account to secure the prompt and complete payment and performance of the Obligations.

2.15 Replacement of Lender. If the Borrowers are required pursuant to Section 3.1 or 3.2 to make any additional payment to any Lender, or if any Lender declines to approve an amendment or waiver that is approved by the Required Lenders but that requires the consent of all Lenders or all affected Lenders to become effective, or if any Lender becomes a Defaulting Lender (any Lender so affected an "Affected Lender"), the Borrowers may elect, if such amounts continue to be charged or such suspension is still effective, to replace such Affected Lender as a Lender party to this Agreement upon at least five (5) Business Days' prior written notice to such Affected Lender, which such notice shall specify an effective date for such replacement, which date shall not be later than fifteen (15) Business Days after the date such notice is given, *provided* that no Default or Event of Default shall have occurred and be continuing at the time of such replacement, and *provided further* that, concurrently with such replacement, (a) another bank or other entity which is reasonably satisfactory to the Borrowers and the Administrative Agent and, to the Borrowers' and the Administrative Agent's reasonable satisfaction, which other bank or entity does not suffer from and is not impacted by the issue or event causing the replacement of the Affected Lender, shall agree, as of such date, to purchase for cash at par the Advances and other Obligations due to the Affected Lender under this Agreement and the other Loan Documents pursuant to an assignment substantially in the form of Exhibit C and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.3 applicable to assignments, and (b) the Borrowers shall pay to such Affected Lender in same day funds on the day of such replacement all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrowers hereunder to and including the date of termination, including without limitation payments due to such Affected Lender. If the Affected Lender shall refuse or fail to execute and deliver any such assignment prior to the effective date of such replacement, Administrative Agent may, but shall not be required to, execute and deliver such assignment in the name or and on behalf of Affected Lender, and irrespective of whether Administrative Agent executes and delivers such assignment, the Affected Lender shall be deemed to have executed and delivered such assignment. A Lender shall not be required to make any such assignment or be replaced if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and replacement cease to apply.

2.16 Limitation of Interest. The Borrowers, the Administrative Agent and the Lenders intend to strictly comply with all applicable laws, including applicable usury laws. Accordingly, the provisions of this Section 2.16 shall govern and control over every other provision of this Agreement or any other Loan Document which conflicts or is inconsistent with this Section 2.16, even if such provision declares that it controls. As used in this Section 2.16, the term "interest" includes the aggregate of all charges, fees, benefits or other compensation which constitute interest under applicable law, *provided* that, to the maximum extent permitted by applicable law, (a) any non-principal payment shall be characterized as an expense or as compensation for something other than the use, forbearance or detention of money and not as interest, and (b) all interest at any time contracted for, reserved, charged or received shall be amortized, prorated, allocated and spread, in equal parts during the full term of this Agreement. In no event shall the Borrowers or any other Person be obligated to pay, or any Lender have any right or privilege to

reserve, receive or retain, (x) any interest in excess of the maximum amount of nonusurious interest permitted under the applicable laws (if any) of the United States or of any applicable state, or (y) total interest in excess of the amount which such Lender could lawfully have contracted for, reserved, received, retained or charged had the interest been calculated for the full term of this Agreement at the Highest Lawful Rate. None of the terms and provisions contained in this Agreement or in any other Loan Document which directly or indirectly relate to interest shall ever be construed without reference to this Section 2.16, or be construed to create a contract to pay for the use, forbearance or detention of money at an interest rate in excess of the Highest Lawful Rate.

2.17 Defaulting Lenders.

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

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

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.1 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Letter of Credit Issuer hereunder; *third*, to cash collateralize the Letter of Credit Issuer's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.17(d); *fourth*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrowers, to be held in a deposit account (including the Facility Letter of Credit Collateral Account) and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize the Letter of Credit Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Facility Letters of Credit issued under this Agreement, in accordance with Section 2.17(d); *sixth*, to the payment of any amounts owing to the Lenders, the Letter of Credit Issuer as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Letter of Credit Issuer against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the

payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *eighth*, if so determined by the Administrative Agent, distributed to the Lenders other than the Defaulting Lender until the ratio of the Revolving Exposures of such Lenders to the Aggregate Outstanding Revolving Exposures of all Revolving Lenders equals such ratio immediately prior to the Defaulting Lender's failure to fund any portion of any Loans or participations in Facility Letters of Credit; and *ninth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that if (x) such payment is a payment of the principal amount of any Loans or Facility Letter of Credit issuances in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Facility Letters of Credit were issued at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Credit Extensions of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Credit Extensions of such Defaulting Lender until such time as all Loans and funded and unfunded participations in Letter of Credit Obligations are held by the Lenders pro rata in accordance with the Commitments. 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 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

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

(2) 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 ratable share of the stated amount of Facility Letters of Credit for which it has provided cash collateral pursuant to Section 2.17(d).

(3) With respect to any fee not required to be paid to any Defaulting Lender pursuant to clause (1) or (2) above, the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letter of Credit Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Letter of Credit Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to the Letter of Credit Issuer's Fronting Exposure to such Defaulting Lender, and

(z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letter of Credit 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 Revolving Commitment) but only to the extent that (x) the conditions set forth in Section 4.2 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, cash collateralize the Letter of Credit Issuer's Fronting Exposure in accordance with the procedures set forth in Section 2.17(d).

(b) Defaulting Lender Cure. If the Borrowers, the Administrative Agent and the Letter of Credit Issuer agree in writing to allow a Defaulting Lender to cure its default hereunder ("Permission to Cure"), the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), such Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Facility Letters of Credit to be held pro rata by the Lenders in accordance with the Revolving Commitments (without giving effect to Section 2.17(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and *provided*, *further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Notwithstanding the foregoing, a Defaulting Lender shall be allowed to cure its default hereunder in accordance with the foregoing requirements of this Section 2.17(b) without Permission to Cure if (i) such default arises out of such Lender's failure to fund all or any portion of its Loans, or its failure to pay the Administrative Agent or any other Lender any amount required hereunder, within one (1) Business Day

after the date due; and (ii) such default has not occurred more than twice before the pending default to be cured.

(c) New Facility Letters of Credit. So long as any Lender is a Defaulting Lender, the Letter of Credit Issuer shall not be required to issue, extend, renew or increase any Facility Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

(d) Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent or the Letter of Credit Issuer (with a copy to the Administrative Agent) the Borrowers shall cash collateralize the Letter of Credit Issuer's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.17(a)(iv) and any cash collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(i) Grant of Security Interest. The Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Administrative Agent, for the benefit of the Letter of Credit Issuer, and agree to maintain, a first priority security interest in all cash collateral as security for the Defaulting Lender's obligation to fund participations in respect of Letter of Credit Obligations, to be applied pursuant to clause (ii) below. If at any time the Administrative Agent determines that cash collateral is subject to any right or claim of any Person other than the Administrative Agent and the Letter of Credit Issuer as herein provided, or that the total amount of such cash collateral is less than the Minimum Collateral Amount, the Borrowers will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional cash collateral in an amount sufficient to eliminate such deficiency (after giving effect to any cash collateral provided by the Defaulting Lender).

(ii) Application. Notwithstanding anything to the contrary contained in this Agreement, cash collateral provided under this Section 2.17 in respect of Facility Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letter of Credit Obligations (including, as to cash collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the cash collateral was so provided, prior to any other application of such Property as may otherwise be provided for herein.

(iii) Termination of Requirement. Cash collateral (or the appropriate portion thereof) provided to reduce the Letter of Credit Issuer's Fronting Exposure shall no longer be required to be held as cash collateral pursuant to this Section 2.17(d) following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and the Letter of Credit Issuer that there exists excess cash collateral; provided that, subject to this Section 2.17 the Person providing cash collateral and the Letter of Credit Issuer

may agree that cash collateral shall be held to support future anticipated Fronting Exposure or other obligations and provided further that to the extent that such cash collateral was provided by the Borrower, such cash collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

2.18 2024 Term Loan Commitment. Each Lender with a 2024 Term Loan Commitment severally agrees to make a loan to Borrowers in Dollars (the "2024 Term Loan") on the Third Amendment Date in the amount of such Lender's 2024 Term Loan Commitment. The Commitments of the Lenders to make 2024 Term Loans shall expire concurrently with the making of the 2024 Term Loan on the Third Amendment Date.

ARTICLE III

YIELD PROTECTION; TAXES

3.1 Yield Protection. If, on or after the date of this Agreement, there occurs any Change in Law which:

(a) subjects any Lender or any applicable Lending Installation, the Letter of Credit Issuer, or the Administrative Agent to any Taxes (other than with respect to Indemnified Taxes, Excluded Taxes, and Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit, liquidity or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or the Letter of Credit Issuer), or

(c) imposes any other condition (other than Taxes) the result of which is to increase the cost to any Lender or any applicable Lending Installation or the Letter of Credit Issuer of making, funding or maintaining its Loans, or of issuing or participating in Facility Letters of Credit, or reduces any amount receivable by any Lender or any applicable Lending Installation or the Letter of Credit Issuer in connection with its Loans, Facility Letters of Credit or participations therein, or requires any Lender or any applicable Lending Installation or the Letter of Credit Issuer to make any payment calculated by reference to the amount of Loans, Facility Letters of Credit or participations therein held or interest or Letter of Credit Fees received by it, by an amount deemed material by such Lender or the Letter of Credit Issuer as the case may be,

and the result of any of the foregoing is to increase the cost to such Person of making or maintaining its Loans or Revolving Commitment or of issuing or participating in Facility Letters of Credit or to reduce the amount received by such Person in connection with such Loans or Revolving Commitment, Facility Letters of Credit or participations therein, then, within fifteen (15) days after demand by such Person, the Borrowers shall pay such Person, as the case may be, such additional amount or amounts as will compensate such Person for such increased cost or reduction in amount received. Failure or delay on the part of any such Person to demand

compensation pursuant to this Section 3.1 shall not constitute a waiver of such Person's right to demand such compensation; *provided* that the Borrowers shall not be required to compensate a Person pursuant to this Section 3.1 for any increased costs or reductions suffered more than 270 days prior to the date that such Person notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Person's intention to claim compensation therefor; *provided further*, that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

3.2 Changes in Capital Adequacy Regulations. If a Lender or the Letter of Credit Issuer determines that the amount of capital or liquidity required or expected to be maintained by such Lender or the Letter of Credit Issuer, any Lending Installation of such Lender or the Letter of Credit Issuer, or any corporation or holding company controlling such Lender or the Letter of Credit Issuer is increased as a result of (a) a Change in Law or (b) any change on or after the date of this Agreement in the Risk-Based Capital Guidelines, then, within fifteen (15) days after demand by such Lender or the Letter of Credit Issuer, the Borrowers shall pay such Lender or the Letter of Credit Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity which such Lender or the Letter of Credit Issuer determines is attributable to this Agreement, its Term Loans, its 2024 Term Loans its Revolving Exposure or its Revolving Commitment to make Revolving Loans and issue or participate in Facility Letters of Credit, as the case may be, hereunder (after taking into account such Lender's or the Letter of Credit Issuer's policies as to capital adequacy or liquidity), in each case that is attributable to such Change in Law or change in the Risk-Based Capital Guidelines, as applicable. Failure or delay on the part of such Lender or the Letter of Credit Issuer to demand compensation pursuant to this Section 3.2 shall not constitute a waiver of such Lender's or the Letter of Credit Issuer's right to demand such compensation; *provided* that the Borrowers shall not be required to compensate any Lender or the Letter of Credit Issuer pursuant to this Section 3.2 for any shortfall suffered more than 270 days prior to the date that such Lender or the Letter of Credit Issuer notifies the Borrowers of the Change in Law or change in the Risk-Based Capital Guidelines giving rise to such shortfall and of such Lender's or the Letter of Credit Issuer's intention to claim compensation therefor; *provided further*, that if the Change in Law or change in Risk-Based Capital Guidelines giving rise to such shortfall is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

3.3 Taxes.

(a) Any and all payments by or on account of any obligation of any Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law requires the deduction or withholding of any Tax from any such payment, then the applicable Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax or Other Tax, then the sum payable by the applicable Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 3.3) the applicable Lender, the Letter of

Credit Issuer or the Administrative Agent receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable law or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Borrowers shall indemnify the Lender, the Letter of Credit Issuer or the Administrative Agent, within fifteen (15) days after demand therefor, for the full amount of any Indemnified Taxes and Other Taxes (including Indemnified Taxes and Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.3) payable or paid by such Lender, the Letter of Credit Issuer or the Administrative Agent or required to be withheld or deducted from a payment to such Lender, the Letter of Credit Issuer or the Administrative Agent and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority.

(d) Each Lender shall severally indemnify the Administrative Agent, within fifteen (15) days after demand therefor, for (i) any Indemnified Taxes and Other Taxes attributable to such Lender (but only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and Other Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.2(c) relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by any Borrower to a Governmental Authority pursuant to this Section 3.3, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of

withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing,

(1) any Lender that is a United States Person for U.S. federal income Tax purposes shall deliver to the Borrowers 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 Borrowers or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(2) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers 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 Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

a) in the case of a Non-U.S. 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 or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such Tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E 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;

b) executed copies of IRS Form W-8ECI;

c) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" related to any Borrower as described in Section 881(c)(3)(C) of the Code and (y) executed

copies of IRS Form W- 8BEN or IRS Form W-8BEN-E; or

d) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8IMY or IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable.

(3) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers 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 Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(4) 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 Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers 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 Borrowers or the Administrative Agent as may be necessary for the Borrowers 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, if any, 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.

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

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this

Section 3.3 (including by the payment of additional amounts pursuant to this Section 3.3), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 3.3 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each party's obligations under this Section 3.3 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Revolving Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Initial Credit Extension. The Lenders shall not be required to make the initial Credit Extension hereunder unless each of the following conditions is satisfied:

(a) The Administrative Agent shall have received duly executed counterparts of all of the Loan Documents, including this Agreement, the Notes and the Collateral Documents.

(b) The Administrative Agent shall have received a certificate, signed by an Authorized Officer, stating that on the date of the initial Credit Extension (i) no Default or Event of Default has occurred and is continuing and (ii) the representations and warranties contained in Article V are (x) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (y) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such date, except to the extent any such representation or warranty is stated

to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

(c) The Administrative Agent shall have received a written opinion of the Borrowers' counsel, in form and substance acceptable to the Administrative Agent, addressed to the Lenders, substantially covering the opinions set forth in Exhibit A and such other opinions reasonably required by the Administrative Agent. The Borrowers' counsel shall be reasonably acceptable to the Administrative Agent.

(d) The Administrative Agent and the Lenders shall be satisfied in all respects with (i) the terms and conditions of, and the structure of, the Banker Steel Acquisition, and (ii) the Banker Steel Acquisition Documents.

(e) The Administrative Agent shall have received such documents and certificates relating to the organization, existence and good standing of each Borrower and each initial Guarantor, the authorization of the transactions contemplated hereby and any other legal matters relating to each Borrower and such Guarantors, the Loan Documents or the transactions contemplated hereby, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit H.

(f) The Administrative Agent shall have received any and all fees, costs and expenses owing to it.

(g) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers hereunder.

(h) There shall not have occurred a material adverse change (i) in the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of the Borrowers and their Subsidiaries taken as a whole, since January 2, 2021 or (ii) in the facts and information regarding such entities as represented by such entities to date.

(i) The Administrative Agent shall have received evidence of all governmental, equity holder and third party consents and approvals necessary in connection with the contemplated financing and all applicable waiting periods shall have expired without any action being taken by any authority that would be reasonably likely to restrain, prevent or impose any material adverse conditions on the Borrowers and their Subsidiaries, taken as a whole, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could have such effect.

(j) No action, suit, investigation or proceeding is pending or, to the knowledge of Borrowers, threatened in any court or before any arbitrator or Governmental Authority that would reasonably be expected to result in a Material

Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions.

(k) The Administrative Agent shall have received: (i) pro forma financial statements giving effect to the initial Credit Extensions contemplated hereby and the Banker Steel Acquisition, which demonstrate, in the Administrative Agent's reasonable judgment, together with all other information then available to the Administrative Agent, that the Borrowers can repay their debts and satisfy their other obligations as and when they become due, and can comply with the financial covenants set forth in Section 6.19, and (ii) such information as the Administrative Agent may reasonably request to confirm the tax, legal, and business assumptions made in such pro forma financial statement.

(l) The Administrative Agent shall have received evidence of current insurance coverage in form, scope and substance reasonably satisfactory to the Administrative Agent and otherwise in compliance with the terms of Sections 5.18 and 6.6.

(m) The Administrative Agent shall have received a preliminary title report issued by Title Insurer showing the condition of title of each real property listed on Schedule 5.23 hereto with such real property's legal description, a copy of all documents listed as exceptions to said title report, and a copy of all documents that evidence the vesting of the ownership of such real property.

(n) The Administrative Agent shall have received Title Insurer's commitment to issue a Loan Policy of Title Insurance, with a liability limit of not less than the aggregate face amount of the Notes, insuring Administrative Agent's interest under the Collateral Documents applicable to each of the real properties listed on Schedule 5.23, for the ratable benefit of Lenders, together with such reinsurance or coinsurance agreements and endorsements to said policy as Administrative Agent may require, for each of the real properties listed on Schedule 5.23.

(o) The Administrative Agent shall have received a current survey of each of the real properties listed on Schedule 5.23, other than the properties governed by Section 4.3, including dimensions, delineations and locations of all easements thereto, certified to Administrative Agent and in form and substance acceptable to Administrative Agent, and satisfactory to Title Insurer if required by it.

(p) The Administrative Agent shall have received Title Affidavits for each of the real properties listed on Schedule 5.23, and Survey Affidavits for each of the real properties listed on Schedule 5.23, other than the properties governed by Section 4.3, in each case in form and substance acceptable to Administrative Agent, and satisfactory to Title Insurer if required by it.

(q) The Administrative Agent shall have received evidence that each of the real properties listed on Schedule 5.23 is not located in an area designated by the Secretary of Housing and Urban Development as a special flood hazard area, or that flood

hazard insurance coverage acceptable to Administrative Agent in its sole discretion is in place.

(r) The Administrative Agent shall have received (a) copies of a Phase I report with respect to each of the real properties listed on Schedule 5.23, each prepared by an independent environmental consultant acceptable to Administrative Agent, which reports shall be addressed to Administrative Agent or accompanied by a reliance letter addressed to Administrative Agent, and (b) insurance against environmental risks with respect to the real properties listed on Schedule 5.23 in form and substance satisfactory to Administrative Agent.

(s) The Administrative Agent shall have received evidence, in form and substance acceptable to Administrative Agent, and Title Insurer if required by it, that each of the real properties listed on Schedule 5.23 is properly zoned for its current and/or intended use.

(t) The Administrative Agent shall have received evidence of a certificate of occupancy and all permits required for the occupancy and use of each of the real properties listed on Schedule 5.23.

(u) The Administrative Agent shall have received evidence, in form and substance acceptable to Administrative Agent, and Title Insurer if required by it, that all real estate and property taxes for each of the real properties listed on Schedule 5.23 have been paid in full.

(v) The Administrative Agent shall have received, for each of the real properties listed on Schedule 5.23, a written appraisal report prepared by an appraiser acceptable to Administrative Agent in its sole discretion and prepared in compliance with applicable regulatory requirements including, without limitation, the Financial Institutions Recovery, Reform and Enforcement Act of 1989, as amended from time to time, and subject to Administrative Agent's customary independent appraisal requirements, setting forth the fair market value of the applicable real property.

(w) The Administrative Agent shall have received the results of a recent lien search in each of the jurisdictions where the initial Borrowers are organized, and such search shall reveal no Liens on any of the assets of the initial Borrowers except for Liens permitted by Section 6.14 or discharged on or prior to the Effective Date pursuant to a payoff letter or other documentation satisfactory to the Administrative Agent.

