UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported) **April 27, 2012**

watsco

WATSCO, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or Other Jurisdiction of Incorporation)

1-5581	**59-0778222**
(Commission File Number)	(IRS Employer Identification No.)

2665 South Bayshore Drive, Suite 901
Miami, Florida 33133

(Address of Principal Executive Offices, Including Zip Code)

(305) 714-4100

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d- 2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On April 27, 2012 (the "Closing Date"), Watsco, Inc., a Florida corporation (the "Company") and Watsco Canada, Inc., a corporation organized under the laws of New Brunswick, Canada, and a wholly-owned subsidiary of the Company ("Watsco Canada" and, together with the Company, the "Borrowers"), entered into an unsecured, five-year $500,000,000 syndicated credit agreement (the "New Credit Facility") with nine lenders (the "Lenders"), JPMorgan Chase Bank, N.A. as Administrative Agent (the "Administrative Agent"), Bank of America, N.A. and Wells Fargo Bank, National Association as Co-Syndication Agents, and U.S. Bank National Association as Documentation Agent. The New Credit Facility replaces in its entirety both the Company's prior five-year $300,000,000 revolving credit facility, entered into as of August 3, 2007, and the three-year $125,000,000 revolving credit facility entered into as of July 1, 2009, under which the Company's 60% owned subsidiary, Carrier Enterprise, LLC, was borrower (together, the "Prior Credit Facilities"). On the Closing Date, the Borrowers borrowed approximately $154,000,000 under the New Credit Facility, the proceeds of which were used both to repay outstanding borrowings, including accrued but unpaid interest thereon, under the Prior Credit Facilities and for the acquisition of a 60% controlling interest in the new joint venture described in Item 2.01 of this Current Report on Form 8-K. Any additional borrowings under the New Credit Facility may be used for, among other things, funding seasonal working capital needs and other general corporate purposes, including acquisitions, dividends, stock repurchases and issuances of letters of credit.

The terms of the New Credit Facility also provide for a $50,000,000 swingline subfacility, a $50,000,000 letter of credit subfacility and a $75,000,000 multicurrency borrowing sublimit. As of the Closing Date, approximately $154,000,000 of borrowings was outstanding under the New Credit Facility.

Borrowings under the New Credit Facility accrue interest at different rates depending on the types of advances or loans the Borrowers select under the New Credit Facility. At the Borrower's election, borrowings under the New Credit Facility bear interest either at LIBOR-based rates plus a spread which ranges from 100 to 275 basis-points (LIBOR plus 112.5 basis-points as of the Closing Date), depending upon the Company's ratio of total debt to EBITDA, or on rates based on the higher of the prime rate announced by the Administrative Agent or the Federal Funds Rate, in each case plus a spread which ranges from 0 to 175 basis-points (12.5 basis-points as of the Closing Date), depending upon the Company's ratio of total debt to EBITDA. The Company pays a variable commitment fee on the unused portion of the commitment, ranging from 12.5 to 40 basis-points (15 basis-points as of the Closing Date).

The outstanding balance under the New Credit Facility may be prepaid at any time without premium or penalty. The New Credit Facility contains customary affirmative and negative covenants, including two financial covenants with respect to the Company's consolidated leverage and interest coverage ratios and other customary restrictions. Additionally, the New Credit Facility contains customary events of default and remedies upon an event of default, including termination of the commitments of the lenders thereunder and the acceleration of repayment of outstanding amounts under the New Credit Facility.

The Company's performance and payment obligations under the New Credit Facility are guaranteed by substantially all of the Company's wholly-owned subsidiaries.

Certain of the lenders party to the New Credit Facility, and their respective affiliates, have performed, and may in the future perform, various commercial banking, investment banking and other financial advisory services for the Company and its subsidiaries, for which they have received, and will receive, customary fees and expenses.

The foregoing description of the New Credit Facility is qualified in its entirety by reference to the New Credit Facility which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Item 1.02. Termination of a Material Definitive Agreement.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference in this Item 1.02.

On the Closing Date, in connection with entering into the New Credit Facility, the Company's Prior Credit Facilities were terminated. The Borrowers borrowed approximately $154,000,000 under the New Credit Facility, the proceeds of which were used both to repay outstanding borrowings, including accrued but unpaid interest thereon, under the Prior Credit Facilities and for the acquisition of a 60% controlling interest in the new joint venture described in Item 2.01 of this Current Report on Form 8-K. Additionally, under the terms of the New Credit Facility, $4,925,694 of letters of credit outstanding under the Prior Credit Facilities will remain outstanding under the terms and conditions set forth at the time of their issuance and reduce the availability under the New Credit Facility.

The Company incurred no penalties in connection with the termination of the Prior Credit Facilities. The material terms of the Prior Credit Facilities are described in the Company's 2011 Annual Report to Shareholders under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources", and such description is incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On the Closing Date, the Company completed the formation of Carrier Enterprise Canada, L.P. ("Carrier Enterprise Canada"), a joint venture with UTC Canada Corporation ("UTC Canada"), an affiliate of Carrier Corporation ("Carrier"), pursuant to the previously reported Asset Purchase Agreement, dated March 13, 2012, by and between UTC Canada, the Company and Carrier Enterprise Canada (the "Purchase Agreement") and executed a shareholders' agreement for Carrier Enterprise Canada, which establishes the manner in which Carrier Enterprise Canada is to be managed (the "Shareholders' Agreement"). Carrier Enterprise Canada will operate 35 locations throughout the provinces and territories of Canada and serve approximately 5,000 air conditioning and heating contractors. In the formation of the joint venture, UTC Canada contributed its Canadian distribution business and retained a 40% noncontrolling interest in Carrier Enterprise Canada. The Company purchased a 60% controlling interest in the joint venture for cash consideration of CAD$168,870,000.

Carrier and its affiliates are key suppliers to the Company and accounted for 54% of purchases made by the Company for the year ended December 31, 2011.

The foregoing description of the Purchase Agreement and the Shareholders' Agreement is only a summary and is qualified in its entirety by reference to the full text of the Purchase Agreement and the Shareholders' Agreement, which are attached as Exhibit 2.1 and Exhibit 10.2, respectively, to this Current Report on Form 8-K and each of which is incorporated by reference herein.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Company.

The information set forth in Item 1.01 and Item 1.02 of this Current Report on Form 8-K is incorporated by reference in this Item 2.03.

Item 3.02. **Unregistered Sales of Equity Securities.**

As previously reported, contemporaneously with the Company's entering into the Purchase Agreement, the Company entered into a subscription agreement (the "Subscription Agreement") with UTC Canada and Carrier, pursuant to which the Company agreed to issue and sell to UTC Canada, and UTC Canada agreed to purchase from the Company, between 750,000 and 1,250,000 shares of the Company's Common stock, par value $0.50 per share ("Common Stock").

On the Closing Date, the Company amended its amended and restated shareholder agreement by and between the Company and Carrier, dated January 24, 2012 (the "Shareholder Agreement"), to include UTC Canada and pursuant to the Subscription Agreement, issued 1,250,000 shares of unregistered Common Stock for CAD$88,269,390 to UTC Canada. The Company offered and sold the shares of Common Stock to UTC Canada in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). UTC Canada represented to the Company that it is either a "qualified institutional buyer" as defined by Rule 144A promulgated under the Securities Act or an "accredited investor" as defined by Rule 501(a) of Regulation D promulgated under the Securities Act.

The foregoing description of the Subscription Agreement and the Shareholder Agreement is only a summary and is qualified in its entirety by reference to the full text of the Subscription Agreement and the Shareholder Agreement, which are attached as Exhibit 10.3 and Exhibit 10.4, respectively, to this Current Report on Form 8-K and each of which is incorporated by reference herein.

Item 9.01. **Financial Statements and Exhibits**

(c) Exhibits

Exhibit Number	Description
2.1*	Asset Purchase Agreement dated March 13, 2012 by and between UTC Canada Corporation, Watsco, Inc., Watsco Canada, Inc. and Carrier Enterprise Canada, L.P. (incorporated herein by reference to Exhibit 2.1 to Watsco, Inc.'s Current Report on Form 8-K dated March 13, 2012 and filed with the SEC on March 14, 2012).
10.1	Credit Agreement dated as of April 27, 2012, by and among Watsco, Inc., as Borrower, Watsco Canada, Inc., as Canadian Borrower, the Lenders From Time to Time Party Thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, Bank of America, N.A. and Wells Fargo Bank, National Association as Co-Syndication Agents and U.S. Bank National Association as Documentation Agent.
10.2	Carrier Enterprise Canada (G.P.), Inc. Shareholders' Agreement dated as of April 27, 2012.
10.3	Subscription Agreement dated March 13, 2012 by and between Watsco, Inc., UTC Canada Corporation and Carrier Corporation (incorporated herein by reference to Exhibit 10.1 to Watsco, Inc.'s Current Report on Form 8-K dated March 13, 2012 and filed with the SEC on March 14, 2012).
10.4	Second Amended and Restated Shareholder Agreement by and among Watsco, Inc., Carrier Corporation and UTC Canada Corporation, dated as of April 27, 2012.