(x) The Administrative Agent shall have received copies of all leases related to any of the real properties listed on Schedule 5.23.

(y) The Administrative Agent shall have received such subordination agreements and tenant estoppel certificates as Administrative Agent may request with respect to any tenants for the real properties listed on Schedule 5.23.

(z) The Administrative Agent shall have received a written appraisal report prepared by an appraiser acceptable to Administrative Agent in its sole discretion, subject

to Administrative Agent's customary independent appraisal requirements, setting forth the fair market value of all equipment owned by Borrowers.

(aa) The Administrative Agent shall have received a payoff letter and UCC-3 termination statements from Wells Fargo Bank, N.A. and TCW Asset Management Company LLC, in each case acceptable to Administrative Agent in its sole discretion.

(bb) Each document (including any Uniform Commercial Code financing statement) required by the Collateral Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described herein, prior and superior in right to any other Person, shall be in proper form for filing, registration or recordation.

(cc) Upon the reasonable request of any Lender made at least ten days prior to the Effective Date, each Borrower must have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act, in each case at least five days prior to the Effective Date.

(dd) At least five Business Days prior to the Effective Date, if a Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, such Borrower must deliver a Beneficial Ownership Certification in relation to such Borrower.

(ee) Borrowers shall have satisfied any and all of Administrative Agent's loan opening requirements or conditions, including without limitation to execution of such additional agreements, instruments, documents, certificates, account opening forms, signature cards, and other instruments as Administrative Agent may require or request.

4.2 Each Credit Extension. The Lenders shall not (except as otherwise set forth in Section 2.14(e) with respect to Revolving Loans made for any Reimbursement Obligations for draws under a Facility Letter of Credit) be required to make any Credit Extension unless on the applicable Borrowing Date:

(a) There exists no Default or Event of Default, nor would a Default or Event of Default result from such Credit Extension.

(b) The representations and warranties contained in Article V are (i) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (ii) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date.

(c) No event shall have occurred and no condition shall exist which has or which could be reasonably expected to have a Material Adverse Effect.

(d) Administrative Agent shall have received a Borrowing Notice or request for issuance of a Facility Letter of Credit, as applicable.

(e) Borrowers shall have satisfied any and all of Administrative Agent's reasonable and customary requirements or conditions, including without limitation the execution of such additional agreements, instruments, documents, certificates, account opening forms, signature cards, and other instruments as Administrative Agent may require or request.

Each Borrowing Notice or request for issuance of a Facility Letter of Credit with respect to each such Credit Extension shall constitute a representation and warranty by Borrowers that the conditions contained in this Section 4.2 have been satisfied.

4.3 Surveys. Prior to any Credit Extension after the date which is ninety (90) days after the date hereof, Borrower shall deliver to the Administrative Agent a current survey of each of the real properties listed on Schedule 5.23 and identified below, including dimensions, delineations and locations of all easements thereto, certified to Administrative Agent and in form and substance acceptable to Administrative Agent, and satisfactory to Title Insurer if required by it. It shall be an Event of Default if Borrower fails to deliver such surveys with such period with respect to the property located on Buchanan St. in Phoenix, AZ and the properties located in Eloy, AZ, Bellemont, AZ, Stockton, CA, Houston, TX and Ottawa, KS.

4.4 Collateral Access Agreements. Prior to any Credit Extension after the date which is thirty (30) days after the date hereof, Borrower shall deliver to the Administrative Agent a waiver and agreement from the lessor of each of the real properties listed on Schedule 4.4 in form and substance acceptable to Administrative Agent. It shall be an Event of Default if Borrower fails to deliver each such agreement with such period.

4.5 Equipment Appraisals. Prior to any Credit Extension after the date which is ninety (90) days after the date hereof, Administrative Agent shall have receive updated appraisals of the equipment acquired in the Banker Steel Acquisition in form and substance acceptable to Administrative Agent. It shall be an Event of Default if Administrative Agent does not receive any such appraisal with such period.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrowers represent and warrant to the Lenders that:

5.1 Existence and Standing. Each of the Borrowers and their Subsidiaries is a corporation, partnership or limited liability company duly and properly incorporated or formed, as the case may be, validly existing and (to the extent such concept applies to such entity) in

good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

5.2 Authorization and Validity. Each Borrower, Guarantor, and Subsidiary of Holdings has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each Borrower, Guarantor, and Subsidiary of Holdings of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate or limited liability company proceedings, and the Loan Documents constitute legal, valid and binding obligations of the Borrowers, Guarantors, and Subsidiaries of Holdings party thereto enforceable against the Borrowers, Guarantors, and Subsidiaries of Holdings in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5.3 No Conflict; Government Consent. Neither the execution and delivery by the Borrowers and Guarantors of the Loan Documents to which each is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrowers or any of their Subsidiaries or (ii) the Borrowers' or any Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating or other management agreement, as the case may be, or (iii) the provisions of any indenture, instrument or agreement to which the Borrowers or any of their Subsidiaries is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrowers or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrowers or any of their Subsidiaries, is required to be obtained by the Borrowers or any of their Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrowers and Guarantors of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements. The January 2, 2021 audited consolidated financial statements of Holdings and its Subsidiaries were prepared in accordance with GAAP in effect on the date such statements were prepared, and the unaudited financial statements of Holdings and its Subsidiaries dated as of April 3, 2021 were prepared on a materially consistent basis with prior financial statements; and each such financial statements fairly present the consolidated financial condition and operations of Holdings and its Subsidiaries at such dates and the consolidated results of their operations for the periods then ended.

5.5 Material Adverse Change. Since the date of the most recent audited financial statements delivered to the Administrative Agent there has been no change in the business, Property, prospects, condition (financial or otherwise) or results of operations of Holdings and its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

5.6 Taxes. The Borrowers and their Subsidiaries have filed all United States federal and state income Tax returns and all other material Tax returns which are required to be filed by them and have paid all United States federal and state income Taxes and all other material Taxes due from the Borrowers and their Subsidiaries, including, without limitation, pursuant to any assessment received by the Borrowers or any of their Subsidiaries, except such Taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP and as to which no Lien exists. No Tax Liens have been filed and no claims are being asserted with respect to any such Taxes. The charges, accruals and reserves on the books of Holdings and its Subsidiaries in respect of any Taxes or other governmental charges are adequate.

5.7 Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their officers, threatened against or affecting a Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Credit Extensions. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, no Borrower has material Contingent Obligations not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 Subsidiaries. Schedule 5.8 contains an accurate list of all Subsidiaries of Holdings as of the date of this Agreement, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrowers or other Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9 ERISA. With respect to each Plan, each Borrower, each Subsidiary and all ERISA Affiliates have paid all required minimum contributions and installments on or before the due dates provided under Section 430(j) of the Code and could not reasonably be subject to a lien under Section 430(k) of the Code or Title IV of ERISA. Neither any Borrower, any Subsidiary nor any ERISA Affiliate has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

5.10 Accuracy of Information.

(a) No information, exhibit or report furnished by the Borrowers or any of their Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

(b) As of the Effective Date and as of each date on which a notice is required under Section 6.3(f), the information included in any Beneficial Ownership Certification is true and correct in all respects.

5.11 Regulations; Margin Stock. Neither any Borrower nor any Subsidiary owns or is carrying any Margin Stock or is engaged principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loans nor the use of the proceeds of any Loan will violate, or be inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of the Board of Governors of the Federal Reserve System.

5.12 Material Agreements. None of the Borrowers nor any Subsidiary of any Borrower is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. None of the Borrowers nor any Subsidiary of the Borrowers is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (ii) any agreement or instrument evidencing or governing Indebtedness.

5.13 Compliance With Laws. Each Borrower and its Subsidiaries are in compliance in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property.

5.14 Ownership of Properties. On the date of this Agreement, each Borrower and its Subsidiaries will have good title, free of all Liens other than those permitted by Section 6.14, to all of their respective Property and assets reflected in Holdings' most recent consolidated financial statements provided to the Administrative Agent as owned by Holdings and its Subsidiaries (other than as may have been disposed of in a manner permitted by Section 6.12(a)).

5.15 Plan Assets; Prohibited Transactions. No Borrower or Subsidiary is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA, of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code) which is subject to Section 4975 of the Code, and neither the execution of this Agreement nor the making of Credit Extensions hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. No Borrower or Subsidiary is subject to any law, rule or regulation which is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.

5.16 Environmental Matters.

(a) The Property and operations of each Borrower and each of their Subsidiaries are in material compliance with applicable Environmental Laws and no Borrower or Subsidiary is subject to any liability under Environmental Laws that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(b) No Borrower or Subsidiary is aware that, or has received any notice to the effect that (i) its Property and/or operations are not in material compliance with any of the requirements of applicable Environmental Laws, (ii) any location to which any Borrower or Subsidiary has actually or allegedly sent materials for disposal or recycling is the subject of environmental investigation or remediation pursuant to Environmental Laws, or (iii) its Property and/or operations are the subject of any federal, state or local remedial action, or investigation evaluating whether any remedial action is needed, which, with respect to (i) through (iii), such non-compliance or remedial action individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

(c) There has been no release of Hazardous Materials at, from, or affecting the Property in concentrations that exceed applicable local, state, or federal standards for the current and expected future use of the Property, the remediation of which to meet applicable standards could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.17 Investment Company Act. None of the Borrowers nor any Subsidiary of the Borrowers is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940.

5.18 Insurance. Holdings maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies, insurance on all their Property, liability insurance and environmental insurance in such amounts, subject to such deductibles and self-insurance retentions and covering such Properties and risks as is consistent with sound business practice.

5.19 Subordinated Indebtedness. The Obligations constitute senior Indebtedness which is entitled to the benefits of the subordination provisions of all agreements evidencing or governing outstanding Subordinated Indebtedness.

5.20 Solvency.

(a) Immediately after the consummation of the Banker Steel Acquisition and the other transactions to occur on the Effective Date and immediately following the making of each Credit Extension and after giving effect to the application of the proceeds of each Credit Extension, (a) the fair value of the assets of Holdings and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of Holdings and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the Property of Holdings and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of Holdings and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) Holdings and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Holdings and its Subsidiaries on a consolidated basis will not have unreasonably small capital with

which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the Effective Date.

(b) Holdings does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature.

5.21 No Default. No Default or Event of Default has occurred and is continuing.

5.22 Anti-Corruption Laws; Sanctions. Holdings, its Subsidiaries and their respective officers and employees and to the knowledge of Holdings, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of Holdings, any Subsidiary or to the knowledge of Holdings, any of their respective directors, officers or employees, is a Sanctioned Person.

5.23 Real Property. Set forth on Schedule 5.23A is a complete and accurate list, as of the Effective Date, of the addresses of all real property owned or leased by any Borrower or Subsidiary, together with, in the case of leased property, the names and mailing addresses of the lessors of such property.

5.24 Intellectual Property. Each Borrower and each of their Subsidiaries owns and possesses or has a license or other right to use all patents, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights and copyrights as are necessary for the conduct of the businesses of the Borrowers and their Subsidiaries, without any infringement upon rights of others that could reasonably be expected to have a Material Adverse Effect.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1 Financial Reporting. Holdings will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with GAAP, and furnish to the Administrative Agent and the Lenders:

(a) Within 120 days after the close of each of its fiscal years, an unqualified audit report, with no going concern modifier, certified by independent certified public accountants acceptable to the Administrative Agent and the Lenders, prepared in accordance with GAAP on a consolidating and consolidated basis for itself and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows, accompanied by any management letter prepared by said accountants.

(b) Within 45 days after the close of each of its fiscal quarters (or 75 days in the case of the last quarter of any fiscal year) for itself and its Subsidiaries, consolidating

and consolidated financial statements and consolidating and consolidated unaudited balance sheets as of the close of each such period and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer.

(c) Together with the financial statements required under Sections 6.1(a) and (b), a Compliance Certificate in substantially the form of Exhibit B signed by Holdings' as Borrower Agent showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Event of Default exists, or if any Default or Event of Default exists, stating the nature and status thereof.

(d) Within 30 days after the end of each calendar month, an accounts receivables aging report, and order backlog and work in process schedules for the Borrowers and their Subsidiaries.

(e) As soon as practicable, and in any event not later than 30 days after the commencement of each fiscal year of Holdings, financial projections for the Borrowers and their Subsidiaries for such fiscal year (including monthly operating and cash flow budgets) prepared in a manner consistent with the projections delivered by the Borrowers to the Administrative Agent prior to the Effective Date or otherwise in a manner reasonably satisfactory to the Administrative Agent, accompanied by a certificate of an Authorized Officer to the effect that (i) such projections were prepared by the Borrowers in good faith, (ii) the Borrowers have a reasonable basis for the assumptions contained in such projections and (iii) such projections have been prepared in accordance with such assumptions.

(f) Such other information as the Administrative Agent or any Lender may from time to time reasonably request, including information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" requirements under the PATRIOT Act or other applicable anti-money laundering laws.

(g) If any information which is required to be furnished to the Lenders under this Section 6.1 is required by law or regulation to be filed by any Borrower with a government body on an earlier date, then the information required hereunder shall be furnished to the Lenders at such earlier date.

6.2 Use of Proceeds. The Borrowers will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions to pay existing indebtedness, for the Banker Steel Acquisition and for working capital, provided that the proceeds of the 2024 Term Loan shall be used for the 2024 Redemption. The Borrowers will not, nor will they permit any Subsidiary to, use any of the proceeds of the Advances to purchase or carry any "margin stock" (as defined in Regulation U). The Borrowers will not request any Loan or Facility Letter of Credit, and will not use, and the Borrowers will ensure that their Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Facility Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of

money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (ii) in any manner that would result in the violation of any applicable Sanctions.

6.3 Notice of Material Events. The Borrowers will, and will cause each Subsidiary to, give notice in writing to the Administrative Agent and each Lender, promptly and in any event within 10 days after an officer of any Borrower obtains knowledge thereof, of the occurrence of any of the following:

(a) any Default or Event of Default;

(b) (i) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Borrower or any Affiliate thereof that, if adversely determined, would reasonably be expected to result in a Material Adverse Effect and (ii) any material adverse development which occurs in any litigation, arbitration or governmental investigation or proceeding previously disclosed by any Borrower or any Subsidiary pursuant to clause 6.3(b)(i);

(c) with respect to a Plan, (i) any failure to pay all required minimum contributions and installments on or before the due dates provided under Section 430(j) of the Code or (ii) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, of an application for a waiver of the minimum funding standard;

(d) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(e) any material change in accounting policies of, or financial reporting practices by, any Borrower or any Subsidiary, the receipt by Borrowers or any Subsidiary of any comment letter or management report submitted by its auditor (together with a copy thereof) as to any material accounting matters, or any discharge, resignation or withdrawal by or of Borrower's present auditor;

(f) any change in the information provided in any Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification;

(g) any Material Adverse Effect upon a material portion of the Collateral or the commencement of any action or proceeding for the taking of any interest in a material portion of the Collateral;

(h) the creation or acquisition of any Subsidiary;

(i) any change in Holdings' senior executive officers; and

(j) any other development, financial or otherwise, which would reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section 6.3 shall be accompanied by a statement of an officer of the relevant Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

6.4 Conduct of Business. Each Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.5 Taxes. Each Borrower will, and will cause each Subsidiary to, timely file complete and correct United States federal and applicable foreign, state and local tax returns required by law and pay when due all taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings, with respect to which adequate reserves have been set aside in accordance with GAAP and which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

6.6 Insurance. Each Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies, insurance on all their Property, liability insurance and environmental insurance in such amounts, subject to such deductibles and self-insurance retentions and covering such Properties and risks as is consistent with sound business practice, customarily carried under similar circumstances by Persons engaged in the same or similar business and reasonably acceptable to Administrative Agent, and each Borrower will furnish to any Lender upon request full information as to the insurance carried. With respect to such insurance, the Administrative Agent shall be named as an additional insured and as mortgagee and lender loss payee pursuant to endorsements acceptable to the Administrative Agent, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notices before any such policy or policies shall be cancelled. The Borrowers shall notify the Administrative Agent in writing if (i) any such policy or policies shall be materially altered in a manner adverse to the Administrative Agent and/or the Lenders or (ii) the amount of coverage thereunder shall be reduced. Without limiting the foregoing, (a) the Administrative Agent and each Lender shall be permitted to obtain a completed "Life-of-Loan" Federal Emergency Management Agency Standard Flood Hazard Determination with respect to all real property Collateral, prior to execution and recording of any mortgage instrument with respect to such real property Collateral, and (b) if any real property Collateral is located in an area designated by the Federal Emergency Management Agency as having special flood or mudslide hazards, the Borrowers shall (i) deliver to the Administrative Agent and any Lender upon request, prior to execution and recording of any mortgage instrument with respect to such real property Collateral, evidence of applicable flood insurance, if available, in such form, on such terms and in such amounts as required by applicable flood insurance laws or as otherwise required by the Lenders, and (ii) maintain with a financially sound and reputable insurer at all times flood insurance, if available,

with respect to such real property Collateral in such form, on such terms and in such amounts as required by applicable flood insurance laws or as otherwise required by the Lenders.

6.7 Compliance with Laws and Material Contractual Obligations. The Borrowers will, and will cause each Subsidiary to, (i) comply in all material respects with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws, Anti-Corruption Laws and applicable Sanctions and (ii) perform in all material respects its obligations under material agreements to which it is a party.

6.8 Maintenance of Properties. The Borrowers will, and will cause each Subsidiary to, (i) do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, ordinary wear and tear excepted, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times; and (ii) to the extent the Property has any structures associated with Land Use Controls, inspect, maintain, repair and replace such structures as necessary to realize the benefit of such Land Use Controls.

6.9 Books and Records; Inspection. The Borrowers will, and will cause each of their Subsidiaries to, keep appropriate books of record and account in which it shall maintain full, true and correct entries of all dealings and transactions in relation to its business and activities. The Borrowers will, and will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, at the Borrowers' expense, to inspect any of the Property, books and financial records of the Borrowers and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrowers and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrowers and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate.

6.10 Indebtedness. The Borrowers will not, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Obligations under this Agreement and the other Loan Documents;

(b) Indebtedness secured by Liens permitted by Section 6.14(h), and extensions, renewals and refinancings thereof; provided that the aggregate amount of all such Indebtedness at any time outstanding shall not exceed $1,000,000.00;

(c) Indebtedness of any Borrower or Guarantor to any other Borrower or Guarantor;

(d) Subordinated Indebtedness incurred as part of the Banker Steel Acquisition;

(e) Hedging Obligations approved by the Administrative Agent and incurred in favor of a Lender or an Affiliate thereof for bona fide hedging purposes and not for speculation;

(f) Debt described on Schedule 6.10 and any extension, renewal or refinancing thereof so long as the principal amount thereof is not increased;

(g) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with Dispositions permitted under Section 6.12;

(h) Indebtedness owing by a Foreign Subsidiary to a Borrower or Guarantor that constitutes a Permitted Foreign Subsidiary Investment;

(i) Indebtedness associated with trade payables incurred in the ordinary course of business;

(j) Indebtedness secured by Permitted Liens incurred under Section 6.14(g) or 6.14(h) or comprising Investments permitted by this Agreement, provided that with respect to Permitted Liens permitted under Section 6.14(g), this clause (j) shall be construed to permit only indebtedness existing on the date of such Permitted Acquisition and that was not created in contemplation of such Permitted Acquisition;

(k) Unsecured Indebtedness representing deferred compensation to employees or directors of a Borrower or any Subsidiary of any Borrower incurred in the ordinary course of business and in an aggregate outstanding amount not to exceed $7,500,000.00;

(l) Indebtedness incurred in the ordinary course of business and owed in respect to any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds;

(m) Indebtedness (other than for borrowed money) that may be deemed to exist pursuant to any warranty or contractual service obligations, performance, surety, statutory, appeal, bid, payment (other than the payment of Indebtedness) or completion of performance guarantees or similar obligations incurred in the ordinary course of business;

(n) Indebtedness in respect of workers' compensation claims, payment obligations incurred in connection with health, disability or other types of social security benefits, unemployment or other insurance obligations, reclamation and statutory obligations, in each case in the ordinary course of business;

(o) Contingent Obligations arising in connection with the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(p) Guaranties incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds and similar obligations;

(q) Guaranties of any obligations of any other Borrower or Subsidiary to the extent that such obligations that are guaranteed are permitted to be incurred by this Agreement; and

(r) Other unsecured Indebtedness, in addition to the Indebtedness listed above, in an aggregate outstanding amount not at any time exceeding $1,000,000.00.

6.11 Merger. The Borrowers will not, nor will they permit any of their Subsidiaries to, merge or consolidate with or into any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that (i) a Subsidiary may merge, consolidate, liquidate or dissolve into a Borrower or a Guarantor (with the applicable Borrower or a Guarantor being the survivor thereof, and with the applicable Borrower being the survivor of any merger with any Guarantor or Subsidiary), (ii) a non-Guarantor Subsidiary may merge, consolidate, liquidate or dissolve into another non-Guarantor Subsidiary, and (iii) a Borrower or any Subsidiary may merge or consolidate with or into any Person other than a Borrower or a Subsidiary in order to effect a Permitted Acquisition (with the applicable Borrower or such Subsidiary being the survivor thereof).

6.12 Sale of Assets. No Borrower will, nor will it permit any of its Subsidiaries to, engage in or permit to occur a Disposition (not including any such Disposition by any Borrower or Guarantor to any other Borrower or Guarantor), except:

(a) Sales of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) The sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are applied with reasonable promptness to the purchase price of such replacement equipment; and

(c) Other Dispositions involving Property (other than equity interests in a Subsidiary) with a fair market value not in excess of $5,000,000.00 in any fiscal year.

6.13 Acquisitions. No Borrower will, nor will it permit any of its Subsidiaries to, make any Acquisition other than the Banker Steel Acquisition and Permitted Acquisitions.

6.14 Liens. No Borrower will, nor will it permit any of its Subsidiaries to, create, incur, or suffer to exist any Lien in, of or on the Property of the applicable Borrower or any of its Subsidiaries (including, without limitation, the GrayWolf Specified Properties), except:

(a) Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure

payment of obligations not more than 60 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature, generally existing with respect to Properties of a similar character and which do not in any material way affect the marketability of the same or interfere with the use thereof in the business of the applicable Borrower or its Subsidiaries; and in the case of any Liens on Property which is or will be subject to a deed of trust or mortgage in favor of Administrative Agent, which Liens are approved by Administrative Agent at the time such deed of trust or mortgage is granted to Administrative Agent;

(e) Liens arising solely by virtue of any statutory or common law provision relating to bankers' liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a creditor depository institution; provided that (i) such account is not a dedicated cash collateral account and is not subject to restriction against access by a Borrower or a Subsidiary in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve, and (ii) such account is not intended by the applicable Borrower or any Subsidiary to provide collateral to the depository institution.

(f) Liens existing on the date hereof and described in Schedule 6.14;

(g) Liens on Property acquired in a Permitted Acquisition, provided that such Liens extend only to the Property so acquired and were not created in contemplation of such Permitted Acquisition;

(h) Subject to the limitation set forth in Section 6.10(b), (i) Liens arising in connection with Finance Leases (and attaching only to the property being leased), and (ii) Liens that constitute purchase money security interests on any property securing debt incurred for the purpose of financing all or any part of the cost of acquiring such property, provided that any such Lien attaches to such property within 60 days of the acquisition thereof and attaches solely to the property so acquired;

(i) Attachments, appeal bonds, judgments and other similar Liens, for sums not exceeding $1,000,000.00 in the aggregate arising in connection with court proceedings, provided the execution or enforcement of such Liens is effectively stayed and claims secured thereby are being contested in good faith and by appropriate proceedings;

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

(k) Liens not otherwise permitted by this Section so long as neither (i) the aggregate outstanding principal amount of the obligations secured thereby nor (ii) the aggregate fair market value of the assets subject thereto exceeds $250,000.00 in the aggregate for the foregoing clauses (i) and (ii) at any one time; and

(l) Liens in favor of the Administrative Agent, for the benefit of the Lenders, granted pursuant to any Collateral Document.

6.15 Affiliates. No Borrower will, nor will not permit any of its Subsidiaries to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate (other than transfers in favor of Borrowers and Guarantors) except (a) in the ordinary course of business and pursuant to the reasonable requirements of the applicable Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the applicable Borrower or Guarantor than the applicable Borrower or Guarantor would obtain in a comparable arms-length transaction, and (b) Permitted Foreign Subsidiary Investments. Notwithstanding the foregoing, and without limitation, no Borrower or Subsidiary shall transfer any assets to Schuff Steel Management Company – Colorado L.L.C. or Schuff Steel Management Company – Southeast L.L.C.

6.16 Subordinated Indebtedness. No Borrower will, nor will it permit any of its Subsidiaries to, make any amendment or modification to the indenture, note or other agreement evidencing or governing any Subordinated Indebtedness, or directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, or grant any security for, any Subordinated Indebtedness other than as expressly permitted under the applicable Subordination Agreement, provided that Borrowers may make the Banker Trust 2023 Prepayment on or prior to December 31, 2023 so long as (a) no Default or Event of Default shall exist before or after giving effect to such payment, and (b) Holdings, The Banker Family Irrevocable Trust #3 U/A/D December 22, 2009 and Donald W. Banker have entered into a letter agreement in the form previously provided to Administrative Agent regarding the Banker Trust 2023 Prepayment, Donald W. Banker's employment transition, the aircraft lease agreement between Banker Steel Co., L.L.C. and Banker Aviation, LLC and the building lease between Banker Steel Co., L.L.C. and 2940 Fulks Street, LLC.

6.17 Sale of Accounts. No Borrower will, nor will it permit any of its Subsidiaries to, sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse other than in the ordinary course of business.

6.18 Restricted Payments. No Borrower will, nor will any Borrower permit any of its Subsidiaries to, make any Restricted Payment, except that (i) any Borrower or Subsidiary may declare and pay dividends or make distributions to a Borrower or to a Subsidiary of a Borrower~~, and~~; (ii) Holdings may declare and pay dividends on is capital stock provided that (x) no Default or Event of Default shall exist before or after giving effect to such dividends or be created as a result thereof, (y) the amount of such dividends paid in any fiscal year of Holdings shall not exceed the sum of (a) 60% of Net Income for such fiscal year, and (b) the difference between 60% of Net Income for the prior fiscal year and the amount of Restricted Payments actually made in the prior fiscal year, and (z) at least five Business Days prior to making any Restricted Payment permitted by this clause (ii), Borrowers shall deliver to Administrative Agent pro forma

calculations showing that after giving effect to such Restricted Payment, (a) Borrowers will be in compliance with the foregoing clause (y), (b) Borrowers will be, and will remain, in compliance with Section 6.19, and (c) Pro Forma Liquidity will be at least $25,000,000.00.; and (iii) Holdings may consummate the 2024 Redemption so long as no Default or Event of Default shall exist before or after giving effect to the 2024 Redemption. For avoidance of doubt, the 2024 Redemption shall not be counted as dividends for purposes of the foregoing clause (ii).

6.19 Financial Covenants.

6.19.1 Fixed Charge Coverage Ratio. Holdings shall not permit the Fixed Charge Coverage Ratio as of the last day of any fiscal quarter of Holdings for the period of four fiscal quarters ending on such day to be less than (a) for the fiscal quarter ending on June 30, 2022, 1.20 to 1.00, (b) thereafter, 1.30 to 1.00.

6.19.2 Senior Funded Indebtedness to EBITDA Ratio. Holdings shall not permit the Senior Funded Indebtedness to EBITDA Ratio as of the last day of any fiscal quarter of Holdings to be greater than 2.50 to 1.0.

6.20 Collateral Audits/Inspections. The Borrowers and their Subsidiaries shall permit the Administrative Agent, along with any Lender accompanying Administrative Agent, and each of their respective representatives or agents, to inspect their Property, and to inspect, audit, check and make copies of, and extracts from, their books, records, computer data, computer programs, journals, orders, receipts, correspondence and other data, the results of which must be satisfactory in the discretion of the Administrative Agent. Any Lender and each of its duly authorized representatives or agents may accompany Administrative Agent on any such visits or inspections, at the expense of such Lender. Each Borrower and Subsidiary shall also permit and facilitate, where appropriate, the opportunity of Administrative Agent, any Lender, or any of their respective representatives or agents to discuss such audit/inspection with relevant officers, employees and accountants. All such inspections or audits by the Administrative Agent shall be at the Borrowers' sole expense for expenses based on $1,100 per examiner per day (plus out-of-pocket expenses (including reasonable and documented costs of travel, meals, and lodging)). Notwithstanding the foregoing, so long as no Event of Default has occurred, the Borrowers shall not be required to pay the expenses of more than one such audit or inspection during any calendar year.

6.21 Anti-Money Laundering Compliance. Each Borrower shall, and shall cause each of its Subsidiaries to, provide such information and take such actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with anti-money laundering laws and regulations.

6.22 Deposit Accounts. Each Borrower and its Subsidiaries will move all of their deposit accounts (other than accounts maintained with a Lender) to the Administrative Agent within 180 days after the Effective Date and will thereafter maintain all of such deposit accounts (other than deposit accounts maintained with a Lender) with the Administrative Agent. Within 180 days after the Effective Date, all such deposit accounts (other than (i) deposit accounts used solely for payroll, payroll taxes and other employee wage and benefit programs, and (ii) to the extent Administrative Agent has approved the maintenance of such deposit accounts at another

institution, zero balance accounts) of the Borrowers and their Subsidiaries shall at all times thereafter be subject to a Control Agreement. Notwithstanding the foregoing, (i) in no event shall any deposit account of any Foreign Subsidiary be required to be moved to the Administrative Agent or be subject to a Control Agreement if such actions would create a negative tax consequence for any Borrower, Guarantor or Subsidiary, and (ii) at all times during the term of this Agreement, Holdings and its domestic Subsidiaries may have operating accounts at financial institutions that are other than the Administrative Agent or a Lender and such deposit accounts shall not be required to be subject to a Control Agreement provided that the aggregate amount of deposits in such deposit accounts do not at any time exceed $250,000 in the aggregate.

6.23 Investments. No Borrower will, nor will any Borrower permit any of its Subsidiaries to, make or permit to exist any Investment in any other Person, except the following:

(a) At any time that no Default or Event of Default exists, contributions by any Borrower to the capital of any other Borrower or any Guarantor, or by any Subsidiary to the capital of any Borrower or Guarantor, so long as the recipient of any such capital contribution has guaranteed the Obligations and such guaranty is secured by a pledge of all of its Equity Interests and substantially all of its real and personal property;

(b) Travel advances or loans to officers and employees of any Borrower or any of its Subsidiaries not exceeding at any one time $100,000.00 in the aggregate;

(c) Advances in the form of (i) progress payments, (ii) prepaid rent not exceeding two (2) months, or (iii) security deposits;

(d) Extensions of trade credit in the ordinary course of business;

(e) Promissory notes or other non-cash consideration received in connection with any dispositions permitted by this Agreement;

(f) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in the ordinary course of business;

(g) Investments constituting Permitted Investments;

(h) Deposits of cash made in the ordinary course of business to secure the performance of operating leases;

(i) Investments existing as of the Effective Date and listed on Schedule 6.23; and

(j) Permitted Foreign Subsidiary Investments; and

(k) Other Investments in an aggregate amount not to exceed $250,000.00 during the term of this Agreement.

6.24 Further Assurances.

(a) Each Borrower shall take, and cause each Subsidiary (other than Foreign Subsidiaries) to take, such actions as are necessary (including the execution and delivery of such guaranties, security agreements, mortgages, deeds of trust, assignments, estoppel certificates, financing statements and continuations thereof, termination statements, notices of assignment, certificates, assurances and other instruments as the Administrative Agent or the Required Lenders may reasonably request from time to time) or that the Administrative Agent or the Required Lenders may reasonably request from time to time in order (i) to ensure that (x) all of the Obligations are secured by substantially all of the assets of the Borrowers and Guarantors and guaranteed by all Domestic Subsidiaries (including, promptly upon the acquisition or creation thereof, any Domestic Subsidiary created or acquired after the date hereof) pursuant to guaranties, security agreements and other Collateral Documents in form and substance satisfactory to the Administrative Agent and (y) the Obligations of each Guarantor under such party's Guaranty are secured by substantially all of the assets of such Guarantor, (ii) to perfect and maintain the validity, perfection and priority of the Liens intended to be created by the Collateral Documents and (iii) to better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Administrative Agent and the Lenders the rights granted or now or hereafter intended to be granted to the Administrative Agent and the Lenders under any Loan Document or under any other document executed in connection therewith. Notwithstanding the foregoing, (A) no Foreign Subsidiary shall be required to issue any guaranty or grant any collateral (and no Foreign Subsidiary shall become a Borrower or Guarantor hereunder without the consent of each Lender), (B) no Borrower or Guarantor shall be required to pledge more than 65% of the stock of any Foreign Subsidiary if such action would result in adverse tax consequences to the Borrowers or any other Subsidiaries, (C) unless otherwise requested by Lenders at any time, GrayWolf Integrated Construction Company – Southeast, Inc., a Georgia corporation, shall not be required to grant Liens on the property located at (a) 3550 Francis Circle, Alpharetta, GA 3003; (b) 37 Artley Road, Savannah, GA 31408; and (c) 3033 County Road 49, Loxley, AL 36551 (collectively, the "GrayWolf Specified Properties") and (D) the Administrative Agent shall have the right (but not the obligation unless requested by the Required Lenders) to perfect its security interest in shares or other Equity Interests of any foreign Person pledged to the Administrative Agent in accordance with the laws of the applicable foreign jurisdiction. Notwithstanding any agreement by Administrative Agent not to require compliance with this Section 6.24 in any respect as of the Effective Date or any other date (including but not limited to Administrative Agent not requiring Liens on the GrayWolf Specified Properties as permitted by the foregoing clause (C) as of the First Amendment Date and not requiring compliance with the laws of any applicable foreign jurisdiction as permitted by the foregoing clause (D) as of the Effective Date) shall not be deemed a waiver of Administrative Agent's right thereafter to require full compliance with all or any portion of this Section 6.24.

(b) Without limitation of Section 6.24(a), on or before October 31, 2022, Borrowers shall, at Borrowers' expense, deliver to Administrative Agent such amendments to mortgages, amendments to deeds of trust, title policy endorsements and other documents and deliveries as Administrative Agent or the Title Insurer, as

applicable, may request to confirm to Administrative Agent's satisfaction that all of the Collateral secures all of the Obligations, including but not limited to the First Amendment Increase, and that all of the title insurance policies insuring liens in favor Administrative Agent remain in full force and effect insuring the applicable Collateral Documents, as amended.

(c) Without limitation of Section 6.24(a), on or before July 31, 2024, Borrowers shall, at Borrowers' expense, deliver to Administrative Agent such amendments to mortgages, amendments to deeds of trust, title policy endorsements and other documents and deliveries as Administrative Agent or the Title Insurer, as applicable, may request to confirm to Administrative Agent's satisfaction that all of the Collateral secures all of the Obligations, including but not limited to the 2024 Term Loan, and that all of the title insurance policies insuring liens in favor Administrative Agent remain in full force and effect insuring the applicable Collateral Documents, as amended.

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute an Event of Default (each, an "Event of Default"):

7.1 Any representation or warranty made or deemed made by or on behalf of a Borrower or any of its respective Subsidiaries to the Lenders or the Administrative Agent under or in connection with this Agreement, any other Loan Document, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date made or confirmed.

7.2 Nonpayment of (i) principal of, or interest on, any Loan (ii) any Reimbursement Obligation, any commitment fee or Letter of Credit Fee, or any other obligation under any of the Loan Documents (other than principal of, or interest on, any Loan), and in case of clause (ii), continuation of any nonpayment for five (5) Business Days after the same becomes due.

7.3 The breach by a Borrower of any of the terms or provisions of Article VI.

7.4 (i) Failure of a Borrower or any of its Subsidiaries to pay when due any payment (whether of principal, interest or any other amount) in respect of any Material Indebtedness that is not subject to a good faith dispute, (ii) the default by a Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement, or any other event shall occur or condition exist, the effect of which default, event or condition, provided such default, event or condition is not subject to a good faith dispute, under this clause (ii) is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, any portion of such Material Indebtedness to become due

prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date, (iii) any portion of Material Indebtedness of a Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof and such requirement is not subject to a good faith dispute, or (iv) a Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.5 A Borrower or any of its Subsidiaries shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any portion of its Property, (iv) institute any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate, limited liability company or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.5, (vi) fail to contest in good faith any appointment or proceeding described in Section 7.6, or (vii) a Borrower or any of its Subsidiaries shall not pay, or admit in writing its inability to pay, its debts generally as they become due.

7.6 Without the application, approval or consent of a Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for such Borrower or any of its Subsidiaries or any portion of its Property, or a proceeding described in Section 7.5(iv) shall be instituted against a Borrower or any of its Subsidiaries and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days.

7.7 Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of a Borrower and its Subsidiaries.

7.8 A Borrower or any of its Subsidiaries shall fail within sixty (60) days to pay, obtain a stay with respect to, or otherwise discharge one or more (i) non-appealable judgments or orders for the payment of money in excess of $1,000,000.00 (or the equivalent thereof in currencies other than Dollars) in the aggregate to the extent not covered by insurance, or (ii) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of a Borrower or any of its Subsidiaries to enforce any such judgment.

7.9 (i) With respect to a Plan, a Borrower or an ERISA Affiliate is subject to a lien pursuant to Section 430(k) of the Code or Section 302(c) of ERISA or Title IV of ERISA, or (ii) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken

together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect.

7.10 Any Change in Control shall occur.

7.11 The occurrence of any "default" or an "event of default", each as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default, event of default, or breach continues beyond any period of grace therein provided.

7.12 Any Loan Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall challenge the terms or provisions of any Guaranty to which it is a party, any Guarantor repudiates or purports to revoke its Guaranty or any Guarantor shall otherwise deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect.

7.13 Any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any Collateral purported to be covered thereby, except as permitted by the terms of any Collateral Document or the terms hereof, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or any Borrower or Guarantor shall fail to comply with any of the terms or provisions of any Collateral Document to which it is a party.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1 Acceleration; Remedies.

(a) If any Event of Default described in Section 7.5 or 7.6 occurs with respect to any Borrower, the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations under this Agreement and the other Loan Documents shall immediately become due and payable without any election or action on the part of the Administrative Agent. If any other Event of Default occurs, the Administrative Agent may, and at the request of the Required Lenders shall, terminate the obligations of the Lenders to make Loans hereunder and the obligation and power of the Letter of Credit Issuer to issue Facility Letters of Credit, or declare the Obligations under this Agreement and the other Loan Documents to be due and payable, or both, whereupon the Obligations under this Agreement and the other Loan Documents shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which each Borrower hereby expressly waives, and (b) upon notice to the Borrowers and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrowers to pay, and the Borrowers will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the difference between 105% of the aggregate face amount of the

Facility Letters of Credit and the balance of cash in the Facility Letter of Credit Collateral Account ("Collateral Shortfall Amount"), which funds shall be deposited in the Facility Letter of Credit Collateral Account.