* Certain schedules and exhibits to the Asset Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

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.

WATSCO, INC.

By: /s/ Ana M. Menendez
Ana M. Menendez,
Chief Financial Officer

Dated: May 3, 2012

EXHIBIT INDEX

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EXHIBIT 10.1

J.P.Morgan

CREDIT AGREEMENT

dated as of

April 27, 2012

among
WATSCO, INC.,
as Company

WATSCO CANADA, INC.,
as a Canadian Borrower

The Canadian Subsidiary Borrowers From Time to Time Party Hereto

The Lenders Party Hereto

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

BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION
as Co-Syndication Agents

and

U.S. BANK NATIONAL ASSOCIATION
as Documentation Agent

J.P. MORGAN SECURITIES LLC,
MERRILL, LYNCH, PIERCE, FENNER & SMITH INCORPORATED and
WELLS FARGO SECURITIES, LLC
as Joint Bookrunners and Joint Lead Arrangers

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Exhibit H-1 – Form of U.S. Borrowing Base Certificate
Exhibit H-2 – Form of Canadian Borrowing Base Certificate
Exhibit G-1 – Form of Canadian Borrowing Subsidiary Agreement
Exhibit G-2 – Form of Canadian Borrowing Subsidiary Termination

CREDIT AGREEMENT (this "Agreement") dated as of April 27, 2012 among WATSCO, INC., WATSCO CANADA, INC., and the CANADIAN SUBSIDIARY BORROWERS from time to time party hereto, the LENDERS from time to time party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent and Collateral Agent, BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Syndication Agents and U.S. BANK NATIONAL ASSOCIATION, as Documentation Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

"Accounts" has the meaning set forth in Article 9 of the UCC (in the case of any U.S. Loan Party) or the PPSA (in the case of any Canadian Loan Party).

"Account Debtor" means any Person obligated on an Account.

"Acquisition" means the purchase or other acquisition of a controlling equity interest in another Person (including the purchase of an option, warrant, convertible or similar type security to acquire such a controlling interest at the time it becomes exercisable by the holder thereof), whether by purchase of such equity interest or upon exercise of an option or warrant for, or conversions of securities into, such equity interest, or the purchase or other acquisition (in one transaction or a series of transactions) of any assets of any such other Person that constitute a business unit.

"Adjusted LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the sum of (i) (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate plus, without duplication (ii) in the case of Loans by a Lender from its office or branch in the United Kingdom or any Participating Member State, the Mandatory Cost.

"Administrative Agent" means JPMorgan Chase Bank, N.A. (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Foreign Subsidiary" means any Foreign Subsidiary to the extent such Foreign Subsidiary acting as a Subsidiary Guarantor would cause a Deemed Dividend Problem.

"Affiliate" means, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person.

"Agents" means the Administrative Agent and the Collateral Agent.

"Aggregate Commitment" means the aggregate of the Commitments of all of the Lenders, as reduced or increased from time to time pursuant to the terms and conditions hereof. As of the Effective Date, the Aggregate Commitment is $500,000,000.

"Agreed Currencies" means (i) Dollars, (ii) euro, (iii) Pounds Sterling, (iv) Canadian Dollars and (v) any other currency that is (x) a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars, (y) available in the London interbank deposit market and (z) agreed to by the Administrative Agent and each of the Lenders.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"Applicable Payment Office" means, (a) in the case of a Canadian Revolving Borrowing, the Canadian Payment Office and (b) in the case of a Eurocurrency Borrowing, the applicable Eurocurrency Payment Office.

"Applicable Percentage" means, with respect to any Lender, the percentage of the Aggregate Commitment represented by such Lender's Commitment; provided that, in the case of Section 2.22 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

"Applicable Pledge Percentage" means 100% but 65% in the case of a pledge by the Company or any Domestic Subsidiary of its Voting Stock in an Affected Foreign Subsidiary or a Domestic Foreign Holdco Subsidiary.

"Applicable Rate" means, for any day, with respect to any Eurocurrency Revolving Loan, any BA Equivalent Revolving Loan, any ABR Revolving Loan or any Canadian Base Rate Revolving Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency/BA Equivalent Spread", "ABR/Canadian Base Rate Spread" or "Commitment Fee Rate", as the case may be, based upon the Total Leverage Ratio applicable on such date:

	Total Leverage Ratio:	Eurocurrency / BA Equivalent Spread	ABR / Canadian Base Rate Spread	Commitment Fee Rate
Category 1:	< 0.50 to 1.00	1.000%	0%	0.125%
Category 2:	³ 0.50 to 1.00 but < 1.00 to 1.00	1.125%	0.125%	0.150%

Category 3:	³ 1.00 to 1.00 but < 1.50 to 1.00	1.375%	0.375%	0.175%
Category 4:	³ 1.50 to 1.00 but < 2.00 to 1.00	1.625%	0.625%	0.200%
Category 5:	³ 2.00 to 1.00 but < 2.50 to 1.00	1.875%	0.875%	0.225%
Category 6:	³ 2.50 to 1.00 but < 3.00 to 1.00	2.125%	1.125%	0.250%
Category 7:	³ 3.00 to 1.00 but £ 3.50 to 1.00	2.375%	1.375%	0.275%
Category 8:	> 3.50 to 1.00	2.750%	1.750%	0.400%

For purposes of the foregoing,

(i) if at any time the Company fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category 8 shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Category then in effect shall be effective three (3) Business Days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Category shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(iii) notwithstanding the foregoing, Category 2 shall be deemed to be applicable until the Administrative Agent's receipt of the applicable Financials for the Company's first full fiscal quarter ending after the Effective Date (unless such Financials demonstrate that Category 3, 4, 5, 6, 7 or 8 should have been applicable during such period, in which case such other Category shall be deemed to be applicable during such period) and adjustments to the Category then in effect shall thereafter be effected in accordance with the preceding paragraphs.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Augmenting Lender" has the meaning assigned to such term in Section 2.20.

"Available Revolving Commitment" means, at any time with respect to any Lender, the Commitment of such Lender then in effect minus the Revolving Credit Exposure of such Lender at such time; it being understood and agreed that any Lender's Swingline Exposure shall not be deemed to be a component of the Revolving Credit Exposure for purposes of calculating the commitment fee under Section 2.12(a).

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments in accordance with the terms of this Agreement.

"BA Equivalent", when used in reference to any Loan or Borrowing, means that such Loan bears, or the Loans comprising such Borrowing bear, interest at a rate determined by reference to the BA Rate.

"BA Rate" means, with respect to any Interest Period for any BA Equivalent Revolving Loan (a) in the case of any Lender named in Schedule I of the *Bank Act* (Canada), the rate per annum determined by the Administrative Agent by reference to the average annual rate applicable to Canadian Dollar bankers' acceptances having a term comparable to such Interest Period quoted on the Reuters Screen "CDOR Page" (or such other page as may replace such page on such screen for the purpose of displaying Canadian interbank bid rates for Canadian Dollar bankers' acceptances) at 10:00 a.m. on the date of the commencement of such Interest Period (the "CDOR Rate") and (b) in the case of any other Lender, the sum of (A) the CDOR Rate *plus* (B) 0.10%. If such rates do not appear on the Reuters Screen at such time, the CDOR Rate shall be the rate of interest determined by the Administrative Agent that is equal to the average (rounded upwards to the nearest 1/100 of 1%) quoted by the banks listed in Schedule I of the *Bank Act (*Canada) that are also Lenders in respect of Canadian Dollar bankers' acceptances with a term comparable to such Interest Period.

"Banking Services" means each and any of the following bank services provided to the Company or any Restricted Subsidiary by any Lender or any of its Affiliates: (a) credit cards for commercial customers (including, without limitation, commercial credit cards and purchasing cards), (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Agreement" means any agreement entered into by the Company or any Restricted Subsidiary in connection with Banking Services.

"Banking Services Obligations" means any and all obligations of the Company or any Restricted Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowers" means the Company and the Canadian Borrowers.

"Borrowing" means (a) Revolving Loans of the same Class and Type, made, converted or continued on the same date to the same Borrower and, in the case of Eurocurrency Loans or BA Equivalent Loan, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Base" means, at any time, an amount equal to the sum of the U.S. Borrowing Base at such time plus the Canadian Borrowing Base at such time.

"Borrowing Request" means a request by a Borrower for a Revolving Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in the relevant Agreed Currency in the London interbank market or the principal financial center of such Agreed Currency (and (x) if the Borrowings or LC Disbursements which are the subject of a borrowing, drawing, payment, reimbursement or rate selection are denominated in euro, the term "Business Day" shall also exclude any day on which the TARGET2 payment system is not open for the settlement of payments in euro and (y) when used in connection with any Canadian Revolving Loan, shall also exclude any day on which banks are required or authorized by law to close in Toronto, Canada).

"Canadian Base Rate", when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Canadian Prime Rate.

"Canadian Benefit Plan" means any plan, fund, program, or policy, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, providing employee benefits, including medical, hospital care, dental, sickness, accident, disability, life insurance, pension, retirement or savings benefits, under which the Company or any Restricted Subsidiary has any liability with respect to any employee or former employee in Canada, but excluding any Canadian Pension Plans.

"Canadian Borrowers" means Watsco Canada and the Canadian Subsidiary Borrowers.

"Canadian Borrower LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"Canadian Borrower Sublimit" means $200,000,000.

"Canadian Borrower Utilization" means, at any time, the excess, if any, of (a) the aggregate Canadian Revolving Credit Exposures of all Lenders over (b) the Canadian Borrowing Base.

"Canadian Borrowing Base" means, at any time, an amount equal to (a) 70% of the Eligible Canadian Accounts at such time, plus (b) 50% of the Eligible Canadian Inventory, valued at the lower of cost or market value, determined on a basis consistent with the Canadian Loan Parties' historical accounting practices, at such time, minus (c) the aggregate amount of all Canadian Priority Payables of the Canadian Loan Parties.

"Canadian Borrowing Base Certificate" means a certificate, signed and certified as accurate and complete by a Financial Officer of Watsco Canada, in substantially the form of Exhibit H-2 or another form which is acceptable to the Collateral Agent in its Permitted Discretion.

"Canadian Borrowing Subsidiary Agreement" means a Canadian Borrowing Subsidiary Agreement substantially in the form of Exhibit G-1.

"Canadian Borrowing Subsidiary Termination" means a Canadian Borrowing Subsidiary Termination substantially in the form of Exhibit G-2.

"Canadian Collateral Documents" the Canadian Security Agreement, all Mortgages in respect of real property located in Canada, the Pledge Agreements in respect of any Pledge Subsidiary organized under the laws of Canada or any province or territory thereof and all other agreements, instruments and documents executed by any Canadian Loan Party in connection with this Agreement that are intended to create, perfect or evidence Liens to secure the Obligations referred to therein, whether heretofore, now, or hereafter executed by any Canadian Loan Party and delivered to the Collateral Agent.

"Canadian Dollar Amount" of U.S. Dollars at any date shall mean the equivalent in Canadian Dollars of U.S. Dollars, calculated on the basis of the Exchange Rate for Canadian Dollars, on or as of the most recent Computation Date provided for in Section 2.04.

"Canadian Dollars" or "Cdn.$" means the lawful currency of Canada.

"Canadian LC Exposure" means, collectively, the sum of (a) the aggregate undrawn amount (in Canadian Dollars) of all outstanding Canadian Letters of Credit at such time plus (b) the aggregate amount (in Canadian Dollars) of all LC Disbursements that have not yet been reimbursed by or on behalf of the Canadian Borrowers at such time. The Canadian LC Exposure of any Lender at any time shall be its Applicable Percentage of the total Canadian LC Exposure at such time.

"Canadian Letters of Credit" has the meaning assigned to such term in Section 2.06(a).

"Canadian Loan Parties" means, collectively, the Canadian Borrowers and the Canadian Subsidiary Guarantors, if any.

"Canadian Payment Office" of the Administrative Agent means the office, branch, affiliate or correspondent bank of the Administrative Agent for Canadian Dollars as specified from time to time by the Administrative Agent to the Borrowers and each Lender.

"Canadian Pension Plan" means any registered plan, program or arrangement that is a registered pension plan for the purposes of any applicable Canadian federal or provincial pension legislation, which is maintained or contributed to by the Company or a Restricted Subsidiary operating in Canada in respect of any Person's employment in Canada with the Company or such Restricted subsidiary, other than plans established by statute, and does not include the Canada Pension Plan maintained by the government of Canada or the Québec Pension Plan maintained by the Province of Québec.

"Canadian Pension Plan Termination Event" means an event which would entitle a Person (without the consent of the Company, a Canadian Borrower or a Restricted Subsidiary) to wind up or terminate a Canadian Pension Plan in full or in part, or the institution of any steps by any Person to withdraw from, terminate participation in, wind up or order the termination or wind-up of, in full or in part, any Canadian Pension Plan, or the receipt by a the Company or a Restricted Subsidiary of

correspondence from a Governmental Authority relating to a potential or actual, partial or full, termination or wind-up of any Canadian Pension Plan, or an event respecting any Canadian Pension Plan which would result in the revocation of the registration of such Canadian Pension Plan or which could otherwise reasonably be expected to adversely affect the tax status of any such Canadian Pension Plan.

"Canadian Prime Rate" means the greater of (a) the per annum floating rate of interest established from time to time by JPMorgan Chase Bank, N.A., Toronto Branch, as the prime rate it will use to determine rates of interest on Canadian Dollar loans to its customers in Canada and (b) the sum of (x) the CDOR Rate for an Interest Period of one month *plus* (y) 1.0%.

"Canadian Priority Payables" means, with respect to any Canadian Loan Party, any amount payable or accrued by such Canadian Loan Party which is secured by a Lien which ranks or is capable of ranking prior to or equally with the Liens created by the Canadian Collateral Documents, including, to the extent they so rank or are capable of so ranking, amounts owing for wages, vacation pay, severance pay, employee deductions, sales tax, excise tax, Tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of GST input credits), income tax, workers compensation, government royalties, pension fund obligations including employee and employer pension plan contributions (including "normal cost", "special payments" and any other payments in respect of any funding deficiencies or shortfalls), overdue rents or Taxes, and other statutory or other claims that have or may have priority over, or rank equally with, such Liens created by the Canadian Collateral Documents.

"Canadian Revolving Borrowing" means a Borrowing of Canadian Revolving Loans.

"Canadian Revolving Credit Availability" means (a) the Canadian Borrower Sublimit minus the excess, if any, of (A) the aggregate Company Revolving Credit Exposures of all Lenders over (B) the Aggregate Commitment minus the Canadian Borrower Sublimit or (b) at any time during the Collateral Period, an amount equal to the lesser of (i) the amount set forth in clause (a) above and (ii) the difference of (x) the Borrowing Base minus (y) the aggregate Company Revolving Credit Exposures of all Lenders.

"Canadian Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Canadian Revolving Loans and its Canadian LC Exposure at such time.

"Canadian Revolving Loan" has the meaning assigned to such term in Section 2.01.

"Canadian Security Agreement" means that certain Pledge and Security Agreement (if any) (including any and all supplements thereto) in form and substance reasonably satisfactory to the Collateral Agent and between the Canadian Loan Parties and the Collateral Agent, for the benefit of the Collateral Agent and the other Secured Parties referred to therein, and any other pledge or security agreement entered into, after the date of this Agreement by any other Canadian Loan Party (as required by this Agreement or any other Loan Document) as the same may be amended, restated or otherwise modified from time to time.

"Canadian Subsidiary" means any Subsidiary that is organized under the laws of Canada or any province or territory thereof.

"Canadian Subsidiary Borrower" means any Wholly-Owned Subsidiary that becomes a Canadian Subsidiary Borrower pursuant to Section 2.24 and that has not ceased to be a Canadian Subsidiary Borrower pursuant to such Section.