(b) If at any time while any Event of Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrowers to pay, and the Borrowers will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility Letter of Credit Collateral Account.

(c) The Administrative Agent may at any time or from time to time after funds are deposited in the Facility Letter of Credit Collateral Account, apply such funds to the payment of the Obligations under this Agreement and the other Loan Documents and any other amounts as shall from time to time have become due and payable by the Borrowers to the Lenders or the Letter of Credit Issuer under the Loan Documents, as provided in Section 8.2.

(d) At any time while any Event of Default is continuing, neither the Borrowers nor any Person claiming on behalf of or through the Borrowers shall have any right to withdraw any of the funds held in the Facility Letter of Credit Collateral Account. After all of the Obligations under this Agreement and the other Loan Documents have been indefeasibly paid in full and the Revolving Commitment has been terminated, any funds remaining in the Facility Letter of Credit Collateral Account shall be returned by the Administrative Agent to the applicable Borrowers or paid to whomever may be legally entitled thereto at such time.

(e) If, within thirty (30) days after acceleration of the maturity of the Obligations under this Agreement and the other Loan Documents or termination of the obligations of the Lenders to make Loans and the obligation and power of the Letter of Credit Issuer to issue Facility Letters of Credit hereunder as a result of any Event of Default (other than any Event of Default as described in Section 7.5 or 7.6 with respect to any Borrower or Guarantor) and before any judgment or decree for the payment of the Obligations due under this Agreement and the other Loan Documents shall have been obtained or entered, the Required Lenders (in their sole discretion) so direct, the Administrative Agent shall, by notice to the Borrowers, rescind and annul such acceleration and/or termination.

(f) Upon the occurrence and during the continuation of any Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise all rights and remedies under the Loan Documents and enforce all other rights and remedies under applicable law.

8.2 Application of Funds. After the exercise of remedies provided for in Section 8.1 (or after the Obligations under this Agreement and the other Loan Documents have automatically become immediately due and payable as set forth in the first sentence of Section 8.1(a)), any

amounts received by the Administrative Agent on account of the Obligations shall be applied by the Administrative Agent in the following order:

(a) first, to payment of fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

(b) second, to payment of fees, indemnities and other reimbursable expenses (other than principal, interest, Letter of Credit Fees and commitment fees) payable to the Lenders and the Letter of Credit Issuer (including fees, charges and disbursements of counsel to the respective Lenders and the Letter of Credit Issuer as required by Section 9.6 and amounts payable under Article III), ratably among the Lenders and the Letter of Credit Issuer in respect of the respective amounts payable to them;

(c) third, to payment of accrued and unpaid Letter of Credit Fees, commitment fees and interest on the Loans and Reimbursement Obligations, ratably among the Lenders and the Letter of Credit Issuer in respect of the respective amounts payable to them;

(d) fourth, to payment of all Obligations ratably among the Lenders, the Letter of Credit Issuer and any Affiliate of any of the foregoing, including with respect to Cash Management Services;

(e) fifth, to the Administrative Agent for deposit to the Facility Letter of Credit Collateral Account in an amount equal to the Collateral Shortfall Amount, if any; and

(f) last, the balance, if any, to the Borrowers or as otherwise required by law.

8.3 Amendments. The Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to this Agreement or any other Loan Document or changing in any manner the rights of the Lenders or the Borrowers hereunder or thereunder or waiving any Default or Event of Default hereunder; *provided*, *however*, that no such supplemental agreement shall:

(a) without the consent of each Lender directly affected thereby, extend the final maturity of any Loan, or extend the expiry date of any Facility Letter of Credit to a date after the Revolving Loan Maturity Date (except to the extent expressly permitted hereby for Facility Letters of Credit that have been cash collateralized) or postpone any regularly scheduled payment of principal of any Loan (excluding mandatory repayments, which shall require the consent of all Lenders) or forgive all or any portion of the principal amount thereof or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto or increase the amount of any Commitment of such Lender hereunder (provided that only the consent of the Required Lenders shall be necessary (x) to amend Section 2.5.2 or to waive the obligation of Borrowers to pay default interest as

set forth in Section 2.5.2 or (y) to amend any financial covenant (or any defined term directly or indirectly used therein), even if the effect of such amendment would be to reduce the rate of interest applicable to any (1) Loan or (2) other Obligation solely by virtue of abstaining from the application of the Default Rate thereon, or to reduce any fee payable hereunder);

(b) without the consent of all of the Lenders, amend the definition of "Required Lenders" or "Pro Rata Share," or amend any of the provisions hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder;

(c) without the consent of all of the Lenders, amend Section 8.2, this Section 8.3 or Section 11.2; provided, that the foregoing limitation in respect of Section 11.2 shall not prohibit each Lender directly affected thereby from consenting to the extension of the final maturity date of its Loans or expiry date of its Facility Letters of Credit beyond the Revolving Loan Maturity Date as contemplated by Section 8.3(a) above;

(d) without the consent of all of the Lenders, except as otherwise provided in Section 10.15, release all or substantially all of the Collateral;

(e) without the consent of all of the Lenders, contractually subordinate any Liens granted by any Borrower or any Guarantor to Administrative Agent pursuant to the Loan Documents and securing the Obligations;

(f) without the consent of all of the Lenders, amend Section 4.1 or Section 4.2 hereof;

(g) without the consent of all of the Lenders, other than in connection with a merger, liquidation, dissolution or sale of such Person expressly permitted by the terms hereof or the other Loan Documents, release any of the Borrowers or Guarantors from any obligation for the payment of money or consent to the assignment or transfer by any such Person of any of its rights or duties under this Agreement or the other Loan Documents;

(h) without the consent of all of the Lenders, amend Section 10.15; or

(i) No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision relating to the Letter of Credit Issuer shall be effective without the written consent of the Letter of Credit Issuer. Notwithstanding anything to the contrary herein, the Administrative Agent may, with the consent of the Borrowers only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency of a technical or immaterial nature, as determined in good faith by the Administrative Agent.

8.4 Preservation of Rights. No delay or omission of the Lenders, the Letter of Credit Issuer or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Event of Default or an acquiescence therein, and

the making of a Credit Extension notwithstanding the existence of an Event of Default or the inability of the Borrowers to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.3, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the Letter of Credit Issuer and the Lenders until the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1 Survival of Representations. All representations and warranties of the Borrowers contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, neither the Letter of Credit Issuer nor any Lender shall be obligated to extend credit to the Borrowers in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrowers, the Administrative Agent, the Letter of Credit Issuer and the Lenders and supersede all prior agreements and understandings among the Borrowers, the Administrative Agent, the Letter of Credit Issuer and the Lenders relating to the subject matter thereof.

9.5 Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, *provided*, *however*, that for avoidance of doubt the Administrative Agent shall enjoy the benefits of the provisions of Sections 9.6, 9.10, 10.11 and the other provisions of this Agreement to the extent specifically set forth therein.

9.6 Expenses; Indemnification.

(a) The Borrowers shall reimburse the Administrative Agent upon demand for all reasonable out-of-pocket expenses paid or incurred by the Administrative Agent,

including, without limitation, filing and recording costs and fees, costs of any environmental review, and consultants' fees, travel expenses and reasonable fees, charges and disbursements of outside counsel to the Administrative Agent incurred from time to time, in connection with the due diligence, preparation, administration, negotiation, execution, delivery, syndication, distribution (including, without limitation, via DebtX and any other internet service selected by the Administrative Agent), review, amendment, modification, and administration of the Loan Documents, and expenses incurred in connection with assessing and responding to any subpoena, garnishment or similar process served on the Administrative Agent relating to the Borrowers, any Collateral, any Guarantor, any Loan Document or the extensions of credit evidenced thereby. The Borrowers also agree to reimburse the Administrative Agent, the Letter of Credit Issuer and the Lenders for any costs, internal charges and out-of-pocket expenses, including, without limitation, filing and recording costs and fees, costs of any environmental review, and consultants' fees, travel expenses and reasonable fees, charges and disbursements of outside counsel to the Administrative Agent, the Letter of Credit Issuer and the Lenders incurred from time to time, paid or incurred by the Administrative Agent, the Letter of Credit Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the Borrowers under this Section 9.6(a) include, without limitation, costs and expenses incurred in connection with the Reports described in the following sentence. The Borrowers acknowledge that from time to time Administrative Agent may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "Reports") pertaining to the Borrowers' assets for internal use by Administrative Agent from information furnished to it by or on behalf of the Borrowers, after Administrative Agent has exercised its rights of inspection pursuant to this Agreement.

(b) The Borrowers hereby further agree to indemnify, defend and hold harmless the Administrative Agent, the Letter of Credit Issuer, each Lender, their respective affiliates, and each of their directors, officers and employees, agents and advisors (each, an "Indemnitee") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, reasonable attorneys' fees, charges and disbursements and settlement costs (including, without limitation, all expenses of litigation or preparation therefor) whether or not the Administrative Agent, any Lender or any affiliate is a party thereto) which any such Indemnitee may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby, any actual or alleged presence or release of Hazardous Materials on or from any Property owned or operated by the Borrowers or any of their Subsidiaries, any environmental liability related in any way to the Borrowers or any of their Subsidiaries, or any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrowers or any of their Subsidiaries, or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder except to the extent that there has been a final determination, whether by mutual agreement or judicial finding, that any such losses, claims, damages, penalties, judgments, liabilities and expenses resulted from the gross negligence or

willful misconduct of the applicable Indemnitee. The obligations of the Borrowers under this Section 9.6 shall survive the termination of this Agreement.

9.7 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

9.8 Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP in a manner consistent with that used in preparing the financial statements referenced in Section 5.4; provided that if the Borrowers notify the Administrative Agent that the Borrowers wish to amend any covenant in this Agreement (or any related definition) to eliminate or to take into account the effect of any change in GAAP or the application thereof on the operation of such covenant (or if the Administrative Agent notifies the Borrowers that the Required Lenders wish to amend any such covenant (or any related definition) for such purpose), then the Borrowers' compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP or the application thereof became effective, until either such notice is withdrawn or such covenant (or related definition) is amended in a manner satisfactory to the Borrowers and the Required Lenders..

9.9 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders. The relationship between the Borrowers on the one hand and the Lenders, the Letter of Credit Issuer and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent, the Letter of Credit Issuer nor any Lender shall have any fiduciary responsibilities to the Borrowers. Neither the Administrative Agent, the Letter of Credit Issuer nor any Lender undertakes any responsibility to the Borrowers to review or inform the Borrowers of any matter in connection with any phase of the Borrowers' business or operations. The Borrowers agree that neither the Administrative Agent, the Letter of Credit Issuer nor any Lender shall have liability to the Borrowers (whether sounding in tort, contract or otherwise) for losses suffered by the Borrowers in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, the Letter of Credit Issuer nor any Lender shall have any liability with respect to, and the Borrowers hereby waive, release and agree not to sue for, any lost profits or special, indirect, consequential or punitive damages suffered by the Borrowers in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby; provided that nothing contained in this sentence shall limit or otherwise relieve the Borrowers' indemnity obligations.

9.11 Confidentiality. The Administrative Agent and each Lender agrees to hold any confidential information which it may receive from the Borrowers in connection with this Agreement in confidence, except for disclosure (i) to its Affiliates and to the Administrative Agent and any other Lender and their respective Affiliates, and, in each case, their respective employees, directors, and officers, (ii) to legal counsel, accountants, and other professional advisors to the Administrative Agent or such Lender provided such parties have been notified of the confidential nature of such information, (iii) as provided in Section 12.3(e), (iv) to regulatory officials, (v) to any Person as requested pursuant to or as required by law, regulation, or legal process, (vi) to any Person in connection with any legal proceeding to which it is a party, (vii) to its direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties provided such parties have been notified of the confidential nature of such information, (viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder, (ix) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, and (x) to the extent such information (1) becomes publicly available other than as a result of a breach of this Section 9.11 or (2) becomes available to the Administrative Agent, the Letter of Credit Issuer or any other Lender of a non-confidential basis from a source other than the Borrowers.

9.12 Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) for the repayment of the Credit Extensions provided for herein.

9.13 Disclosure. The Borrowers and each Lender hereby acknowledge and agree that UMB Bank, N.A. and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrowers and their Affiliates.

9.14 USA PATRIOT ACT NOTIFICATION. The following notification is provided to each Borrower pursuant to Section 326 of the PATRIOT Act:

Each Lender that is subject to the requirements of the PATRIOT Act hereby notifies the Borrowers that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the PATRIOT Act.

9.15 Borrower Agent Designation; Nature of Relationship.

(a) Each Borrower herby irrevocably designates DBM Global Inc., as "Borrower Agent" to be its attorney and agent and in such capacity , whether verbally, in writing or through electronic methods to (i) borrow, (ii) request Advances, (iii) request the issuance of Facility Letters of Credit, (iv) sign and endorse notes, (v) execute and deliver all instruments, documents, application, security agreements, reimburse agreements and letter of credit agreements for Facility Letters of Credit and all other certificates, notice, writings and further assurances now or hereafter required hereunder, (vi) make elections regarding interest rate, (vii) give instructions regarding Facility

Letters of Credit and agree with Letter of Credit Issuer upon any amendment, extension or renewal of any Facility Letter of Credit and (viii) otherwise take action under and in connection with this Agreement and the Loan Documents, all on behalf of and in the name such Borrower or Borrowers, and hereby authorizes Administrative Agent to pay over or credit all loan proceeds hereunder in accordance with the request of Borrower Agent.

(b) The handling of this credit facility as a co-borrowing facility with a borrower agent in the manner set forth in this Agreement is solely as an accommodation to Borrowers and at their request. Neither Administrative Agent nor any Lender shall incur liability to Borrowers as a result thereof. To induce Administrative Agent and Lenders to do so and in consideration thereof, each Borrower hereby indemnifies Administrative Agent and each Lender and holds Administrative Agent and each Lender harmless from and against any and all liabilities, expenses, losses, damages, and claims of damage or injury asserted against Administrative Agent or any Lender by any Person arising from or incurred by reason of the handling of the financing arrangements of Borrowers as provided herein, reliance by Administrative Agent or any Lender on any request or instruction from Borrower Agent or any other action taken by Administrative Agent or any Lender with respect to this Section 9.15 except due to willful misconduct or gross (not mere) negligence by the indemnified party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

(c) All Obligations shall be joint and several, and each Borrower shall make payment upon the maturity of the Obligations by acceleration or otherwise, and such obligation and liability on the part of each Borrower shall in no way be affected by any extension, renewals and forbearance granted by Administrative Agent or any Lender to any Borrower, failure of Administrative Agent or any Lender to give any Borrower notice of borrowing or any other notice, any failure of Administrative Agent or any Lender to pursue or preserve its rights against any Borrower, the release by Administrative Agent or any Lender of any Collateral now or thereafter acquired from any Borrower, and such agreement by each Borrower to pay upon any noticed issued pursuant thereto is unconditional and unaffected by prior recourse by the lack thereof. Each Borrower waives all suretyship defenses.

9.16 Waiver of Subrogation. Each Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Borrower may now or hereafter have against any other Borrower liable for the Obligations hereunder, or against or with respect to any other Borrowers' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this agreement and repayment in full of the Obligations (other than contingent indemnification obligations in respect of which no assertion of liability has been made).

9.17 Common Enterprise. The successful operation and condition of each of the Borrowers is dependent on the continued successful performance of the functions of the group of Borrowers as a whole and the successful operation of each Borrower is dependent on the successful performance and operation of each other Borrower. Each of the Borrowers expects to

derive benefit (and its board of directors or other governing body has determined that it may reasonably be expected to derive benefit), directly and indirectly, from successful operations of each of the other Borrowers. Each Borrower expects to derive benefit (and the boards of directors or other governing body has determined that it may reasonably be expected to derive benefit), directly and indirectly, from the credit extended by the Lenders to the Borrowers hereunder, both in their separate capacities and as members of the group of companies. Each Borrower has determined that execution, delivery, and performance of this Agreement and any Loan Documents to be executed by such Borrower is within its corporate purpose, will be of direct and indirect benefit to such Borrower, and is in its best interest.

9.18 Concerning Joint and Several Liability of Borrowers.

(a) Each of the Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodations to be provided by the Lenders under this Agreement and the other Loan Documents, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each of the Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each Borrower shall be jointly and severally liable for all amounts due to the Lenders under this Agreement and the other Loan Documents, regardless of which Borrower actually receives Loans or Credit Extensions hereunder or the amount of such Loans or other Credit Extensions received or the manner in which the Lenders account for such Loans or other Credit Extensions on its books and records. Each Borrower's Obligations with respect to Loans or other Credit Extensions made to it, and each Borrower's Obligations arising as a result of the joint and several liability of such Borrower hereunder, with respect to Loans or other Credit Extensions made to the other Borrower hereunder, shall be separate and distinct obligations, but all such Obligations shall be primary obligations of each Borrower.

(c) If and to the extent that any of the Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Borrowers will make such payment with respect to, or perform, such Obligation.

(d) Each Borrower's Obligations arising as a result of the joint and several liability of such Borrower hereunder with respect to Loans or other Credit Extensions made to the other Borrowers hereunder shall, to the fullest extent permitted by law, be unconditional irrespective of (i) the validity or enforceability, avoidance or subordination of the Obligations of any other Borrower or of any promissory note or other document evidencing all or any part of the Obligations of any other Borrower, (ii) the absence of any attempt to collect the Obligations from any other Borrower, any other guarantor, or any other security therefor, or the absence of any other action to enforce the same, (iii) the waiver, consent, extension, forbearance or granting of any indulgence by the Administrative Agent or the Lenders with respect to any provision of any instrument evidencing the Obligations of any other Borrower, or any part thereof, or any other agreement now or hereafter executed by any other Borrower and delivered to the Administrative Agent or the Lenders, (iv) the failure by the Administrative Agent or the

Lenders to take any steps to perfect and maintain their security interest in, or to preserve its rights to, any security or collateral for the Obligations of any other Borrower, (v) the Administrative Agent's or any Lender's election, in any proceeding instituted under the Bankruptcy Code of the United States, of the application of Section 1111(b)(2) of the Bankruptcy Code of the United States, (vi) any borrowing or grant of a security interest by any other Borrower, as Debtor In Possession under Section 364 of the Bankruptcy Code of the United States, (vii) the disallowance of all or any portion of the Administrative Agent's or any Lender's claim(s) for the repayment of the Obligations of any other Borrower under Section 502 of the Bankruptcy Code of the United States, or (viii) any other circumstances which might constitute a legal or equitable discharge or defense of a guarantor or of any other Borrower. With respect to each Borrower's Obligations arising as a result of the joint and several liability of such Borrower hereunder with respect to Loans or other Credit Extensions made to any other Borrower hereunder, such Borrower waives, until the Obligations shall have been paid in full and this Agreement and the other Loan Documents shall have been terminated, any right to enforce any right of subrogation or any remedy which the Administrative Agent or any Lender now has or may hereafter have against such other Borrower, any endorser or any guarantor of all or any part of the Obligations, and any benefit of, and any right to participate in, any security or collateral given to the Administrative Agent or any Lender to secure payment of the Obligations or any other liability of the Borrowers to the Administrative Agent or the Lenders.

(e) Upon the occurrence and during the continuation of any Event of Default, the Lenders may proceed directly and at once, without notice, against any Borrower to collect and recover the full amount, or any portion of the Obligations, without first proceeding against the other Borrower or any other Person, or against any security or collateral for the Obligations. Each Borrower consents and agrees that the Lenders shall be under no obligation to marshal any assets in favor of any Borrower or against or in payment of any or all of the Obligations.