“Canadian Subsidiary Guarantor” means each Material Subsidiary that is a Subsidiary of Watsco Canada and is organized under the laws of Canada or any province or territory thereof and that is a party to the Subsidiary Guaranty; provided that (x) no such Material Subsidiary shall be a Canadian Subsidiary Guarantor to the extent that guaranteeing the Obligations would (i) result in a Deemed Dividend Problem (provided that this clause (i) shall only exclude a Material Subsidiary from being a Canadian Subsidiary Guarantor with respect to the Obligations of the Company) or (ii) conflict with applicable law, rule or regulation and (y) no Joint Venture (or any subsidiary thereof) shall be a Canadian Subsidiary Guarantor. The Canadian Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.18 hereto.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases obligations on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Change in Control” means, at any time:

(a) With respect to the Company,

(i) any “person” or “group” (each as used in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934) other than Albert Nahmad and each Related Affiliate (each an “Existing Control Group”) either (A) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Company (or securities convertible into or exchangeable for such Voting Stock) representing fifty percent (50%) or more of the combined voting power of all Voting Stock of the Company (on a fully diluted basis) or (B) otherwise has the ability, directly or indirectly, to elect a majority of the board of directors of the Company (provided, that if an event described in this clause (i) shall occur solely by reason of the death of one or more members of the Existing Control Group, then a “Change of Control” shall not be deemed to have occurred so long as the Voting Stock of the decedent is owned of record by the estate or immediate family of such decedent or another member of the Existing Control Group); or

(ii) during any period of up to twenty-four (24) consecutive months, commencing on the Effective Date, individuals who at the beginning of such twenty-four (24)-month period were directors of the Company shall cease for any reason (other than the death, disability or retirement of a director or of an officer of the Company that is serving as a director at such time so long as another officer of the Company replaces such Person as a director) to constitute a majority of the board of directors of the Company, unless the replacement thereof (x) was recommended or approved by a majority of the then directors or (y) with respect to whom votes by Albert Nahmad and/or any of his Family Members and/or Related Affiliates were sufficient for such member’s election to the Board;

(b) with respect to any Material Subsidiary (other than a Joint Venture),

(i) the Company shall cease to own, directly or indirectly, at least 100% of the Voting Stock of each currently existing Material Subsidiary (other than a Joint Venture) or any other Subsidiary that is or becomes a Material Subsidiary (other than a Joint Venture) after the date hereof; or

(ii) any Person or two or more Persons acting in concert other than the Company shall have acquired by contract or otherwise, or shall have consummated a contract or arrangement that results in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence on the management or policies of such Material Subsidiary;

(c) with respect to Watsco Canada, the Company shall cease to own, directly or indirectly, at least 100% of the Voting Stock of Watsco Canada; or

(d) with respect any Canadian Subsidiary Borrower, Watsco Canada shall cease to own, directly or indirectly, at least 100% of the Voting Stock of such Canadian Subsidiary Borrower.

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

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means any and all property owned by a Loan Party covered by the relevant Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be or become subject to a security interest or Lien in favor of Collateral Agent, on behalf of itself and the Secured Parties, to secure any Obligations; provided that Collateral shall not include the Excluded Assets.

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance reasonably satisfactory to the Collateral Agent, between the Collateral Agent and any third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Equipment, Inventory or books and records which are Collateral or any landlord of any Loan Party for any real property where any such Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time.

"Collateral Agent" means JPMorgan Chase Bank, N.A. in its capacity as Collateral Agent for the Secured Parties and any successor Collateral Agent appointed pursuant to the terms of the Intercreditor Agreement.

"Collateral Documents" means, collectively, the U.S. Collateral Documents and the Canadian Collateral Documents.

"Collateral Period" means the period after the Effective Date commencing on the Collateral Trigger Date and ending on the Collateral Release Date (if any).

"Collateral Release Date" means the date, if any, following a series of four consecutive fiscal quarters of the Company ending after the Collateral Trigger Date during which the Total Leverage Ratio is less than 2.50 to 1.00 for each such fiscal quarter, on which date no Default or Event of Default has occurred and is continuing and the Company provides notice to the Administrative Agent of the Company's election to maintain a maximum Total Leverage Ratio of 3.50 to 1.00 for the remaining term of this Agreement.

"Collateral Trigger Date" means the date that is 30 days after the Higher Covenant Notice Date (or such later date as may be reasonably agreed by the Administrative Agent).

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Credit Exposure hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption or other documentation contemplated hereby pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Company" means Watsco, Inc., a Florida corporation.

"Company Foreign Currency Sublimit" means $75,000,000.

"Company LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"Company LC Exposure" means, collectively, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Company Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Company at such time. The Company LC Exposure of any Lender at any time shall be its Applicable Percentage of the total Company LC Exposure at such time.

"Company Letters of Credit" has the meaning assigned to such term in Section 2.06(a).

"Company Revolving Borrowing" means a Borrowing of Company Revolving Loans.

"Company Revolving Credit Availability" means (a) an amount equal to the Aggregate Commitment minus the aggregate Canadian Revolving Credit Exposures of all Lenders or (b) at any time during a Collateral Period, an amount equal to the lesser of (i) the amount set forth in clause (a) above and (ii) the difference of (x) U.S. Borrowing Base minus (y) the Canadian Borrower Utilization.

"Company Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Company Revolving Loans and its Company LC Exposure and Swingline Exposure at such time.

"Company Revolving Loan" has the meaning assigned to such term in Section 2.01.

"Compliance Certificate" has the meaning assigned to such term in Section 5.01(c).

"Computation Date" is defined in Section 2.04.

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

"Consolidated EBITDA" means, for the Company and the Restricted Subsidiaries for any four-quarter period ending on the date of computation thereof, an amount equal to the sum of (a) Consolidated Net Income for such period *plus* (b) to the extent deducted in determining Consolidated Net Income for such period and without duplication, (i) Consolidated Interest Expense, (ii) income tax expense, and (iii) depreciation and amortization (including non-cash, stock based compensation) *minus* (c) to the extent included in the determination of Consolidated Net Income, cash distributions to any Joint Venture partner, in each case, determined on a consolidated basis in accordance with GAAP; provided that, in any event and for all periods, non-cash gains or losses on foreign currency translation in connection with the re-measurement of balance sheet assets and liabilities shall be excluded from the calculation of Consolidated EBITDA; provided further that, for the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each such period, a "Reference Period"), (A) if at any time during such Reference Period (and after the Effective Date), the Company or any of the Restricted Subsidiaries shall have made an Acquisition or converted any Unrestricted Subsidiary into a Restricted Subsidiary, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to such Acquisition or conversion, as applicable, are factually supportable, and are expected to have a continuing impact, as determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Securities Act and as interpreted by the staff of the SEC) or in such other manner acceptable to the Administrative Agent as if any such Acquisition or conversion, as applicable, occurred on the first day of such Reference Period and (B) if at any time during such Reference Period (and after the Effective Date), the Company or any of the Restricted Subsidiaries shall have made a disposition of any subsidiary or any division or business line or converted any Restricted Subsidiary to an Unrestricted Subsidiary, Consolidated EBITDA for such Reference Period shall be calculated as if such disposition or conversion, as applicable, occurred on the first day of such Reference Period. Consolidated EBITDA of the Company and the Restricted Subsidiaries shall be calculated to exclude therefrom any Consolidated EBITDA directly attributable to Unrestricted Subsidiaries and MJVs, but shall include (i) all Consolidated EBITDA directly attributable to any such MJV that is a Subsidiary Guarantor, (ii) all Consolidated EBITDA (less any distributions to the Joint Venture partner (other than the Company or its Subsidiaries) in respect of such MJV) directly attributable to any such MJV (x) that is not a Subsidiary Guarantor and (y) all of the assets of which are subject to a perfected security interest in favor of the Company or a Canadian Borrower, as the case may be, pursuant to security arrangements reasonably acceptable to the Administrative Agent (it being understood that the only method of perfection shall be (x) the filing of UCC financing statements with respect to assets of the Domestic Subsidiaries, (y) the filing of PPSA financing statements with respect to the assets of the Canadian Subsidiaries and (z) to the extent such equivalent exists, the equivalent with respect to the assets of any other Foreign Subsidiaries or, if no such equivalent exists, such other methods of perfection as are required to achieve substantially equivalent perfection) and (iii) only the amount of any cash dividends or distributions actually received in the relevant period by the Company from any such MJV or any such Unrestricted Subsidiary that is a Foreign Subsidiary (x) that is not a Subsidiary Guarantor and (y) all of the assets of which are not subject to a perfected security interest in favor of the Company or a Canadian Borrower, as the case may be, pursuant to security arrangements described in clause (ii) above.