(f) Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents, the obligations of each Borrower hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code of the United States or any comparable provisions of any applicable Debtor Relief Laws.

9.19 Conflicts. Notwithstanding anything in this Agreement to the contrary, in the event of any conflict with any other Loan Document or Collateral Document, the terms and provisions of this Agreement shall control.

9.20 Closing Date Joinder. The Borrowers hereby represent, warrant and agree that the Banker Steel Acquisition will be consummated immediately upon the Lenders making the initial advance of the Loans and that there are no conditions to the Banker Steel Acquisition being effective other than the initial advance of the Loans. Immediately upon the consummation of the Banker Steel Acquisition, without further act or deed, each Banker Steel Borrower shall automatically be joined in this Agreement and the other Loan Documents as a Borrower and shall comply with and be bound by all of the terms, conditions, covenants and other provisions of

this Agreement and the other Loan Documents. Without limiting the generality of the preceding sentence, the Banker Steel Borrowers are jointly and severally liable for the payment and performance of all Obligations and shall be bound by the provisions governing its joint and several obligations set forth in Section 9.18 and other applicable provisions of the Loan Documents. Each Banker Steel Borrower hereby (a) ratifies and affirms all of its obligations under this Agreement and the other Loan Documents; (b) affirms that this Agreement and each of the other Loan Documents is in full force and effect; and (c) ratifies and confirms all of its payment, performance and observance obligations and liabilities under this Agreement and the other Loan Documents, whether contingent or otherwise, as a borrower, debtor, grantor, mortgagor, pledgor, guarantor or assignor, or in any other similar capacities in which such Person grants Liens or security interests in its assets and other property, as the case may be, from and after the consummation of the Banker Steel Acquisition. Each Borrower, on behalf of itself and the other Borrowers, acknowledges, represents and warrants that (a) upon Lenders making the initial advance of the Loans, there will exist no Default or Event of Default under this Agreement or any other Loan Documents, (b) it has duly and properly performed, complied with and observed each of its covenants, agreements and obligations contained in this Agreement and the other Loan Documents to which it is a party, and (c) each of the representations and warranties contained in Article V of this Agreement or in any other Loan Document delivered on or before the date hereof is true and correct in all respects on the date hereof (or, to the extent stated to relate to a specific earlier date, on and as of such earlier date). Notwithstanding anything to the contrary contained herein or in any other Loan Document, the signature pages executed and delivered by the Banker Steel Borrowers to this Agreement and the other Loan Documents shall be deemed executed and delivered immediately upon the making of the initial advance of the Loans and shall be given full force and effect at such time without any further act or deed required by any Person hereunder or thereunder.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1 Appointment; Nature of Relationship. UMB Bank, N.A. is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the "Administrative Agent") hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not hereby assume any fiduciary duties to any of the Lenders, and (ii) is a "representative" of the Lenders within the meaning of the term "secured party" as defined in the Arizona Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this

Agreement and the other Loan Documents. Each of the Lenders hereby agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender hereby waives.

10.2 Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

10.3 General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrowers, the Lenders or any Lender for any action taken or omitted to be taken by it or them in the role of, or on behalf of, the Administrative Agent hereunder or under any other Loan Document or in connection herewith or therewith except to the extent there has been a final determination, whether by mutual agreement or judicial finding, that such action or inaction was due to the gross negligence or willful misconduct of such Person.

10.4 No Responsibility for Loans, Recitals, etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Event of Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value, sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrowers or any Guarantor of any of the Obligations or of any of the Borrowers' or any such Guarantor's respective Subsidiaries.

10.5 Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (which may include electronic mail), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action. The Administrative Agent may, at any time, request instructions from the Required Lenders with respect to any actions or approvals which, by the terms of this Agreement or any of the Loan Documents, the Administrative Agent is permitted or required to take or to

grant without consent or approval from the Required Lenders, and if such instructions are promptly requested, the Administrative Agent will be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents and will not have any liability for refraining from taking any action or withholding any approval under any of the Loan Documents until it has received such instructions from the Required Lenders.

10.6 Employment of Agents and Counsel. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact. The Administrative Agent will not be responsible for the negligence or misconduct of any agents or attorneys-in-fact except to the extent that there has been a final determination, whether by mutual agreement or judicial finding, that the Administrative Agent acted with gross negligence or willful misconduct in the selection of agents or attorneys-in-fact.

10.7 Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent. For purposes of determining compliance with the conditions specified in Sections 4.1 and 4.2, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the applicable date specifying its objection thereto.

10.8 Administrative Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Pro Rata Shares (i) for any amounts not reimbursed by the Borrowers for which the Administrative Agent is entitled to reimbursement by the Borrowers under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.3(d) shall, notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions

thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9 Notice of Event of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrowers referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders; *provided* that, except as expressly set forth in the Loan Documents, the Administrative Agent shall not 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 Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity.

10.10 Rights as a Lender. In the event the Administrative Agent is a Lender, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document with respect to its Revolving Commitment and its Loans as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrowers or any of their Subsidiaries in which the Borrowers or Subsidiaries is not restricted hereby from engaging with any other Person.

10.11 Lender Credit Decision, Legal Representation.

(a) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on the financial statements prepared by the Borrowers and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents. Except for any notice, report, document or other information expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility (either initially or on a continuing basis) to provide any Lender with any notice, report, document, credit information or other information concerning the affairs, financial condition or business of the Borrowers or any of their Affiliates that may come into the possession of the Administrative Agent (whether or not in their capacity as Administrative Agent) or any of their Affiliates; provided, that Administrative Agent shall promptly provide to each Lender such information as may be specifically requested by such Lender.

(b) Each Lender further acknowledges that it has had the opportunity to be represented by legal counsel in connection with its execution of this Agreement and the other Loan Documents, that it has made its own evaluation of all applicable laws and regulations relating to the transactions contemplated hereby, and that the counsel to the Administrative Agent represents only the Administrative Agent and not the Lenders in connection with this Agreement and the transactions contemplated hereby.

10.12 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and Holdings, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, thirty (30) days after the resigning Administrative Agent gives notice of its intention to resign. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. So long as no Event of Default has occurred, Holdings shall have the right to approve any such successor Administrative Agent and such approval shall not be unreasonably withheld. If no successor Administrative Agent shall have been so appointed by the Required Lenders within fifteen (15) days after the resigning Administrative Agent's giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. Notwithstanding the previous sentence, the Administrative Agent may at any time without the consent of the Borrowers or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrowers shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Administrative Agent. Upon the effectiveness of the resignation of the Administrative Agent, the resigning Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Administrative Agent, the provisions of this Article X shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term "Prime Rate" as used in this Agreement shall mean the prime rate or other analogous rate of the new Administrative Agent.

10.13 Delegation to Affiliates. The Borrowers and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

10.14 Execution of Collateral Documents. The Lenders hereby empower and authorize the Administrative Agent to execute and deliver to the Borrowers on their behalf the Collateral Documents and all related financing statements and any financing statements, agreements, documents or instruments as shall be necessary or appropriate to effect the purposes of the Collateral Documents.

10.15 Collateral and Guarantor Releases. The Lenders hereby empower and authorize the Administrative Agent to execute and deliver to the Borrowers on their behalf any agreements, documents or instruments as shall be necessary or appropriate to effect any releases of Collateral which shall be permitted by the terms hereof or of any other Loan Document (including, without limitation, in connection with any asset sale permitted hereunder or in connection with any release of a Guarantor made in accordance with the Loan Documents) or which shall otherwise have been approved by the Required Lenders (or, if required by the terms of Section 8.3, all of the Lenders) in writing. In addition, the Lenders authorize the Administrative Agent to release any Guarantor from its obligations under the Loan Documents if such Person is no longer required to be a Guarantor hereunder or if such Person is sold, transferred or assigned in accordance with and to the extent permitted by the terms of this Agreement. Upon the request of the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of Collateral, or to release any Guarantor from its obligations under the Loan Documents pursuant to the foregoing. In each case as specified herein, the Administrative Agent may (and each Lender hereby authorizes the Administrative Agent to), at the Borrowers' expense, execute and deliver to the applicable Borrower such documents as such Borrower may reasonably request to evidence the release of such item of Collateral from the security interest granted under the Loan Documents or to subordinate its interest therein, or to release a Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents.

10.16 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 acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Lenders are arm's-length commercial transactions between the applicable Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, (B) each Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Borrower 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) each of the Administrative Agent and the Lenders is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the applicable Borrower or any of its Affiliates, or any other Person and (B) neither the Administrative Agent nor any Lender has any obligation to each Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and neither the Administrative Agent nor any Lender has any obligation to

disclose any of such interests to the Borrowers or its Affiliates. To the fullest extent permitted by law, the Borrowers hereby waive and release any claims that they may have against the Administrative Agent and each of the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby. Nothing contained in this Section 10.16 shall serve to release, eliminate, or otherwise reduce any duty or obligation of any party to perform its obligations under this Agreement.

10.17 Acknowledgements Regarding Erroneous Payments.

(a) Each Lender and Letter of Credit Issuer hereby agrees that (i) if the Administrative Agent notifies such Lender or such Letter of Credit Issuer that the Administrative Agent has determined in its sole discretion that any funds received by such Lender or such Letter of Credit Issuer from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender or such Letter of Credit Issuer (whether or not known to such Lender or such Letter of Credit Issuer), and demands the return of such Payment (or a portion thereof), such Lender or such Letter of Credit Issuer shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender or such Letter of Credit Issuer to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (ii) to the extent permitted by applicable law, such Lender or such Letter of Credit Issuer shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender or such Letter of Credit Issuer under this Section 10.17 shall be conclusive, absent manifest error.

(b) Each Lender and Letter of Credit Issuer hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (i) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (ii) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender and Letter of Credit Issuer agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender or Letter of Credit Issuer shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender or Letter of Credit Issuer to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative

Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(c) Borrowers and Guarantors hereby agree that (i) in the event an erroneous Payment (or portion thereof) is not recovered from any Lender or such Letter of Credit Issuer that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender or such Letter of Credit Issuer with respect to such amount and (ii) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by any Borrower or Guarantor.

(d) Each party's obligations under this Section 10.17 shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender or a Letter of Credit Issuer, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Document.

10.18 Other Agents; Arrangers and Managers. None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent," "co-agent," "book manager," "bookrunner," "lead manager," "arranger," "lead arranger" or "co-arranger," if any, shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified 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 identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1 Setoff. Each Borrower hereby grants each Lender a security interest in all deposits, credits and deposit accounts (including all account balances, whether provisional or final and whether or not collected or available) of the applicable Borrower with such Lender or any Affiliate of such Lender (the "Deposits") to secure the Obligations. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the applicable Borrower becomes insolvent, however evidenced, or any Event of Default occurs, such Borrower authorizes each Lender, with the prior written consent of the Administrative Agent, to offset and apply all such Deposits toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due and regardless of the existence or adequacy of any collateral, guaranty or any other security, right or remedy available to such Lender or the Lenders; *provided*, that in the event that any Defaulting Lender shall exercise 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 2.17 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Letter of Credit Issuer, 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.

11.2 Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Term Loan, its 2024 Term Loan or its Revolving Exposure (other than payments received pursuant to Section 3.1, 3.2, or 3.3) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Term Loan, 2024 Term Loan or Revolving Exposure, as applicable, held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share of the Term Loan, 2024 Term Loan and Revolving Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral or other protection ratably in proportion to their respective Pro Rata Shares of the Term Loan, 2024 Term Loan and Revolving Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrowers and the Lenders and their respective successors and assigns permitted hereby, except that (i) none of the Borrowers shall have the right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 12.3, and (iii) any transfer by participation must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with the terms of this Agreement. The parties to this Agreement acknowledge that clause (ii) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee; *provided*, *however*, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; *provided, however*, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such

authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.2 Participations.

(a) Permitted Participants; Effect. Any Lender may at any time sell to one or more entities ("Participants") participating interests in any Term Loan, 2024 Term Loan or Revolving Exposure owing to such Lender, any Note held by such Lender, any Revolving Commitment of such Lender or any other interest of such Lender under the Loan Documents. So long as no Event of Default has occurred, Holdings shall have the right to approve any such successor Participants and such approval shall not be unreasonably withheld. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Term Loan, 2024 Term Loan and Revolving Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrowers under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

(b) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents *provided* that each such Lender may agree in its participation agreement with its Participant that such Lender will not vote to approve any amendment, modification or waiver with respect to any Term Loan, 2024 Term Loan, Revolving Exposure or Revolving Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.3 or of any other Loan Document.

(c) Benefit of Certain Provisions. The Borrowers agree that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, *provided* that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrowers further agree that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.3, 9.6 and 9.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3, *provided* that (i) a Participant shall not be entitled to receive any greater payment under Section 3.1 or 3.2 than the Lender who sold the participating interest to such Participant would have received had it retained such interest

for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrowers, and (ii) a Participant shall not be entitled to receive any greater payment under Section 3.3 than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account (A) except to the extent such entitlement to receive a greater payment results from a change in treaty, law or regulation (or any change in the interpretation or administration thereof by any Governmental Authority) that occurs after the Participant acquired the applicable participation and (B), in the case of any Participant that would be a Non-U.S. Lender if it were a Lender, such Participant agrees to comply with the provisions of Section 3.3 to the same extent as if it were a Lender (it being understood that the documentation required under Section 3.3(f) shall be delivered to the participating Lender). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in any Term Loan, any 2024 Term Loan, any Revolving Exposure, any Note, any Revolving Commitment or any 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 Term Loan, any 2024 Term Loan, any Revolving Exposure, any Note, any Revolving Commitment or any other obligations under the Loan Documents) to any Person except to the extent that such disclosure is necessary to establish that such Term Loan, 2024 Term Loan, Revolving Exposure, any Note, any Revolving Commitment or any other obligations under the Loan Documents 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.

12.3 Assignments.

(a) Permitted Assignments. Any Lender may at any time assign to one or more Eligible Assignees ("Purchasers") all or any part of its rights and obligations under the Loan Documents subject to Holdings' consent rights provided in Section 12.3(b), which shall not be unreasonably withheld. Such assignment shall be substantially in the form of Exhibit C or in such other form reasonably acceptable to the Administrative Agent as may be agreed to by the parties thereto. Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender shall either be in an amount equal to the entire applicable Term Loan, 2024 Term Loan, Revolving Commitment and Revolving Exposure of the assigning Lender or (unless each of the Borrowers and the Administrative Agent otherwise consents) be in an aggregate amount not less than $5,000,000 (except such minimum amount shall not apply to (i) an assignment or delegation by any Lender to any other Lender, an Affiliate of any Lender, or a Related Fund of such Lender or (ii) a group of new Lenders, each of which is an Affiliate of each other or a Related Fund of such new Lender to the extent that the aggregate amount to be

assigned to all such new Lenders is at least $5,000,000). The amount of the assignment shall be based on the Term Loan, 2024 Term Loan and the Revolving Commitment or Revolving Exposure (if the Revolving Commitment has been terminated) subject to the assignment, determined as of the date of such assignment or as of the "Trade Date," if the "Trade Date" is specified in the assignment.

(b) Consents. The consent of Holdings shall be required prior to an assignment becoming effective unless the Purchaser is a Lender or an Affiliate of a Lender, *provided* that the consent of Holdings shall not be required if (i) an Event of Default has occurred and is continuing, (ii) in connection with an assignment or a delegation to a Person that is a Lender or an Affiliate (other than natural persons) of a Lender, (iii) if such assignment or delegation is in connection with a sale or other disposition of all or substantially all of any Lender's loan portfolio, or (iv) such assignment or delegation is required or deemed advisable by any Governmental Authority to which Administrative Agent or any Lender is subject; *provided further* that Holdings shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within three (3) Business Days after having received notice thereof. The consent of the Administrative Agent shall be required prior to an assignment becoming effective. The consent of the Letter of Credit Issuer shall be required prior to an assignment of a Revolving Commitment becoming effective. Any consent required under this Section 12.3(b) other than with respect to the Letter of Credit Issuer shall not be unreasonably withheld or delayed.

(c) Effect; Assignment Effective Date. Upon (i) delivery to the Administrative Agent of an assignment, together with any consents required by Sections 12.3(a) and 12.3(b), and (ii) payment of a $5,000 fee to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent), such assignment shall become effective on the effective date specified in such assignment. The assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Term Loan, 2024 Term Loan, Revolving Commitment and Revolving Exposure, as applicable, under the applicable assignment agreement constitutes "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Term Loan, 2024 Term Loan, Revolving Commitment and Revolving Exposure assigned to such Purchaser without any further consent or action by the Borrowers, the Lenders or the Administrative Agent. In the case of an assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the applicable agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 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 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3(c), the transferor Lender, the Administrative Agent and the Borrowers shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that new Notes or, as appropriate, replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Term Loans, 2024 Term Loans and Revolving Commitments, as adjusted pursuant to such assignment.

(d) Register. The Administrative Agent, acting solely for this purpose as a non- fiduciary agent of the Borrowers, shall maintain at one of its offices in the United States of America, 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 Term Loans, 2024 Term Loans and Revolving Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender, and participations of each Lender in Facility Letters of Credit, pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, 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 each Borrower and each Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Dissemination of Information. The Borrowers authorize each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession; *provided* that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

ARTICLE XIII

NOTICES

13.1 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

If to the Borrowers:

DBM Global Inc.
3020 East Camelback Road
Suite 310

Phoenix, Arizona 85016
Telephone: (602) 445-4480
Attn: Scott D. Sherman, Esq.

If to Administrative Agent:

UMB Bank, N.A.
2777 E. Camelback Rd., Suite 350
Phoenix, AZ 85016
Attn: Kyle McMillian

With a copy to: UMB Bank, N.A.
2777 E. Camelback Rd., Suite 350
Phoenix, AZ 85016
Attn: Kyle McMillian

UMB Bank, N.A.
1010 Grand Blvd.
Kansas City, MO 64106
Attn: Derek E. Feagans

and

Quarles & Brady, LLP
411 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
Attention: Kim Wynn

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received, except that notices to the Administrative Agent, a Lender or the Letter of Credit Issuer under Article II shall not be effective unless and until actually received by the addressee thereof. Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Letter of Credit Issuer 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 or as otherwise determined by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender or the Letter of Credit Issuer pursuant to Article II if such Lender or the Letter of Credit 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 Borrowers may agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, *provided* that such determination or approval 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 given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given 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.

(c) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto given in the manner set forth in this Section 13.1.

ARTICLE XIV

COUNTERPARTS; INTEGRATION; EFFECTIVENESS; ELECTRONIC EXECUTION; ELECTRONIC RECORDS

14.1 Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Article IV, this Agreement shall become effective when it shall have been executed by the Administrative Agent, and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or PDF shall be effective as delivery of a manually executed counterpart of this Agreement.

14.2 Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any assignment and assumption agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other state laws based on the Uniform Electronic Transactions Act.

14.3 Electronic Records. The Borrowers hereby acknowledge the receipt of a copy of this Agreement and all other Loan Documents. The Administrative Agent and each Lender may, on behalf of the Borrowers, create a microfilm, optical disk or other electronic image of this Agreement and any or all of the Loan Documents. The Administrative Agent and each Lender may store the electronic image of this Agreement and Loan Documents in its electronic form and then destroy the paper original as part of the Administrative Agent's and each Lender's normal

business practices, with the electronic image deemed to be an original and of the same legal effect, validity and enforceability as the paper originals. The Administrative Agent and each Lender are authorized, when appropriate, to convert any note into a "transferable record" under the Uniform Electronic Transactions Act.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; STATUTORY STATEMENTS

15.1 **CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE STATE OF ARIZONA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.**

15.2 **CONSENT TO JURISDICTION. EACH OF THE BORROWERS HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT SITTING IN ARIZONA IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWERS HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, THE LETTER OF CREDIT ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWERS OR TO ENFORCE RIGHTS AND REMEDIES IN RESPECT OF COLLATERAL IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY OF THE BORROWERS AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN ARIZONA.**

15.3 **WAIVER OF JURY TRIAL. THE BORROWERS, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ADMINISTRATIVE AGENT AND LENDER:

UMB BANK, N.A., as a Lender and as Administrative Agent

By: _____
Name: Kyle McMillian
Title: Senior Vice President

Contact:

UMB Bank, N.A.
2777 E. Camelback Rd., Suite 350
Phoenix, AZ 85016
Attn: Kyle McMillian

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

SYNDICATION AGENT AND LENDER:

BMO HARRIS BANK N.A., as a Lender and as Syndication Agent

By: _____
Name: _____
Title: _____

Contact:

BMO HARRIS BANK N.A.

_____

_____

Attn: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LENDER:

ARIZONA BANK & TRUST, as a Lender

By: _____
Name: _____
Title: _____

Contact:

Arizona Bank & Trust

_____

_____

Attn: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION, as a Lender

By: _____
Name: _____
Title: _____

Contact:

Fifth Third Bank, National Association

_____

_____

Attn: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

LENDER:

ACADEMY BANK, as a Lender

By: _____
Name: _____
Title: _____

Contact:

Academy Bank

_____
_____
Attn: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

INITIAL BORROWERS:

AITKEN MANUFACTURING INC.

By:_____
Michael R. Hill, Vice President, Chief Financial Officer, Secretary, and Treasurer

DBM GLOBAL INC.

By:_____
Michael R. Hill, Vice President, Chief Financial Officer, Assistant Secretary, and Treasurer

DBM VIRCON SERVICES (USA) INC.

By:_____
Michael R. Hill, Chairman, President, Secretary, and Treasurer

GRAYWOLF INDUSTRIAL, INC.

By:_____
Michael R. Hill, Vice President

GRAYWOLF INTEGRATED CONSTRUCTION COMPANY

By:_____
Michael R. Hill, Vice President

SCHUFF STEEL MANAGEMENT COMPANY – SOUTHWEST, INC.

By:_____
Michael R. Hill, Vice President, Chief Financial Officer, Secretary, and Treasurer

SCHUFF STEEL COMPANY

By:_____
Michael R. Hill, Vice President, Chief Financial Officer, Secretary, and Treasurer

MILCO NATIONAL CONSTRUCTORS, INC.

By:_____
Michael R. Hill, Vice President

GRAYWOLF INTEGRATED CONSTRUCTION COMPANY – SOUTHEAST, INC.

By:_____
Michael R. Hill, Vice President

BANKER STEEL BORROWERS:

Each of the undersigned Banker Steel Borrowers hereby confirms that, immediately upon the consummation of the Banker Steel Acquisition, it hereby joins this Agreement and the other Loan Documents as more fully set forth in Section 9.20 above and is a Borrower under this Agreement.

BANKER STEEL CO., L.L.C.

By: _____
Michael R. Hill, Vice President and Treasurer

BANKER STEEL HOLDCO LLC

By: _____
Michael R. Hill, Chief Financial Officer and Treasurer

BANKER STEEL SOUTH, LLC

By: _____
Michael R. Hill, Vice President and Treasurer

DERR AND ISBELL CONSTRUCTION, LLC

By: _____
Michael R. Hill, Vice President and Treasurer

INNOVATIVE ENGINEERING SOLUTIONS LLC

By: _____
Michael R. Hill, Vice President and Treasurer

LYNCHBURG FREIGHT & SPECIALTY LLC

By: _____
Michael R. Hill, Vice President and Treasurer

MEMCO LLC

By: _____
Michael R. Hill, Vice President and Treasurer

NYC CONSTRUCTORS, LLC

By: _____
Michael R. Hill, Vice President and Treasurer

NYC EQUIPMENT COMPANY, LLC

By: _____
Michael R. Hill, Vice President and Treasurer

NYCC CONSTRUCTION SERVICES, LLC

By: _____
Michael R. Hill, Vice President and Treasurer

US CONSTRUCTION SERVICES INC.

By: _____
Michael R. Hill, Vice President and Treasurer

US ERECTORS LLC

By: _____
Michael R. Hill, Vice President and Treasurer

INDEX OF EXHIBITS AND SCHEDULES

EXHIBIT A

REQUIRED OPINIONS

1. Borrowers'/Guarantors' Counsel Existence, Due Authorization, Execution and Delivery, Enforceability, and Creation and Perfection of Liens and Security Interests (including Texas, Arizona, and California Deeds of Trust and Mortgages) Opinion
2. South Carolina Mortgage Opinion
3. Utah Mortgage Opinion
4. Kansas Mortgage Opinion

EXHIBIT B – FORM OF COMPLIANCE CERTIFICATE

To: The Lenders party to the
Credit Agreement described below

This Compliance Certificate is furnished pursuant to that certain Credit Agreement dated as of May 27, 2021 (as amended, modified, renewed or extended from time to time, the "Agreement") among **DBM GLOBAL INC.**, a Delaware corporation, each of the other Borrowers party thereto (each a "Borrower" and collectively the "Borrowers"), the lenders party thereto, and **UMB BANK, N.A.**, a national banking association, as Administrative Agent for the Lenders. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. The undersigned is duly authorized as _____ of Borrower Agent to complete the certification contained herein with respect to each Borrower;

2. The undersigned has reviewed the terms of the Agreement and has made, or has caused to be made under the undersigned's supervision, a detailed review of the transactions and conditions of the Borrowers and their Subsidiaries during the accounting period covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and the undersigned have no knowledge of, the existence of any condition or event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and

4. Schedule I attached hereto sets forth financial data and computations evidencing compliance by each Borrower with certain covenants of the Agreement, all of which data and computations are true, complete and correct.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrowers have taken, are taking, or propose to take with respect to each such condition or event:

_____

_____

_____

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this [__] day of [_____], 20[__].

DBM GLOBAL INC., a Delaware corporation

By: _____
Name: _____
Title: Chief Financial Officer

SCHEDULE I TO COMPLIANCE CERTIFICATE

Compliance as of [_____], 20[__] with
Provisions of Section 6.1 and 6.19 of the Agreement

[insert relevant calculations]

EXHIBIT C – FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including without limitation any letters of credit, and guaranties included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including without limitation contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), suits, causes of action and any other right of the Assignor against any Person whether known or unknown arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1.	Assignor:	[_____]
2.	Assignee:	[_____]
3.	Borrower(s):	DBM Global Inc., and the other Borrowers party thereto
4.	Administrative Agent:	UMB Bank, N.A., as the Administrative Agent under the Credit Agreement
5.	Credit Agreement:	The Credit Agreement dated as of May 27, 2021 among DBM Global Inc., and the other Borrowers party thereto, the Lenders party thereto, UMB Bank, N.A., as Administrative Agent, and the other parties thereto.
6.	Assigned Interest:	

Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assignment	Percentage Assigned of Commitment/Loans

Facility Assigned			
Revolving Commitment	$[_____]	$[_____]	[_____]%
Term Loan	$[_____]	$[_____]	[_____]%
2024 Term Loan	$[_____]	$[_____]	[_____]%

7. Date: [_____]

Effective Date: [_____], 20[__] [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE ADMINISTRATIVE AGENT.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By:_____
Title: _____

ASSIGNEE
[NAME OF ASSIGNEE]

By:_____
Title: _____

Consented to and Accepted:

UMB BANK, N.A., as
Administrative Agent

By: _____
Title: _____

DBM GLOBAL INC.,
a Delaware corporation, as
Borrower Agent

By: _____
Title: _____

ANNEX 1
TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor represents and warrants to the Assignee, Borrowers, and Lenders that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance, or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby. Neither the Assignor nor its officers, directors, employees, agents, or attorneys shall be responsible to the Assignee for (i) any statements, warranties, or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectability, or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrowers, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, (iv) the performance or observance by the Borrowers, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Documents, (v) inspecting any of the Property, books or records of the Borrowers, or any Guarantor, or (vi) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents.

1.2 Assignee. The Assignee (a) represents and warrants to the Assignor, Borrowers, and Lenders that (i) it has the full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iii) agrees that its payment instructions and notice instructions are as set forth in Schedule 1 to this Assignment and Assumption, (iv) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits, and interests in and under the Loan Documents will not be "plan assets" under ERISA, (v) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by Assignor in connection with or arising in any manner from the Assignee's non-performance of the obligations assumed under this Assignment and Assumption, (vi) it has received a copy of the Credit Agreement, together with copies of financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (vii) attached as Schedule 1 to this Assignment and Assumption is any documentation required to be delivered by the Assignee with respect to its tax status pursuant to the terms of the Credit Agreement, duly completed and executed by Assignee and (b) agrees that (i) it will, independently and without reliance on Administrative Agent, the Assignor or any other

Lender, and based on such documents and information as it shall deem appropriate at any time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. The Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, Reimbursement Obligations, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy, PDF or electronic communication as contemplated by the Credit Agreement shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of Arizona.

EXHIBIT D
FORM OF BORROWING NOTICE

TO: UMB Bank, N.A., as administrative agent (the "Administrative Agent") under that certain Credit Agreement (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), dated as of May 27, 2021 among DBM Global Inc., a Delaware corporation, and the other Borrowers party thereto (each a "Borrower" and collectively the "Borrowers"), the financial institutions party thereto, as lenders (the "Lenders"), and the Administrative Agent.

Capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement.

DBM Global Inc., a Delaware corporation, as "Borrower Agent" under the Credit Agreement, hereby gives to Administrative Agent a request for borrowing pursuant to Section 2.4 of the Credit Agreement, and Borrower hereby requests to borrow on [_____], 20[__] (the "Borrowing Date"):

(a) from the Lenders, on a pro rata basis, an aggregate principal Dollar Amount of $[_____] in Revolving Loans.

The undersigned hereby certifies to the Administrative Agent and the Lenders that (i) the representations and warranties contained in Article V of the Credit Agreement are (a) with respect to any representations or warranties that contain a materiality qualifier, true and correct in all respects as of the date hereof, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all respects on and as of such earlier date and (b) with respect to any representations or warranties that do not contain a materiality qualifier, true and correct in all material respects as of the date hereof, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects on and as of such earlier date; (ii) at the time of and immediately after giving effect to such Advance, no Default or Event of Default shall have occurred and be continuing; and (iii) all other relevant conditions set forth in Section 4.2 of the Credit Agreement have been satisfied.

IN WITNESS WHEREOF, the undersigned has caused this Borrowing Notice to be executed by its authorized officer as of the date set forth below.

Dated: _____, 20__

DBM GLOBAL INC., a Delaware corporation, as Borrower Agent

By: _____
Name: _____
Title: _____

EXHIBIT E-1

FORM OF REVOLVING LOAN NOTE

$_____ May 27, 2021

The undersigned (each a "Borrower" and collectively the "Borrowers") promise to pay to the order of _____ (the "Lender"), the aggregate unpaid principal amount of up to _____ and 00/100 Dollars ($_____) made available by the Lender to the Borrowers pursuant to Section 2.1 of the Agreement (as hereinafter defined), in immediately available funds at the applicable office of **UMB BANK, N.A.**, as Administrative Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrowers shall pay the principal of and accrued and unpaid interest on this Revolving Note in full on the Revolving Loan Maturity Date.

The Administrative Agent shall, and is authorized to, record in accordance with its usual practice, the date and amount of each Revolving Loan and the date and amount of each principal payment hereunder.

This Revolving Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement dated as of May 27, 2021 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrowers, the lenders party thereto, including the Lender, and UMB Bank, N.A., as Administrative Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Revolving Note, including the terms and conditions under which this Revolving Note may be prepaid or its Revolving Loan Maturity Date accelerated. This Revolving Note is secured pursuant to the Collateral Documents, all as more specifically described in the Agreement, and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

In the event of default hereunder, the undersigned agree to pay all costs and expenses of collection, including reasonable attorneys' fees. The undersigned waive demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

[Signatures on Following Pages]

Each Borrower has executed this Revolving Loan Note as of the date set forth above.

[BORROWER NAME]

By: _____
Name: _____
Title:_____

[BORROWER NAME]

By: _____
Name: _____
Title:_____

[BORROWER NAME]

By: _____
Name: _____
Title:_____

[BORROWER NAME]

By: _____
Name: _____
Title:_____

EXHIBIT E-2
FORM OF TERM NOTE

$_____ May 27, 2021

The undersigned (each a "Borrower" and collectively the "Borrowers") promise to pay to the order of _____ (the "Lender"), as defined in the Agreement (as hereinafter defined), the principal amount of _____ and 00/100 Dollars ($_____.00) advanced by the Lender to the Borrowers pursuant to Section 2.2 of the Agreement (as hereinafter defined), in immediately available funds at the applicable office of **UMB BANK, N.A.**, as Administrative Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrowers shall pay the principal of and accrued and unpaid interest on this Term Note in full on the Term Loan Maturity Date.

The Administrative Agent shall, and is authorized to, record in accordance with its usual practice, the date and amount of each Term Loan and the date and amount of each principal payment hereunder.

This Term Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement dated as of May 27, 2021 (which, as it may be amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrowers, the lenders party thereto, including the Lender, and UMB Bank, N.A., as Administrative Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this Term Note, including the terms and conditions under which this Term Note may be prepaid or its Term Loan Maturity Date accelerated. This Term Note is secured pursuant to the Collateral Documents, all as more specifically described in the Agreement, and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

In the event of default hereunder, the undersigned agree to pay all costs and expenses of collection, including reasonable attorneys' fees. The undersigned waive demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

[Signatures on Following Pages]

Each Borrower has executed this Term Note as of the date set forth above.

[BORROWER NAME]
By: _____
Name: _____
Title:_____

[BORROWER NAME]
By: _____
Name: _____
Title:_____

[BORROWER NAME]
By: _____
Name: _____
Title:_____

[BORROWER NAME]
By: _____
Name: _____
Title:_____

EXHIBIT E-3

FORM OF 2024 TERM NOTE

$_____ June ___, 2024

The undersigned (each a "Borrower" and collectively the "Borrowers") promise to pay to the order of _____ (the "Lender"), as defined in the Agreement (as hereinafter defined), the principal amount of _____ and 00/100 Dollars ($_____.00) advanced by the Lender to the Borrowers pursuant to Section 2.18 of the Agreement (as hereinafter defined), in immediately available funds at the applicable office of **UMB BANK, N.A.**, as Administrative Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. The Borrowers shall pay the principal of and accrued and unpaid interest on this 2024 Term Note in full on the 2024 Term Loan Maturity Date.

The Administrative Agent shall, and is authorized to, record in accordance with its usual practice, the date and amount of each 2024 Term Loan and the date and amount of each principal payment hereunder.

This 2024 Term Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement dated as of May 27, 2021 (which, as it has been, and as it may further be, amended or modified and in effect from time to time, is herein called the "Agreement"), among the Borrowers, the lenders party thereto, including the Lender, and UMB Bank, N.A., as Administrative Agent, to which Agreement reference is hereby made for a statement of the terms and conditions governing this 2024 Term Note, including the terms and conditions under which this 2024 Term Note may be prepaid or the 2024 Term Loan Maturity Date accelerated. This 2024 Term Note is secured pursuant to the Collateral Documents, all as more specifically described in the Agreement, and reference is made thereto for a statement of the terms and provisions thereof. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

In the event of default hereunder, the undersigned agree to pay all costs and expenses of collection, including reasonable attorneys' fees. The undersigned waive demand, presentment, notice of nonpayment, protest, notice of protest and notice of dishonor.

THE VALIDITY, CONSTRUCTION AND ENFORCEABILITY OF THIS NOTE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS OF THE UNITED STATES APPLICABLE TO NATIONAL BANKS.

[Signatures on Following Pages]

Each Borrower has executed this 2024 Term Note as of the date set forth above.

[BORROWER NAME]

By:_____
Name:_____
Title:_____

[BORROWER NAME]

By:_____
Name:_____
Title:_____

[BORROWER NAME]

By:_____
Name:_____
Title:_____

[BORROWER NAME]

By:_____
Name:_____
Title:_____

EXHIBIT H

LIST OF CLOSING DOCUMENTS

A. LOAN DOCUMENTS

1. Credit Agreement dated as of May 27, 2021, among DBM Global Inc. and the other Borrowers listed on Schedule 1.1 thereof (each a "Borrower" and collectively the "Borrowers"), and Lenders party thereto and UMB Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") evidencing (a) a revolving credit facility to Borrowers from Lenders in an initial aggregate principal amount of up to $110,000,000.00, and (b) a term loan to Borrowers from Lenders in an initial principal amount of $110,000,000.00

EXHIBITS

Exhibit A – Required Opinions
Exhibit B – Form of Compliance Certificate
Exhibit C – Form of Assignment and Assumption Agreement
Exhibit D – Form of Borrowing Notice
Exhibit E-1 – Form of Revolving Loan Note
Exhibit E-2 – Form of Term Note
Exhibit H – Closing Documents

SCHEDULES

Schedule 1.1 – List of Borrowers
Schedule 1.2 – List of Guarantors
Schedule 2 – Lenders, Commitments, and Pro Rata Shares
Schedule 4.4 – Collateral Access Agreement Locations
Schedule 5.8 – Subsidiaries
Schedule 5.23 – Mortgaged Property
Schedule 5.23A – Real Property
Schedule 6.10 – Debt
Schedule 6.14 – Existing Liens
Schedule 6.23 – Investments

2. Revolving Loan Note executed by Borrowers in favor of Administrative Agent for the benefit of Lenders

3. Term Note executed by Borrowers in favor of Administrative Agent for the benefit of Lenders

4. Pledge and Security Agreement executed by Borrowers and Guarantors (listed on Schedule 1.2 of the Agreement) in favor of the Administrative Agent

5. Guaranty executed by Guarantors in favor of Administrative Agent

6. Deed of Trust securing real property located at 420 S. 19th Avenue, Phoenix, AZ, executed by the relevant Borrower in favor of Administrative Agent

7. Deed of Trust securing real property located at 1705 W. Battaglia Drive, Eloy, AZ, executed by the relevant Borrower in favor of Administrative Agent

8. Deed of Trust securing real property located at 5055 N. Ken Morey Drive, Bellemont, AZ, executed by the relevant Borrower in favor of Administrative Agent

9. Deed of Trust securing real property located at 1825-1841 W. Buchanan Street, Phoenix, AZ, executed by the relevant Borrower in favor of Administrative Agent

10. Mortgage securing real property located at 1345 Hall Spencer Road, Hill, SC, executed by the relevant Borrower in favor of Administrative Agent

11. Deed of Trust securing real property located at 325 S. Geneva Road, Lindon, UT, executed by the relevant Borrower in favor of Administrative Agent

12. Mortgage securing real property located at 2001 N. Davis Avenue, Ottawa, KS, executed by the relevant Borrower in favor of Administrative Agent

13. Deed of Trust securing real property located at 2324 Navy Drive, Stockton, CA, executed by the relevant Borrower in favor of Administrative Agent

14. Deed of Trust securing real property located at 4918, 4920 & 5000 Airline Drive, Houston, TX, executed by the relevant Borrower in favor of Administrative Agent

15. Deed of Trust securing real property located at 14500 Smith Road, Humble, TX, executed by the relevant Borrower in favor of Administrative Agent

16. Environmental Indemnity Agreement executed by Borrowers and Guarantors, in favor of Administrative Agent

17. Deposit Account Control Agreements among the relevant Borrowers, the Administrative Agent, and the relevant account bank or securities intermediary, as applicable

18. Collateral Assignment of Acquisition Documents executed by the relevant Borrowers, in favor of Administrative Agent

19. Intercreditor and Subordination Agreement executed by relevant Borrowers, Administrative Agent, and Atlas Holdings

20. Intercreditor and Subordination Agreement executed by relevant Borrowers, Administrative Agent, and Don Banker

B. UCC AND OTHER COLLATERAL-RELATED DELIVERIES

21. UCC, tax lien, bankruptcy, judgment, and name variation search reports naming each Borrower from the appropriate offices in relevant jurisdictions

22. UCC, tax, lien, bankruptcy, judgment, and name variation search reports naming each Guarantor from the appropriate offices in relevant jurisdictions

23. UCC-1 financing statements naming each relevant Borrower and Guarantor as debtor and the Administrative Agent as secured party filed with the appropriate offices in the applicable jurisdictions

24. Stock Certificates for first-tier foreign subsidiaries of Borrowers

25. Stock Powers for Stock Certificates of first-tier foreign subsidiaries of Borrowers

26. Original Notes held by any Borrower or Guarantor

C. CORPORATE DOCUMENTS

27. Certificate of the Secretary of each Borrower certifying (i) that there have been no changes in the charter document of such Borrower, as attached thereto and as certified as of a recent date by the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the Operating Agreement or other organizational document, as attached thereto, of such Borrower as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of such Borrower authorizing the execution, delivery, and performance of each Loan Document to which it is a party, (iv) the Good Standing Certificate (or analogous documentation if applicable) for such Borrower from the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, to the extent generally available in such jurisdiction, and (v) the names and true signatures of the incumbent officers of each Borrower authorized to sign the Loan Documents to which it is a party, and (in the case of each Borrower) authorized to request an Credit Extension under the Credit Agreement.