"Consolidated Interest Expense" means, for the Company and the Restricted Subsidiaries for any period ending on the date of computation thereof, determined on a consolidated basis in

accordance with GAAP, the sum of (a) total cash interest expense, including without limitation, the interest component of any payments in respect of Capital Lease Obligations during such period (whether or not actually paid during such period), plus (b) the net amount payable (or *minus* the net amount receivable) under Hedging Agreements during such period (whether or not actually paid or received during such period).

"Consolidated Net Income" means, for any four-quarter period ending on the date of computation thereof, the net income (or loss) of the Company and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, but excluding therefrom (to the extent otherwise included therein and without duplication) (a) any extraordinary gains or losses, (b) any gains attributable to write-ups of assets, (c) cash restructuring charges in an aggregate amount for any Reference Period (as defined in the definition of "Consolidated EBITDA") not to exceed 5% of Consolidated EBITDA (as calculated without giving effect to such add-back of cash restructuring charges) for such Reference Period, (d) non-cash restructuring charges, (e) other non-recurring, non-cash charges, and (f) any Equity Interest of the Company or any Restricted Subsidiary in the unremitted earnings of any Person that is not a Restricted Subsidiary.

"Consolidated Tangible Assets" means, on any date of computation, Consolidated Total Assets minus intangible assets of the Company and the Restricted Subsidiaries on such date.

"Consolidated Total Assets" means, for the Company and the Restricted Subsidiaries for any period ending on the date of computation thereof, determined on a consolidated basis in accordance with GAAP, the aggregate book value of the assets of the Company and the Restricted Subsidiaries for such period.

"Consolidated Total Debt" means, as of any date of determination, without duplication, all Indebtedness of the Company and the Restricted Subsidiaries (other than (i) as described in clause (k) under the definition of "Indebtedness" herein and (ii) reimbursement obligations in respect of undrawn letters of credit), determined on a consolidated basis in accordance with GAAP, including, but not limited to, all of the Obligations. For purposes of determining "Consolidated Total Debt", the principal amount of any Synthetic Lease Obligation shall be deemed to be the amount that would be reflected on the balance sheet of the Company and the Restricted Subsidiaries if such Synthetic Lease Obligation were characterized as a capital lease rather than an operating lease.

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

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

"Co-Syndication Agent" means each of Bank of America, N.A. and Wells Fargo Bank, National Association in its capacity as co-syndication agent for the credit facility evidenced by this Agreement.

"Credit Event" means a Borrowing, the issuance of a Letter of Credit, an LC Disbursement or any of the foregoing.

"Credit Party" means the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender.

"Deemed Dividend Problem" means, with respect to any Foreign Subsidiary, all or a portion of such Foreign Subsidiary's undistributed earnings and profits being deemed to be repatriated to the Company or the applicable parent Domestic Subsidiary under Section 956 of the Code and the effect of such repatriation causing adverse tax consequences to the Company or such parent Domestic Subsidiary, in each case as determined by the Company in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

"Defined Benefit Plan" means any Canadian Pension Plan which contains a "defined benefit" provision, as defined in section 147.1(1) of the ITA.

"Documentation Agent" means U.S. Bank National Association in its capacity as documentation agent for the credit facility evidenced by this Agreement.

"Dollar Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent amount thereof in Dollars if such currency is a Foreign Currency, calculated on the basis of the Exchange Rate for such currency, on or as of the most recent Computation Date provided for in Section 2.04.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Foreign Holdco Subsidiary" means a Domestic Subsidiary substantially all of the assets of which consist of the Equity Interests of (and/or receivables or other amounts due from) one or more Foreign Subsidiaries that are "controlled foreign corporations" within the meaning of Section 957 of the Code, so long as such Domestic Subsidiary (i) does not conduct any business or activities other than the ownership of such Equity Interests and/or receivables and (ii) does not incur, and is not otherwise liable for, any material Indebtedness (other than intercompany indebtedness permitted pursuant to Section 6.01(c)).

“Domestic Subsidiary” means a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Eligible Canadian Accounts” means, at any time, the Accounts of any Canadian Loan Party; provided that Eligible Canadian Accounts shall not include any Account:

(a) which is not subject to a first priority (other than Canadian Priority Payables) perfected security interest in favor of the Collateral Agent;

(b) with respect to which (i) the scheduled due date is more than 90 days after the original invoice date, (ii) is unpaid more than 60 days after the original due date, or (iii) which has been written off the books of such Canadian Loan Party or otherwise designated as uncollectible;

(c) which is owing by an Account Debtor for which more than 25% of the Accounts owing from such Account Debtor and its Affiliates are ineligible hereunder pursuant to clause (b) above;

(d) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to such Canadian Loan Party exceeds 10% of the aggregate amount of Eligible Canadian Accounts;

(e) with respect to which any covenant, representation or warranty contained in this Agreement or in the Security Agreement has been breached or is not true;

(f) which (i) does not arise from the sale of goods or performance of services in the ordinary course of business, (ii) represents a progress billing or (iii) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment, cash-on-delivery or any other repurchase or return basis;

(g) for which the goods giving rise to such Account have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by such Canadian Loan Party or if such Account was invoiced more than once;

(h) which is owed by an Account Debtor which (i) does not maintain its chief executive office in the United States of America (including Puerto Rico) or Canada or (ii) is not organized under applicable law of the United States of America, any state of the United States of America (including Puerto Rico), Canada, or any province of Canada unless, in either case, such Account is backed by a letter of credit acceptable to the Collateral Agent which is in the possession of, has been assigned to and is directly drawable by the Collateral Agent;

(i) which is owed in any currency other than Dollars or Canadian Dollars;

(j) which is owed by (i) the government (or any department, agency, public corporation, or instrumentality thereof) of any country other than the United States of America or Canada unless such Account is backed by a letter of credit acceptable to the Collateral Agent which is in the possession of the Collateral Agent, (ii) to the extent exceeding 10% of the aggregate amount of all Eligible Canadian Accounts, the government of the United States of

America, or any department, agency, public corporation, or instrumentality thereof or any State of the United States of America, unless the applicable Canadian Loan Party has complied, to the Collateral Agent's satisfaction, with the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.) or any applicable state law comparable thereto and any other steps necessary to perfect the Lien of the Collateral Agent in such Account have been complied with to the Collateral Agent's satisfaction or (iii) the Canadian government (Her Majesty The Queen in Right of Canada) or a political subdivision thereof, or any province or territory, or any municipality or department, agency or instrumentality thereof, unless (x) Collateral Agent, in its sole discretion, has agreed to the contrary in writing, (y) the Account is assignable by way of security or (z) the applicable Canadian Loan Party has complied with respect to such obligation with the *Financial Administration Act* (Canada) and any amendments thereto (and any similar provincial legislation) and any other steps necessary to perfect the Lien of the Collateral Agent in such Account have been complied with to the Collateral Agent's satisfaction, unless in each case of this clause (j) such Account is backed by a letter of credit acceptable to the Collateral Agent which is in the possession of the Collateral Agent;

(k) which is owed by any Affiliate, employee, officer, director, agent or stockholder of any Canadian Loan Party;

(l) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which any Canadian Loan Party is indebted, but only to the extent of such indebtedness or is subject to any security, deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof;

(m) which is subject to any counterclaim, deduction, defense, setoff or dispute;

(n) which is owed by an Account Debtor that is a Sanctioned Person or a Sanctioned Entity; or

(o) which the Collateral Agent determines may not be paid by reason of the Account Debtor's inability to pay or which the Collateral Agent otherwise determines in its Permitted Discretion is unacceptable to address the results of any audit performed by the Collateral Agent from time to time after the Effective Date.

In the event that an Account which was previously an Eligible Canadian Account ceases to be an Eligible Canadian Account hereunder, the Company shall notify the Collateral Agent thereof on and at the time of submission to the Collateral Agent of the next Borrowing Base Certificate. In determining the amount of an Eligible Canadian Account, the face amount of an Account may, in the Collateral Agent's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that the applicable Canadian Loan Party may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the applicable Canadian Loan Party to reduce the amount of such Account.