28. Certificate of the Secretary of each Guarantor certifying (i) that there have been no changes in the charter document of such Guarantor, as attached thereto and as certified as of a recent date by the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the Operating Agreement or other organizational document, as attached thereto, of such Guarantor as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of such Guarantor authorizing the execution, delivery, and performance of each Loan Document to which it is a party, (iv) the Good Standing Certificate (or analogous documentation if applicable) for such Guarantor from the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, to the extent generally available in such jurisdiction, and (v) the names and true signatures of the incumbent officers of each Guarantor authorized to sign the Loan Documents to which it is a party.

D. DEBT REPAYMENT DOCUMENTS; UCC TERMINATION FILINGS

29. Payoff Letter executed and delivered in the name of Wells Fargo Bank, N.A.

30. Payoff Letter executed and delivered in the name of TCW Asset Management Company LLC.

31. UCC Termination Statement(s) by Wells Fargo Bank, N.A.

32. UCC Termination Statement(s) by TCW Asset Management Company LLC.

E. OPINIONS

33. Borrowers'/Guarantors' Counsel Existence, Due Authorization, Execution and Delivery, Enforceability, and Creation and Perfection of Liens and Security Interests (including Texas, Arizona, and California Deeds of Trust and Mortgages) Opinion

34. South Carolina Mortgage Opinion

35. Utah Mortgage Opinion

36. Kansas Mortgage Opinion

F. CLOSING CERTIFICATES AND MISCELLANEOUS

37. Financial Statements of each Borrower

38. Beneficial Ownership Certificates by each Borrower and each Guarantor

G. POST-CLOSING

39. Post-filing UCC search reports reflecting the UCC-1 financing statements referred to in item 25 above to be of record

SCHEDULE 1.1

BORROWERS

(as of June 28, 2024)

INITIAL BORROWERS	
ENTITY	JURISDICTION INCORPORATED/ORGANIZED
DBM Global Inc.	Delaware
GrayWolf Industrial, Inc.	Delaware
Schuff Steel Management Company – Southwest, Inc.	Delaware
Schuff Steel Company	Delaware
Aitken Manufacturing Inc.	Delaware
DBM Vircon Services (USA) Inc.	Arizona
GrayWolf Integrated Construction Company	Delaware
Milco National Constructors, Inc.	Delaware
GrayWolf Integrated Construction Company-Southeast, Inc.	Georgia
BANKER STEEL BORROWERS	
ENTITY	JURISDICTION INCORPORATED/ORGANIZED
Banker Steel Holdco LLC	Delaware
~~Banker Steel Co., L.L.C.~~	~~Delaware~~
~~Banker Steel South, LLC~~	~~Virginia~~
US Erectors LLC	Delaware
NYC Constructors, LLC	Delaware
Derr and Isbell Construction, LLC	Texas
Memco LLC	Delaware
Lynchburg Freight & Specialty LLC	Delaware
~~NYC Equipment Company, LLC~~	~~Virginia~~
Innovative Engineering Solutions LLC	Delaware
US Construction Services Inc.	Delaware
NYCC Construction Services, LLC	Delaware

SCHEDULE 1.2

GUARANTORS

(as of June 28, 2024)

ENTITY	JURISDICTION INCORPORATED/ORGANIZED
DBM Global – North America Inc.	Delaware
Addison Structural Services, Inc.	Florida
Quincy Joist Company	Delaware
Schuff Steel – Atlantic, LLC	Florida
On-Time Steel Management Holding, Inc.	Delaware
~~Schuff Steel Management Company – Southeast L.L.C.~~	~~Delaware~~
~~Schuff Steel Management Company – Colorado L.L.C.~~	~~Delaware~~
PDC Services (USA) Inc.	Delaware
Innovative Structural Systems Inc.	Delaware
DBM Global Holdings Inc.	Delaware
Schuff Premier Services LLC	Delaware
CB-Horn Holdings, Inc.	Delaware
Titan Fabricators, Inc.	Kentucky
Midwest Environmental, Inc.	Kentucky
M. Industrial Mechanical, Inc.	Delaware

SCHEDULE 2

LENDERS, COMMITMENTS AND PRO RATA SHARES

Lender	Revolving Commitment	Term Loan Commitment	2024 Term Loan Commitment	~~Term Loan Commitment (as of May 27, 2021)~~Total	Pro Rata Share
UMB Bank, N.A.	$49,090,909.10	$28,350,432.73	--	$~~40,000,000.00~~77,441,341.83	~~36.36363~~32.543344013%
BMO ~~Harris~~ Bank N.A.	$36,818,181.82	$21,262,823.97	--	$~~30,000,000.00~~58,081,005.79	~~27.27272~~24.407507765%
Arizona Bank & Trust	$24,545,454.54	$14,175,215.98	--	$~~20,000,000.00~~38,720,670.52	~~18.18181~~16.271671841%
Fifth Third Bank, National Association	$15,340,909.09	$8,859,509.79	$25,000,000.00	$~~12,500,000.00~~49,200,418.88	~~11.36363~~20.675599355%
Academy Bank	$9,204,545.45	$5,315,706.20	--	$~~7,500,000.00~~14,520,251.65	~~6.81818~~6.101877026%
TOTALS	$135,000,000.00	$77,963,688.67	$25,000,000.00	$~~110,000,000.00~~237,963,688.67	~~100~~100.000000000%

SCHEDULE 4.4

COLLATERAL ACCESS AGREEMENT LOCATIONS

BORROWERS

Company	Property location	Landlord
DBM Global Inc.	3020 E Camelback Rd, Ste 100 Phoenix, AZ 85016	WAM 3020 Limxfited Partnership
Schuff Steel Company	3003 N Central Ave, Ste 700 Phoenix, AZ 85012	A.G. Spanos Professional Office Center, LLC
	2905 Premiere Pkwy., Ste. 210 Duluth, GA 30097	Sugarloaf Commerce Center LLC
	915 118th Ave. SE, Ste. 280 Bellevue, WA 98005	Spire Gateway LP
	1971 W. 700 N., Ste. 101 Lindon, UT 84042	Lindon Tech 3, LLC
	1401 Dove St., Ste. 530 Newport Beach, CA 92660	Palm Springs Village-309, LLC
	6701 W. 64th St., Ste. 200 Overland Park, KS 66202	Cloverleaf 5 Building, LLC
	7901 Stoneridge Dr., Ste. 211 Pleasanton, CA 94588	ECI Four 7901 Stoneridge, LLC
	6500 SW Macadam Ave., Ste. 350 Portland, OR 97239	Weston Investment Co. LLC d/b/a American Property Management
	9174 Sky Park Court, Ste. 200 San Diego, CA 92123	Government Properties Income Trust, LLC
	10100 Trinity Parkway, Ste. 400 Stockton, CA 95219	A.G. Spanos Professional Office Center, LLC
Aitken Manufacturing Inc.	5008 Airline Dr. Houston, TX 77022	G.A. Repal
DBM Vircon Services (USA) Inc.	2151 E. Broadway Rd. #220, Tempe, AZ 85282	Broadway 101 LLC
	1230 W. Washington St., Suite 201 Tempe, AZ 85281	Papago Buttes Corporate, LLC
GrayWolf Integrated Construction	3550 Francis Circle Alpharetta, GA 30004	Green River Investments, LLC

Company	Property location	Landlord
Company-Southeast, Inc. (f/k/a Inco Services, Inc.)	4618 Highway #370 Cedar Springs, GA 39832 30333 County Road 49 Loxley, AL 36551 37 Artley Rd. Savannah, GA 31408	Inman Industrial Electric, Inc. Green River Investments, LLC Green River Investments, LLC
Milco National Constructors, Inc.	3930 Cherry Avenue Long Beach, CA 90807	3930 Cherry LLC
GrayWolf Integrated Construction Company (f/k/a Titan Contracting & Leasing Co.)	11800 Fairmont Pkwy. LaPorte, TX 77571	Vigavi Realty, LLC
Banker Steel Co., LLC	2940 Fulks Street Lynchburg, VA 24501 1619 Wythe Road Lynchburg, VA 24501 351 Rangoon Street Lynchburg, VA 24502 6635 Edgewater Drive Orlando, FL 32810 7351 Overland Road (plant) Orlando, FL 32810 7351 Overland Road (yard) Orlando, FL 32810 1291 S. Orange Blossom Trail Apopka, FL 32703 8708 Wards Road Rustburg, VA 24588 1640 New Market Ave., Building 2 Plainfield, NJ 07080 1641 New Market Ave., Building 7 Plainfield, NJ 07080 1641 New Market Ave., Building 9 Plainfield, NJ 07080	2940 Fulks Street, LLC Store Capital Acquisitions, LLC Store Capital Acquisitions, LLC Store Capital Acquisitions, LLC Lockhart Center LLC Lockhart Center LLC H2O Properties LLC WK Land and Timber, LLC Harris Realty Company LLC Harris Realty Company LLC Harris Realty Company LLC
Derr and Isbell Construction, LLC	10904 Crabapple Road Roswell, GA 30075	AT-PAC Properties US LLC Derr Construction Company;

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Company	Property location	Landlord
	3900 Tarrant Main Street Euless, TX 76040 295 E Felton Road Cartersville, GA 30121	Derr Family Limited Partnership; Tank Builders, Inc. Cartersville Warehousing, LLC
Innovative Engineering Solutions LLC	107 Oak Park Drive, Suite C Irmo, SC 29063	TAD Ventures, LLC
Lynchburg Freight & Specialty LLC	2940 Fulks Street Lynchburg, VA 24501	2940 Fulks Street, LLC
NYC Constructors, LLC	110 East 42nd St., Suite 610 New York, NY 10017 400 Madison Avenue New York, NY 10017	Gotham 42nd St. LLC DS400 Owner LLC

GUARANTORS

None.

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SCHEDULE 5.8

SUBSIDIARIES

INITIAL BORROWERS (OTHER THAN HOLDINGS)

Subsidiary	Jurisdiction	Equity Owners
Schuff Steel Company	Delaware	DBM Global – North America Inc. owns 100% (100 shares) of the capital stock of Schuff Steel Company
Aitken Manufacturing Inc.	Delaware	DBM Global – North America Inc. owns 100% (800 shares) of the common stock of Aitken Manufacturing Inc.
Schuff Steel Management Company – Southwest, Inc.	Delaware	On-Time Steel Management Holding, Inc. owns 100% (100 shares) of the capital stock of Schuff Steel Management Company - Southwest, Inc.
DBM Vircon Services (USA) Inc.	Arizona	DBM Global – North America Inc. owns 100% (100 shares) of the common stock of DBM Vircon Services (USA), Inc.
Graywolf Industrial, Inc.	Delaware	CB-Horn Holdings, Inc. owns 94% (110 shares) of the capital stock of GrayWolf Industrial, Inc. Schuff Steel Company owns 5% (6 shares) of the capital stock of GrayWolf Industrial, Inc. Schuff Steel Management Company – Southwest, Inc. owns 1% (1 share) of the capital stock of GrayWolf Industrial, Inc.
GrayWolf Integrated Construction Company-Southeast, Inc.	Georgia	Graywolf Industrial, Inc. owns 100% (2,300 shares) of the capital stock of GrayWolf Integrated Construction Company-Southeast, Inc. (f/k/a Inco Services, Inc.)
Milco National Constructors, Inc.	Delaware	Graywolf Industrial, Inc. owns 100% (100 shares) of the capital stock of Milco National Constructors, Inc.
GrayWolf Integrated Construction	Delaware	Graywolf Industrial, Inc. owns

Subsidiary	Jurisdiction	Equity Owners
Company		69% (523 shares) of the capital stock of GrayWolf Integrated Construction Company (f/k/a Titan Contracting & Leasing Company, Inc.) Schuff Steel Company owns Owns 29% (219 shares) of the capital stock of GrayWolf Integrated Construction Company (f/k/a Titan Contracting & Leasing Company, Inc.) Schuff Steel Management Company – Southwest, Inc. owns 2% (19 shares) of the capital stock of GrayWolf Integrated Construction Company (f/k/a Titan Contracting & Leasing Company, Inc.)

BANKER STEEL BORROWERS

Subsidiary	Jurisdiction	Equity Owners
Banker Steel Holdco LLC	Delaware	DBM Global Inc. owns 100% of Banker Steel Holdco LLC
Banker Steel Co., L.L.C.	Delaware	Banker Steel Holdco LLC owns 100% of Banker Steel Co., L.L.C.
Banker Steel South, LLC	Virginia	Banker Steel Co., L.L.C. owns 100% of Banker Steel South, LLC
US Erectors LLC	Delaware	Banker Steel Co., L.L.C. owns 100% of US Erectors LLC
Lynchburg Freight & Specialty LLC (f/k/a Lynchburg Steel Services LLC)	Delaware	Banker Steel Co., L.L.C. owns 100% of Lynchburg Freight & Specialty LLC (f/k/a Lynchburg Steel Services LLC)
Derr & Isbell Construction, LLC	Delaware	US Erectors LLC owns 100% of Derr & Isbell Construction, LLC
Innovative Engineering Solutions LLC	Delaware	US Erectors LLC owns 100% of Innovative Engineering Solutions LLC
NYC Constructors, LLC	Delaware	US Erectors LLC owns 100% of NYC Constructors, LLC
NYC Equipment, LLC	Virginia	NYC Constructors, LLC owns 100% of NYC Equipment, LLC

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Subsidiary	Jurisdiction	Equity Owners
NYCC Construction Services, LLC	Delaware	NYC Constructors, LLC owns 100% of NYCC Construction Services, LLC
Memco LLC	Delaware	US Erectors LLC owns 100% of Memco LLC
U.S. Construction Services, Inc.	Delaware	NYC Constructors, LLC owns 100% of U.S. Construction Services, Inc.
Innovative Detailing Services, Ltd.	Ontario	U.S. Construction Services, Inc. owns 100% of Innovative Detailing Services, Ltd.
NYC Construction Services, Ltd.	Ontario	U.S. Construction Services, Inc. owns 100% of NYC Construction Services, Ltd.

GUARANTORS

Subsidiary	Jurisdiction	Equity Owners
DBM Global - North America Inc.	Delaware	DBM Global Inc. owns 100% (100 shares) of the common stock of DBM Global – North America, Inc.
Quincy Joist Company	Delaware	Addison Structural Services, Inc. owns 100% (1,000 shares) of the capital stock of Quincy Joist Company
On-Time Steel Management Holding, Inc.	Delaware	DBM Global – North America Inc. 100% (100 shares) of the capital stock of On-Time Steel Management Holding, Inc.
Addison Structural Services, Inc.	Florida	DBM Global – North America Inc. owns 100% (1 share) of the capital stock of Addison Structural Services, Inc.
DBM Global Holdings Inc.	Delaware	DBM Global Inc. owns 100% (300 shares) of the common stock of DBM Global Holdings Inc.
PDC Services (USA) Inc.	Delaware	DBM Global – North America Inc. owns 100% (100 shares) of the capital stock of PDC Services (USA) Inc.
Schuff Premier Services LLC	Delaware	DBM Global Inc. owns 100% membership interests in Schuff Premier Services LLC
Schuff Steel – Atlantic LLC	Florida	Schuff Steel Company owns 100% membership interests in Schuff Steel – Atlantic, LLC
Schuff Steel Management	Delaware	On-Time Steel Management

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Subsidiary	Jurisdiction	Equity Owners
Company – Colorado LLC		Holding, Inc. owns 100% membership interests in Schuff Steel Management Company - Colorado, LLC
Schuff Steel Management Company – Southeast LLC	Delaware	On-Time Steel Management Holding, Inc. owns 100% membership interests in Schuff Steel Management Company - Southeast, LLC
Innovative Structural Systems Inc.	Delaware	DBM Global – North America Inc. owns 100% (1,000 shares) of the capital stock of Innovative Structural Systems Inc.
CB-Horn Holdings, Inc.	Delaware	DBM Global Inc. owns 100% (1,000 shares) of the capital stock of CB-Horn Holdings, Inc.
Midwest Environmental, Inc.	Kentucky	Graywolf Industrial, Inc. owns 100% (1,000 shares) of the capital stock of Midwest Environmental, Inc.
M. Industrial Mechanical, Inc.	Delaware	Graywolf Industrial, Inc. owns 100% (100 shares) of the capital stock of M. Industrial Mechanical, Inc.
Titan Fabricators, Inc.	Kentucky	GrayWolf Integrated Construction Company owns 100% (1,000 shares) of the capital stock of Titan Fabricators, Inc.

FOREIGN SUBSIDIARIES

Subsidiary	Jurisdiction	Equity Owners
Schuff Steel Company – Panama, S. de R.L.	Panama	DBM Global – North America Inc. owns 99% (99) of the Quotas of Schuff Steel Company – Panama, S. de R.L. Schuff Steel Company owns 1% (1) of the Quotas of Schuff Steel Company – Panama, S. de R.L.
DBM Vircon Services (Canada) Ltd.	British Columbia, Canada	DBM Global Holdings Inc. owns 100% (101 shares) of the common stock of DBM Vircon Services (Canada) Ltd (f/k/a DBM Vircon Services LTD)
DBMG International Pte Ltd	Singapore	DBM Global Holdings Inc. owns 100% (19,025,620 shares)

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Subsidiary	Jurisdiction	Equity Owners
		of the ordinary stock of DBMG International PTE LTD
DBMG Singapore Pte Ltd	Singapore	DBMG International Pte Ltd owns 100% of DBMG Singapore Pte Ltd
DBM Vircon (Australia) Pty Ltd	Victoria, Australia	DBMG Singapore Pte Ltd owns 100% of DBM Vircon (Australia) Pty Ltd
PDC Operations (Australia) Pty Ltd	Victoria, Australia	DBM Vircon (Australia) Pty Ltd owns 100% of PDC Operations (Australia) Pty Ltd
DBM Vircon Services (Philippines) Inc.	Philippines	DBMG Singapore Pte Ltd owns 100% of DBM Vircon Services (Philippines) Inc.
DBM Vircon Services (Australia) Pty Ltd.	Victoria, Australia	DBM Vircon (Australia) Pty Ltd owns 100% of DBM Vircon Services (Australia) Pty Ltd.
BDS Steel Detailers (Australia) Pty Ltd	Victoria, Australia	DBM Vircon Services (Australia) Pty Ltd. owns 100% of BDS Steel Detailers (Australia) Pty Ltd
DBM Vircon Services (UK) Ltd	England & Wales, United Kingdom	DBM Global Holdings Inc. owns 100% of DBM Vircon Services (UK) Ltd
DBM Vircon Services (NZ) Limited	New Zealand	DBM Vircon Services (Australia) Pty Ltd. owns 100% of DBM Vircon Services (NZ) Limited
DBM Vircon Services (Thailand) Company Ltd	Bangkok, Thailand	DBMG Singapore Pte Ltd owns 87% (39.994 shares) of DBM Vircon Services (Thailand) Company Ltd Vinod Muthanna owns 6.5% (3 shares) of DBM Vircon Services (Thailand) Company Ltd Vaughn McClear owns 6.5% (3 shares) of DBM Vircon Services (Thailand) Company Ltd
DBM Vircon Services (India) Private Limited	Chennai, Tamil Nadu, India	DBM Global Holdings Inc. owns 99.99% (9,999 equity shares) of DBM Vircon Services (India) Private Limited DBMG International Pte Ltd owns .01% (1 share) as nominee for DBMG Singapore Pte Ltd

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SCHEDULE 5.23

MORTGAGED PROPERTY

1. 420 S. 19th Avenue, Phoenix, AZ
2. 1705 W. Battaglia Drive, Eloy, AZ
3. 5055 N. Ken Morey Drive, Bellemont, AZ
4. 1345 Hall Spencer Road, Hill, SC
5. 325 S. Geneva Road, Lindon, UT
6. 2001 N. Davis Avenue, Ottawa, KS
7. 2324 Navy Drive, Stockton, CA
8. 4918, 4920 & 5000 Airline Drive, Houston, TX
9. 14500 Smith Road, Humble, TX

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SCHEDULE 5.23A

REAL PROPERTY

OWNED PROPERTY

BORROWERS

Company	Location
Schuff Steel Company	420 S 19th Avenue Phoenix, AZ 85009 1705 W Battaglia Rd Eloy, AZ 85131 5055 Ken Morey Dr Bellemont, AZ 86015 2001 N Davis Rd Ottawa, KS 66067 1345 Hall Spencer Rd Rock Hill, SC 29730 2324 Navy Dr Stockton, CA 95206 325 S. Geneva Rd. Lindon, UT 84042
Aitken Manufacturing Inc.	4920 Airline Dr Houston, TX 77022
Schuff Steel Management Company – Southwest, Inc.	4320 E Presidio St, Ste 111 Mesa, AZ 85215
Graywolf Industrial, Inc.	2205 Ragu Dr. Owensboro KY 42303 1115 Industrial Drive Owensboro, KY 42301 280 Ellis Smeathers Rd. Owensboro, KY 42303 920 Wing Ave. Owensboro, KY 42303
GrayWolf Integrated Construction Company	14500 Smith Road Humble, TX 77396
Memco LLC	13324 Cedar Run Church Road Culpeper, VA 22701

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LEASED PROPERTY

BORROWERS

Company	Property location	Landlord	Lease terms
DBM Global Inc.	3020 E Camelback Rd, Ste 100 Phoenix, AZ 85016	WAM 3020 Limited Partnership	144 months - Expires 10/31/2022
Schuff Steel Company	3003 N Central Ave, Ste 700 Phoenix, AZ 85012	A.G. Spanos Professional Office Center, LLC	64 months - Expires 7/31/2022
	2905 Premiere Pkwy., Ste. 210 Duluth, GA 30097	Sugarloaf Commerce Center LLC	65 months – Expires 7/31/2025
	915 118th Ave. SE, Ste. 280 Bellevue, WA 98005	Spire Gateway LP	63 months – Expires 3/31/2025
	1971 W. 700 N., Ste. 101 Lindon, UT 84042	Lindon Tech 3, LLC	72 months - Expires 9/1/2025
	1401 Dove St., Ste. 530 Newport Beach, CA 92660	Palm Springs Village-309, LLC	63 months - Expires 9/30/2021
	6701 W. 64th St., Ste. 200 Overland Park, KS 66202	Cloverleaf 5 Building, LLC	180 months - Expires 10/30/2021
	7901 Stoneridge Dr., Ste. 211 Pleasanton, CA 94588	ECI Four 7901 Stoneridge, LLC	60 months - Expires 8/31/2021
	6500 SW Macadam Ave., Ste. 350 Portland, OR 97239	Weston Investment Co. LLC d/b/a American Property Management	36 months -
	9174 Sky Park Court, Ste. 200 San Diego, CA 92123	Government Properties Income Trust, LLC	87 months - Expires 7/31/2024
	10100 Trinity Parkway, Ste. 400 Stockton, CA 95219	A.G. Spanos Professional Office Center, LLC	76 months - Expires 4/30/2025
Aitken Manufacturing Inc.	5008 Airline Dr. Houston, TX 77022	G.A. Repal	
DBM Vircon Services (USA) Inc.	2151 E. Broadway Rd. #220, Tempe, AZ 85282	Broadway 101 LLC	Initially 67 months, extended by 39 - Expires 9/30/2021
	1230 W. Washington St., Suite 201 Tempe, AZ 85281	Papago Buttes Corporate, LLC	Scheduled commencement 10/1/2021, 5 year term, will expire 9/30/2026
GrayWolf Integrated	3550 Francis Circle	Green River Investments,	Lease dated 6/30/2011, 5

[Link-to-previous setting changed from off in original to on in modified.].

Company	Property location	Landlord	Lease terms
Construction Company-Southeast, Inc. (f/k/a Inco Services, Inc.)	Alpharetta, GA 30004	LLC	year term, extended 5 years through 7/31/2021.
	4618 Highway #370 Cedar Springs, GA 39832	Inman Industrial Electric, Inc.	Lease dated 8/15/20, 1 year, expires 8/15/2021.
	30333 County Road 49 Loxley, AL 36551	Green River Investments, LLC	Lease dated 6/30/2011, 5 year term, extended 5 years through 7/31/2021.
	37 Artley Rd. Savannah, GA 31408	Green River Investments, LLC	Lease dated 6/30/2011, 5 year term, extended 5 years through 7/31/2021.
Milco National Constructors, Inc.	3930 Cherry Avenue Long Beach, CA 90807	3930 Cherry LLC	Extension signed 7/27/16 – 5 years – expires 9/30/2021
GrayWolf Integrated Construction Company (f/k/a Titan Contracting & Leasing Co.)	11800 Fairmont Pkwy. LaPorte, TX 77571	Vigavi Realty, LLC	61 months, signed 11/2/2015 – expired 12/31/2020, now month-to-month.
Banker Steel Co., LLC	2940 Fulks Street Lynchburg, VA 24501	2940 Fulks Street, LLC	Three-year term 12/1/2020 to 11/20/2022. Tenant option to renew for 2 additional 3-year terms.
	1619 Wythe Road Lynchburg, VA 24501	Store Capital Acquisitions, LLC	Master Lease dated 12/26/2018 covering VA and Edgewater Dr. (FL) plants; 20-year term expiring 12/31/2038. Option for 4 additional renewal terms of 5 years each.
	351 Rangoon Street Lynchburg, VA 24502	Store Capital Acquisitions, LLC	
	6635 Edgewater Drive Orlando, FL 32810	Store Capital Acquisitions, LLC	
	7351 Overland Road (plant) Orlando, FL 32810	Lockhart Center LLC	Lease dated 1/14/2021. No set term, either party can terminate upon 30-day notice.
	7351 Overland Road (yard) Orlando, FL 32810	Lockhart Center LLC	Lease dated 12/1/2015. Presently month-to-month.
	1291 S. Orange Blossom Trail Apopka, FL 32703	H2O Properties LLC	Lease renewed 8/20/2019 for 3-year term ending 8/31/2022. Tenant option to cancel as of 8/31/2021 with 30-day notice.
	8708 Wards Road Rustburg, VA 24588	WK Land and Timber, LLC	Lease dated 1/8/2019, runs 2/1/2019 – 1/31/2024.

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Company	Property location	Landlord	Lease terms
	1640 New Market Ave., Building 2 Plainfield, NJ 07080	Harris Realty Company LLC	Lease dated 3/31/2016 for 15-year term expiring 3/31/31. Option for 2 additional renewal terms of 5 years/each.
	1641 New Market Ave., Building 7 Plainfield, NJ 07080	Harris Realty Company LLC	Same as above.
	1641 New Market Ave., Building 9 Plainfield, NJ 07080	Harris Realty Company LLC	Same as above.
Derr and Isbell Construction, LLC	10904 Crabapple Road Roswell, GA 30075	AT-PAC Properties US LLC	Lease dated 3/30/2017, term ends 4/30/2022.
	3900 Tarrant Main Street Euless, TX 76040	Derr Construction Company; Derr Family Limited Partnership; Tank Builders, Inc.	Lease dated 1/23/2012, amended 12/31/2019 and 3/11/2021. Term ends 12/31/2021.
	295 E Felton Road Cartersville, GA 30121	Cartersville Warehousing, LLC	Month-to-month (no formal lease agreement)
Innovative Engineering Solutions LLC	107 Oak Park Drive, Suite C Irmo, SC 29063	TAD Ventures, LLC	Lease dated 8/6/2019; term is 9/1/2019– 10/31/2022.
Lynchburg Freight & Specialty LLC	2940 Fulks Street Lynchburg, VA 24501	2940 Fulks Street, LLC	Lease dated 5/1/2014. Three-year term 12/1/2020 to 11/20/2022. Tenant option to renew for 2 additional 3-year terms.
NYC Constructors, LLC	110 East 42nd St., Suite 610 New York, NY 10017	Gotham 42nd St. LLC	Lease dated 4/19/2002 (& 9 amendments). Term ends 3/31/2026.
	400 Madison Avenue New York, NY 10017	DS400 Owner LLC	License agreement dated 12/14/2020 with two-year term ending 12/13/2022. Licensor can terminate upon 30-day notice. NYCC can terminate as of 2/14/2022 with 90-day notice.

GUARANTORS

None.

FOREIGN SUBSIDIARIES

Company	Property location	Landlord	Lease terms
DBM Vircon Services (NZ) Limited	Level 1, 16 St. Marks Rd, Epson, Auckland 1051 New Zealand	Berkshire Properties (NZ) Limited	2 years (11/30/2021)
BDS Vircon Co., Ltd.	24 Sukhumvit 21 Rd (Asoke) 14th Fl, Prime Building, Bangkok 10110 Thailand	Prime Holding Co., Ltd.	3 years (3/31/2020)
DBM Vircon Services (Australia) Pty Limited	32 Cordelia St Level1 A1, South Brisbane QLD 4101 Australia	Growthpoint Properties Australia Limited	3 years (10/31/2022)
DBM Vircon Services Ltd.	889 Carnarvon St., New Westminster, BC V3M1G2 Canada	450617 B.C. Ltd.	10 years with two 5-year options (July ___, 2022)
BDS Vircon Private Limited	DLF IT SEZ, Block 8, 3rd Floor, 1/124, Shivaji Gardens, Manapakkam, Mount Poonamallee High Road, Chennai, Tamil Nadu – 600089, India	DLF Assets Limited	5 years (1/31/2025)
BDS Vircon Private Limited	4th Fl, Wing 2, Office #4, Jyothirmaya Infopark, Phase 2 SEZ, Brahmapuram PO, Kochi, Ernakulam 682303 India	Infoparks Kerala	6 years (5/31/2024)
BDS Vircon Private Limited	Cochin Special Economic Zone (CSEZ) 4th Fl, Wing 2, Office #4, Jyothirmaya Infopark, Phase 2 SEZ, Brahmapuram PO, Cochin 682303 India	Infoparks Kerala	6 years (6/1/2024)
PDC Asia-Pacific, Inc.	30th Corporate Center 6th Floor, Meralco Ave, Ortigas Center, Pasig City, Manila, Philippines	North Eastern Commercial Corp.	5 years (6/30/2023)
DBM Vircon Services (UK) Limited	Suite M, 2nd Floor, The Kidlington Centre, 4 High	Eames London Estates Limited	6 years (2/3/2026)

Company	Property location	Landlord	Lease terms
	Street, Kidlington, Oxford OX5 2DL UK		
PDC Operations (Australia) Pty Ltd	21 Kintail Road, Level 2, Applecross (Perth) Western Australia	Kintail Developments Pty Ltd	5 years (10/10/2021)
DBM Vircon Services (Thailand) Company Ltd	24 Prime Building 14th floor, Soi Sukhumuit 21 (A soke) Sukhumuid Rd., Klong Toei-Nua, Sub-District Wattana District, Bangkok, Thailand 10110	Prime Holding Co., Ltd.	3 years (3/31/2023)
Innovative Detailing Services, Ltd.	695 Markham Road, Suite #29 et al Scarborough, ON M1R 2A5	A. & T. Kiriakou	Lease dated 4/15/2019. Currently month-to-month.
NYC Construction Services, Ltd.	15 Belfield Road, Units 2,5,6, and 7 Toronto, ON M9W 1E8	Biomedex Inc.	Lease dated 3/25/2019. Currently month-to-month.

SCHEDULE 6.10

DEBT

None.

SCHEDULE 6.14

LIENS

1. Lien in favor of Wells Fargo Bank National Association ("Wells Fargo") on a cash collateral account of DBM Global Inc. or its affiliates held at Wells Fargo to secure reimbursement obligations of DBM Global Inc. or its affiliates with respect to one or more letters of credit issued by Wells Fargo.

2. Lien in favor of Fifth Third Bank National Association ("Fifth Third") on a cash collateral account of Banker Steel Co., L.L.C. or its affiliates held at Fifth Third to secure reimbursement obligations of Banker Steel Co., L.L.C. or its affiliates, as evidenced by the Cash Collateral Agreement, dated May 24, 2021, by and between Banker Steel Co., L.L.C. and Fifth Third.

SCHEDULE 6.23

INVESTMENTS

None.

Summary report: Litera Compare for Word 11.6.0.100 Document comparison done on 6/27/2024 3:28:17 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://docs.quarles.com/ACTIVE/90201612/1	
Modified DMS: iw://docs.quarles.com/ACTIVE/90201612/8	
Changes:	
Add	339
~~Delete~~	234
~~Move From~~	0
Move To	0
Table Insert	14
~~Table Delete~~	5
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	592

AMENDMENT NO. 2 OF SENIOR SECURED PROMISSORY NOTE

This Amendment No. 2 of Senior Secured Promissory Note (this "**Amendment**"), dated effective as of May 17, 2024 (the "**Effective Date**"), is entered into by and between R2 Technologies, Inc., a Delaware corporation (the "**Company**"), and Lancer Capital LLC ("**Investor**"). Capitalized terms used herein, but not otherwise defined herein, shall have the meaning assigned to them in the Note (as defined below).

RECITALS

WHEREAS, the Company and Investor are parties to that certain Senior Secured Promissory Note, dated January 31, 2024, in the principal amount of $20,000,000.00, as amended by that certain Amendment of Senior Secured Promissory Note dated effective as of April 30, 2024 (as amended, the "**Note**"); and

WHEREAS, the Company and the undersigned Investors desire to further amend the Note to extend the Maturity Date and to add an additional fee in consideration of such extension, each as provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other valuable consideration the receipt of which is hereby acknowledged, the Company and Investor hereby agree as follows:

1. Maturity Date. Section 1(c)(i) of the Note is hereby amended to read "December 31, 2024."

2. Schedule A. Schedule A of the Note is hereby amended and restated in its entirety as follows:

If Principal Payment is made:		**Exit Fee is the equal to the principal repaid times the following percentage:**
On or after:	and prior to:	
February 1, 2024	March 1, 2024	10.20%
March 1, 2024	April 1, 2024	10.37%
April 1, 2024	May 1, 2024	10.54%
May 1, 2024	June 1, 2024	10.71%
June 1, 2024	July 1, 2024	10.88%
July 1, 2024	August 1, 2024	11.05%
August 1, 2024	September 1, 2024	11.22%
September 1, 2024	October 1, 2024	11.39%
October 1, 2024	November 1, 2024	11.56%
November 1, 2024	December 1, 2024	11.73%
December 1, 2024	January 1, 2025	11.90%

3. Additional Exit Fee.

(a) In consideration of the extension of the Maturity Date set forth herein, The Company shall pay to the Holder an additional fee (the "**Additional Exit Fee**") as follows:

If all outstanding amounts pursuant to the Note are not prepaid in full on or before:	The Additional Extension shall be, in the aggregate:
July 31, 2024	$1,000,000.00
August 31, 2024	$2,000,000.00
September 30, 2024	$3,000,000.00
October 31, 2024	$4,000,000.00
November 30, 2024	$5,000,000.00

(b) The Company shall pay such Additional Exit Fee on the earliest of (a) the Maturity Date, (b) the date of the acceleration of the principal amount of this Note for any reason or, (c) if any portion of this Note is prepaid at any time, the date of such prepayment of this Note. For the avoidance of doubt, the Additional Exit Fee is in addition to, and not in replacement of, the Exit Fee.

4. Effect on Note. The term "Note" as used in the Note shall at all times refer to, collectively, the Note as amended by this Amendment. Except as amended hereby, the Note shall remain in full force and effect.

5. Expenses. The Company agrees to pay all reasonable attorneys' fees incurred by Investor in connection with this Amendment.

6. Further Instruments. The undersigned parties agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Amendment.

7. Applicable Law; Entire Agreement; Amendments. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware as it applies to agreements between Delaware residents, entered into and to be performed entirely within Delaware. This Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof superseding all prior written or oral agreements, and no amendment or addition hereto shall be deemed effective unless agreed to in writing by the parties hereto.

8. Counterparts; Electronic Delivery. This Amendment may be executed and delivered electronically and in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature Page Follows]

The parties have executed this Amendment No. 2 of Senior Secured Promissory Note effective as of the date first written above.

R2 TECHNOLOGIES, INC.

/s/ Timothy Holt

By: Timothy Holt
Title: Chief Executive Officer

LANCER CAPITAL LLC

By: Avram Glazer Irrevocable Exempt Trust, its Sole Member

By: */s/ Avram Glazer*
Name: Avram Glazer
Title: Trustee

Exhibit 31.1

CERTIFICATIONS

I, Paul K. Voigt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of INNOVATE Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2024

By: /s/ Paul K. Voigt

Name: Paul K. Voigt

Title: Interim President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Michael J. Sena, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of INNOVATE Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2024

By: /s/ Michael J. Sena

Name: Michael J. Sena

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to Section 906 of the Public Company Accounting Reform and Investor Protection Act of 2002 (18 U.S.C. §1350, as adopted), Paul K. Voigt, the Interim President and Chief Executive Officer (Principal Executive Officer) of INNOVATE Corp. (the "Company"), and Michael J. Sena, the Chief Financial Officer (Principal Financial and Accounting Officer) of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, to which this Certification is attached as Exhibit 32 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition of the Company at the end of the period covered by the Periodic Report and results of operations of the Company for the period covered by the Periodic Report.

Dated: August 7, 2024

/s/ Paul K. Voigt
Paul K. Voigt
Interim President and Chief Executive Officer (Principal Executive Officer)

/s/ Michael J. Sena
Michael J. Sena
Chief Financial Officer (Principal Financial and Accounting Officer)