"Eligible Canadian Inventory" means, at any time, the Inventory of a Canadian Loan Party; provided that Eligible Inventory shall not include any Inventory:

(a) which is not subject to a first priority (other than Canadian Priority Payables) perfected Lien in favor of the Collateral Agent;

(b) which is slow moving, obsolete, unmerchantable, defective, used, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the ordinary course of business or unacceptable due to age, type, category and/or quantity;

(c) with respect to which any covenant, representation or warranty contained in this Agreement or the Security Agreement has been breached or is not true and which does not conform to all standards imposed by any Governmental Authority;

(d) in which any Person other than the applicable Canadian Loan Party shall (i) have any direct or indirect ownership, interest or title to such Inventory or (ii) be indicated on any purchase order or invoice with respect to such Inventory as having or purporting to have an interest therein;

(e) which is not finished goods (other than first quality raw materials) or which constitutes work-in-process, raw materials (other than first quality raw materials), spare or replacement parts, subassemblies, packaging and shipping material, manufacturing supplies, samples, prototypes, displays or display items, bill-and-hold goods, goods that are returned or marked for return, repossessed goods, defective or damaged goods, goods held on consignment, or goods which are not of a type held for sale in the ordinary course of business;

(f) which is not located in Canada or is in transit with a common carrier from vendors and suppliers;

(g) which is located in any third party warehouse or is in the possession of a bailee (other than a third party processor) and is not evidenced by a Document, unless such warehouseman or bailee has delivered to the Collateral Agent a Collateral Access Agreement and such other documentation as the Collateral Agent may require;

(h) which is being processed offsite at a third party location or outside processor, or is in-transit to or from said third party location or outside processor;

(i) which is the subject of a consignment by the applicable Canadian Loan Party as consignor; or

(j) which the Collateral Agent otherwise determines in its Permitted Discretion is unacceptable to address the results of any audit or appraisal performed by the Collateral Agent from time to time after the Effective Date.

In the event that Inventory which was previously Eligible Inventory ceases to be Eligible Inventory hereunder, the Company or Watsco Canada shall notify the Collateral Agent thereof on and at the time of submission to the Collateral Agent of the next Borrowing Base Certificate.

"Eligible U.S. Accounts" means, at any time, the Accounts of any U.S. Loan Party; provided that Eligible U.S. Accounts shall not include any Account:

(a) which is not subject to a first priority perfected security interest in favor of the Collateral Agent;

(b) with respect to which (i) the scheduled due date is more than 90 days after the original invoice date, (ii) is unpaid more than 60 days after the original due date, or (iii) which has been written off the books of such U.S. Loan Party or otherwise designated as uncollectible;

(c) which is owing by an Account Debtor for which more than 25% of the Accounts owing from such Account Debtor and its Affiliates are ineligible hereunder pursuant to clause (b) above;

(d) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to such U.S. Loan Party exceeds 10% of the aggregate amount of Eligible U.S. Accounts;

(e) with respect to which any covenant, representation or warranty contained in this Agreement or in the Security Agreement has been breached or is not true;

(f) which (i) does not arise from the sale of goods or performance of services in the ordinary course of business, (ii) represents a progress billing or (iii) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment, cash-on-delivery or any other repurchase or return basis;

(g) for which the goods giving rise to such Account have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by such U.S. Loan Party or if such Account was invoiced more than once;

(h) which is owed by an Account Debtor which (i) does not maintain its chief executive office in the United States of America (including Puerto Rico) or Canada or (ii) is not organized under applicable law of the United States of America, any state of the United States of America (including Puerto Rico), Canada, or any province of Canada unless, in either case, such Account is backed by a letter of credit acceptable to the Collateral Agent which is in the possession of, has been assigned to and is directly drawable by the Collateral Agent;

(i) which is owed in any currency other than Dollars;

(j) which is owed by (i) the government (or any department, agency, public corporation, or instrumentality thereof) of any country other than the United States of America or Canada unless such Account is backed by a letter of credit acceptable to the Collateral Agent which is in the possession of the Collateral Agent, (ii) to the extent exceeding 10% of the aggregate amount of all Eligible U.S. Accounts, the government of the United States of America, or any department, agency, public corporation, or instrumentality thereof or any State of the United States of America, unless the applicable Canadian Loan Party has complied, to the Collateral Agent's satisfaction, with the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.) or any applicable state law comparable thereto and any other steps necessary to perfect the Lien of the Collateral Agent in such Account have been complied with to the Collateral Agent's satisfaction or (iii) the Canadian government (Her Majesty The Queen in Right of Canada) or a political subdivision thereof, or any province or territory, or any municipality or department, agency or instrumentality thereof, unless (x) Collateral Agent, in its sole discretion, has agreed to the contrary in writing, (y) the Account is assignable by way of security or (z) the applicable Canadian Loan Party has complied with respect to such obligation with the *Financial Administration Act* (Canada) and any amendments thereto (and any similar provincial legislation) and any other steps necessary to perfect the Lien of the Collateral Agent in such Account have been complied with to the Collateral Agent's satisfaction, unless in each case of this clause (j) such Account is backed by a letter of credit acceptable to the Collateral Agent which is in the possession of the Collateral Agent;

(k) which is owed by any Affiliate, employee, officer, director, agent or stockholder of any U.S. Loan Party;

(l) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which any U.S. Loan Party is indebted, but only to the extent of such indebtedness or is subject to any security, deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof;

(m) which is subject to any counterclaim, deduction, defense, setoff or dispute;

(n) which is owed by an Account Debtor that is a Sanctioned Person or a Sanctioned Entity; or

(o) which the Collateral Agent determines may not be paid by reason of the Account Debtor's inability to pay or which the Collateral Agent otherwise determines in its Permitted Discretion is unacceptable to address the results of any audit performed by the Collateral Agent from time to time after the Effective Date.

In the event that an Account which was previously an Eligible U.S. Account ceases to be an Eligible U.S. Account hereunder, the Company shall notify the Collateral Agent thereof on and at the time of submission to the Collateral Agent of the next Borrowing Base Certificate. In determining the amount of an Eligible U.S. Account, the face amount of an Account may, in the Collateral Agent's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that the applicable U.S. Loan Party may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the applicable U.S. Loan Party to reduce the amount of such Account.

"Eligible U.S. Inventory" means, at any time, the Inventory of a U.S. Loan Party; provided that Eligible Inventory shall not include any Inventory:

(a) which is not subject to a first priority perfected Lien in favor of the Collateral Agent;

(b) which is slow moving, obsolete, unmerchantable, defective, used, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the ordinary course of business or unacceptable due to age, type, category and/or quantity;

(c) with respect to which any covenant, representation or warranty contained in this Agreement or the Security Agreement has been breached or is not true and which does not conform to all standards imposed by any Governmental Authority;

(d) in which any Person other than the applicable U.S. Loan Party shall (i) have any direct or indirect ownership, interest or title to such Inventory or (ii) be indicated on any purchase order or invoice with respect to such Inventory as having or purporting to have an interest therein;

(e) which is not finished goods (other than first quality raw materials) or which constitutes work-in-process, raw materials (other than first quality raw materials), spare or replacement parts, subassemblies, packaging and shipping material, manufacturing supplies,

samples, prototypes, displays or display items, bill-and-hold goods, goods that are returned or marked for return, repossessed goods, defective or damaged goods, goods held on consignment, or goods which are not of a type held for sale in the ordinary course of business;

(f) which is not located in the United States of America (including Puerto Rico) or is in transit with a common carrier from vendors and suppliers;

(g) which is located in any third party warehouse or is in the possession of a bailee (other than a third party processor) and is not evidenced by a Document, unless such warehouseman or bailee has delivered to the Collateral Agent a Collateral Access Agreement and such other documentation as the Collateral Agent may require;

(h) which is being processed offsite at a third party location or outside processor, or is in-transit to or from said third party location or outside processor;

(i) which is the subject of a consignment by the applicable U.S. Loan Party as consignor; or

(j) which the Collateral Agent otherwise determines in its Permitted Discretion is unacceptable to address the results of any audit or appraisal performed by the Collateral Agent from time to time after the Effective Date.

In the event that Inventory which was previously Eligible Inventory ceases to be Eligible Inventory hereunder, the Company shall notify the Collateral Agent thereof on and at the time of submission to the Collateral Agent of the next Borrowing Base Certificate.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials, (d) the Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"Equivalent Amount" of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

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

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Company, 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 existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC 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 the Company or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Company or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"euro" and/or "EUR" means the single currency of the Participating Member States.

"Eurocurrency", when used in reference to a currency means an Agreed Currency and when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Eurocurrency Payment Office" of the Administrative Agent shall mean, for each Foreign Currency, the office, branch, affiliate or correspondent bank of the Administrative Agent for such currency as specified from time to time by the Administrative Agent to the Company and each Lender.

"Event of Default" has the meaning assigned to such term in Article VII.

"Exchange Rate" means, on any day, with respect to any Foreign Currency, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., Local Time, on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate with respect to such Foreign Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent or, in the event no such service is selected, such Exchange Rate shall instead be calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such Foreign Currency on the London market at 11:00 a.m., Local Time, on such date for the purchase of Dollars with such Foreign Currency, for delivery two Business Days later; provided, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Company, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

"Excluded Assets" means (a) motor vehicles and other assets subject to certificates of title, (b) those assets over which the granting of security interests in such assets would be prohibited by contract, applicable law or regulation (other than to the extent any such prohibition would be rendered ineffective pursuant to any of Sections 9-406 through 9-409 of the UCC or Section 40(4) of the PPSA); provided that such asset (i) will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and (ii) will cease to be an Excluded Asset and will become subject to the Lien granted under the Collateral Documents, immediately and automatically, at such time as such consequences will no longer result, (c) stock and assets of Joint Ventures (subject to the requirements set forth in Section 5.11), (d) assets owned by Foreign Subsidiaries to the extent a security interest in such assets would result in a Deemed Dividend Problem, (e) any lease, license or other agreement or any property subject to a purchase money security interest or similar arrangement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or purchase money arrangement or create a right of termination in favor of any other party thereto (other than the Company or a Subsidiary Guarantor) after giving effect to Sections 9-406 through 9-409 of the UCC or Section 40(4) of the PPSA, other than proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC or the PPSA notwithstanding such prohibition; provided that such lease, license, permit, contract, property right or agreement will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted hereunder, immediately and automatically, at such time as such consequences will no longer result, (f) real estate located in Florida with an aggregate book value of under $10,000,000 and (g) those assets as to which the Collateral Agent and the Company reasonably determine that the cost of obtaining or perfecting such a security interest outweighs the benefit to the Lenders of the security to be afforded thereby.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. Federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Company under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.17(f) and (d) any U.S. Federal withholding Taxes imposed under FATCA.

"Existing Credit Agreements" means (i) that certain Amended Credit Agreement, dated as of August 3, 2007, by and among the Company, the lenders party thereto and Bank of America, N.A., as administrative agent and (ii) that certain Credit Agreement, dated as of July 1, 2009, by and among Carrier Enterprise, LLC, as borrower, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent, each as amended, modified, supplemented or restated prior to the Effective Date.

"Existing Letters of Credit" has the meaning assigned to such term in Section 2.06(a).

"Family Member" shall mean, with respect to Albert Nahmad, any spouse, child (including any child by adoption and any child as to whom Albert Nahmad or his spouse has legal custody), and grandchild (including by adoption) and/or their respective spouses.

"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) and any current or future regulations or official interpretations thereof.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Company.

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Company and its Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

"First Tier Foreign Subsidiary" means each Foreign Subsidiary with respect to which any one or more of the Company and its Domestic Subsidiaries directly owns or Controls more than 50% of such Foreign Subsidiary's issued and outstanding Equity Interests.

"Foreign Currencies" means Agreed Currencies other than Dollars.

"Foreign Currency LC Exposure" means, at any time, the sum of (a) the Dollar Amount of the aggregate undrawn and unexpired amount of all outstanding Foreign Currency Letters of Credit at such time plus (b) the aggregate principal Dollar Amount of all LC Disbursements in respect of Foreign Currency Letters of Credit that have not yet been reimbursed at such time.

"Foreign Currency Letter of Credit" means a Company Letter of Credit denominated in a Foreign Currency.

"Foreign Lender" means (a) in the case of the Company, a Lender, with respect to the Company, that is not a U.S. Person, and (b) in the case of a Canadian Borrower, a Lender, with respect to such Canadian Borrower, that is resident or organized under the laws of a jurisdiction other than Canada or any province or territory thereof.

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or 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.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposits in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

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

"Hedging Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, foreign exchange agreements, commodity agreements and other similar agreements or arrangements designed to protect against fluctuations in interest rates, currency values or commodity values.

"Hedging Obligations" means any and all obligations of the Company or any Restricted Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Hedging Agreements permitted hereunder with a Lender or an Affiliate of a Lender, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any such Hedging Agreement transaction.

"Higher Covenant Notice Date" means any date on or prior to the 15th day following the last day of the end of the fiscal quarter of the Company ending immediately after the end of the Special Dividend Election Period on which the Company provides written notice to the Administrative Agent of the Company's election to maintain a maximum Total Leverage Ratio of 4.00 to 1.00 for the remaining term of this Agreement.

"Holders of Obligations" means the holders of the Obligations from time to time and shall include (i) each Lender and each Issuing Bank in respect of its Loans and LC Exposure respectively, (ii) the Administrative Agent, the Collateral Agent, the Issuing Banks and the Lenders in respect of all other present and future obligations and liabilities of the Company and each Restricted Subsidiary of every type and description arising under or in connection with this Agreement or any other Loan Document, (iii) each Lender and affiliate of such Lender in respect of Hedging Agreements and Banking Services Agreements entered into with such Person by the Company or any Restricted Subsidiary, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of the Company to such Person hereunder and under the other Loan Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

"Increasing Lender" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loan Amendment" has the meaning assigned to such term in Section 2.20.

"Indebtedness" of any Person means, without duplication (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (d) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (e) all Capital Lease Obligations of such Person, (f) all obligations, contingent or otherwise, of such Person in respect of letters of credit, acceptances or similar extensions of credit, (g) all Guarantees of such Person of the type of Indebtedness described in clauses (a) through (f) above, (h) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person, (i) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any common stock of such Person, (j) Off-Balance Sheet Liabilities and (k) obligations under any Hedging Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

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

"Information Memorandum" means the Confidential Information Memorandum dated April 2012 relating to the Company and the Transactions.

"Intercreditor Agreement" means an Intercreditor Agreement, if any, in form and substance reasonably satisfactory to the Administrative Agent and entered into by and among the Administrative Agent, the Collateral Agent and the Private Placement Debt Holders, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Interest Coverage Ratio" has the meaning assigned to such term in Section 6.16(b).

"Interest Election Request" means a request by the applicable Borrower to convert or continue a Borrowing in accordance with Section 2.08.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December and the Maturity Date, (b) with respect to any Eurocurrency Loan or BA Equivalent Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing or a BA Equivalent Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Maturity Date.

"Interest Period" means with respect to any Eurocurrency Borrowing or a BA Equivalent Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter or, if agreed by all Lenders, nine or twelve months thereafter, as the applicable Borrower (or the Company on behalf of the applicable Borrower) may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing or a BA Equivalent Borrowing, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing or a BA Equivalent Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Inventory" shall have the meaning set forth in Article 9 of the UCC or, with respect to inventory located in Canada, the meaning set forth in the PPSA.

"Investment" has the meaning assigned to such term in Section 6.04.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means JPMorgan Chase Bank, N.A., Bank of America, N.A., Wells Fargo Bank, National Association and each other Lender designated by the Borrower as an "Issuing Bank" hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent), each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"ITA" means the *Income Tax Act* (Canada).

"Joint Venture" means any joint venture in which the Company has a direct or indirect ownership interest.

"JV Operating Agreement" means the Operating Agreement of Carrier Enterprise, LLC (Amended and Restated) dated July 1, 2009.

"JV Pledge Period" means any period after the Effective Date commencing on the occurrence of a JV Pledge Trigger Date and ending on the JV Pledge Release Date subsequent to such JV Pledge Trigger Date.

"JV Pledge Release Date" means any date after a JV Pledge Trigger Date on which no Default or Event of Default has occurred and is continuing and the Total Leverage Ratio is less than 1.00 to 1.00 for the most recently completed fiscal quarter of the Company as reported in the Compliance Certificate delivered for such quarter.

"JV Pledge Release Period" means any period during which a JV Pledge Period is not in effect.

"JV Pledge Requirements" has the meaning set forth in Section 5.11(c).

"JV Pledge Trigger Date" means any date after the Effective Date on which the Total Leverage Ratio is greater than 2.00 to 1.00 for the most recently completed fiscal quarter of the Company as reported in the Compliance Certificate delivered for such quarter.

"JV Pledged Equity" means the Equity Interests owned by any Borrower or any Restricted Subsidiary in any Joint Venture pledged to secure the Obligations pursuant to the terms of Section 5.11, other than those Equity Interests released in accordance with Section 5.11.

"LC Collateral Accounts" means, collectively, the Company LC Collateral Account and the Canadian Borrower LC Collateral Account.

"LC Disbursement" means a payment made by any Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, collectively, the Company LC Exposure and the Canadian LC Exposure. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Letters of Credit" means each Company Letter of Credit and each Canadian Letter of Credit, including the Existing Letters of Credit.

"LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on, in the case of Dollars, Reuters Screen LIBOR01 Page and, in the case of any Foreign Currency, the appropriate page of such service which displays British Bankers Association Interest Settlement Rates for deposits in such Foreign Currency (or, in each case, on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in the relevant Agreed Currency in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to (or, in the case of Loans denominated in Pounds Sterling, on the day of) the commencement of such Interest Period, as the rate for deposits in the relevant Agreed Currency with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which deposits in the relevant Agreed Currency in an Equivalent Amount of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to (or, in the case of Loans denominated in Pounds Sterling, on the day of) the commencement of such Interest Period.

"Lien" means any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

"Liquidity" means, as of any date of determination, the excess (if any) of (i) the aggregate amount of unrestricted and unencumbered cash maintained by the Company in the United States of America over (ii) $25,000,000; provided that Liquidity shall be equal to $0 if there are any Revolving Loans or Swingline Loans outstanding as of such date.

"Loan Documents" means this Agreement, each Canadian Borrowing Subsidiary Agreement, each Canadian Borrowing Subsidiary Termination, any promissory notes issued pursuant to Section 2.10(e), any Letter of Credit applications, the Intercreditor Agreement (if any), the Collateral Documents, the Subsidiary Guaranty, and all other agreements, instruments, documents and certificates executed and delivered to, or in favor of, the Administrative Agent, the Collateral Agent or any Lenders. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Parties" means, collectively, the U.S. Loan Parties and the Canadian Loan Parties.

"Loans" means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

"Local Time" means (i) New York City time in the case of a Loan, Borrowing or LC Disbursement denominated in Dollars, (ii) Toronto, Canada time in the case of a Loan, Borrowing or LC Disbursement in Canadian Dollars made to, or for the account of, a Canadian Borrower and (iii) local time in the case of a Loan, Borrowing or LC Disbursement denominated in a Foreign Currency made to, or for the account of, the Company (it being understood that such local time shall mean London, England time unless otherwise notified by the Administrative Agent).

"Mandatory Cost" is described in Schedule 2.02.

"Material Adverse Effect" means a material adverse effect on (a) the business, results of operations, financial condition, assets or liabilities of any Borrower or of the Company and the Restricted Subsidiaries taken as a whole, (b) the ability of the Loan Parties to perform their material obligations under this Agreement or (c) the validity or enforceability of this Agreement or any and all other Loan Documents or the rights or remedies of the Administrative Agent and the Lenders thereunder.

"Material Agreement" means any agreement filed pursuant to Item 601(b)(10) of Regulation S-K (17 C.F.R. 229, *et seq.*) with the Company's most recent Annual Report on Form 10-K.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit and other than intercompany Indebtedness among the Company and its Subsidiaries) or obligations in respect of one or more Hedging Agreements, to a single Person and such Person's Affiliates of an aggregate principal amount exceeding $35,000,000. For purposes of determining "Material Indebtedness," the "principal amount" of the obligations of the Company or any Restricted Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Restricted Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Material Subsidiary" means each Restricted Subsidiary (i) which, as of the most recent fiscal quarter of the Company, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01(a) or (b) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a) or (b), the most recent

financial statements referred to in Section 3.04(a)), contributed greater than five percent (5%) of Consolidated EBITDA for such period or (ii) which contributed greater than five percent (5%) of Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of Consolidated EBITDA or Consolidated Total Assets attributable to all Subsidiaries (other than Unrestricted Subsidiaries) that are not Material Subsidiaries exceeds ten percent (10%) of Consolidated EBITDA for any such period or ten percent (10%) of Consolidated Total Assets as of the end of any such fiscal quarter, the Company (or, in the event the Company has failed to do so within ten (10) days, the Administrative Agent) shall designate sufficient Subsidiaries (other than Unrestricted Subsidiaries) as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Subsidiaries.

"Maturity Date" means April 27, 2017.

"Maximum Total Leverage Ratio" means (i) 3.50 to 1.00 for each fiscal quarter ending prior to the Special Dividend Election Period, (ii) 4.00 to 1.00 for each of the four fiscal quarters ending during the Special Dividend Election Period and (iii) 3.50 to 1.00 for each fiscal quarter ending after the Special Dividend Election Period (provided that, for any such fiscal quarter ending during the Collateral Period, the Maximum Total Leverage Ratio shall be 4.00 to 1.00).

"MJV" means any Joint Venture at any date of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, directly or indirectly, by the Company or any Subsidiary.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, on real property of a Loan Party, including any amendment, restatement, modification or supplement thereto.

"Mortgage Instruments" means such title reports, ALTA title insurance policies (with endorsements), evidence of zoning compliance, property insurance, flood certifications and flood insurance (and, if applicable FEMA form acknowledgements of insurance), opinions of counsel, ALTA surveys, appraisals, environmental assessments and reports, mortgage tax affidavits and declarations and other similar information and related certifications as are reasonably requested by, and in form and substance reasonably acceptable to, the Administrative Agent from time to time.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Non-U.S. Lender" means a Lender that is not a U.S. Person.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all Hedging Obligations and all Banking Services Obligations owing to one or more Lenders or their respective Affiliates, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and liabilities (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), obligations and liabilities of any of the Borrowers and their respective Restricted Subsidiaries to any of the Lenders, the Administrative Agent, the Issuing Banks or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct

or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Off-Balance Sheet Liabilities" of any Person shall mean (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any liability of such Person under any sale and leaseback transactions which do not create a liability on the balance sheet of such Person, (c) any Synthetic Lease Obligation or (d) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person.

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

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

"Overnight Foreign Currency Rate" means, for any amount payable in a Foreign Currency, the rate of interest per annum as determined by the Administrative Agent at which overnight or weekend deposits in the relevant currency (or if such amount due remains unpaid for more than three (3) Business Days, then for such other period of time as the Administrative Agent may elect) for delivery in immediately available and freely transferable funds would be offered by the Administrative Agent to major banks in the interbank market upon request of such major banks for the relevant currency as determined above and in an amount comparable to the unpaid principal amount of the related Credit Event, plus any taxes, levies, imposts, duties, deductions, charges or withholdings imposed upon, or charged to, the Administrative Agent by any relevant correspondent bank in respect of such amount in such relevant currency.

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

"Participant" has the meaning assigned to such term in Section 9.04.

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Participating Member State" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to economic and monetary union.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“PPSA” means the *Personal Property Security Act* (Ontario); provided, that if the attachment, perfection or priority of the Administrative Agent’s security interests in any Collateral are governed by the personal property security laws of any Canadian jurisdiction other than Ontario, PPSA shall mean those personal property laws in such other jurisdiction for the purpose of the provisions hereof relating to such attachment, perfection or priority and for the definitions related to such provisions.

“Permitted Discretion” means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured lender) business judgment.

“Permitted Encumbrances” means:

(a) Liens imposed by law for taxes, governmental assessments, contributions to Canadian Pension Plans or similar governmental charges not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(b) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) pledges and deposits made in the ordinary course of business in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, customs bonds, performance bonds and other obligations of a like nature (including, without limitation, Liens in favor of the issuer of such bonds), in each case in the ordinary course of business;

(e) judgment and attachment liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Company and the Restricted Subsidiaries taken as a whole;

(g) bank liens with respect to collection of deposits in the ordinary course of business;

(h) any interest or title of a lessor, sublessor, or licensor under any operating lease or license agreement entered into in the ordinary course of business and not interfering in any material respect with the rights, benefits or privileges of such lease or licensing agreement, as the case may be;

(i) the filing of any UCC or PPSA financing statement or foreign equivalent solely as a precautionary measure or required in the case of a Canadian Province in connection with any lease transaction otherwise permitted hereunder in which the Company or any Subsidiary is the lessee;

(j) Liens on cash deposited into escrow accounts to secure indemnification obligations with respect to any asset sales permitted by Section 6.06(d);

(k) 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 and exportation of goods in the ordinary course of business; and

(l) Liens pursuant to any Loan Document;

provided, that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness, except as specifically provided in clause (l).

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one (1) year from the date of acquisition thereof;

(b) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within six (6) months from the date of acquisition thereof;

(c) certificates of deposit, bankers' acceptances and time deposits maturing within one-hundred eighty (180) days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any state thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) mutual funds investing solely in any one or more of the Permitted Investments described in clauses (a) through (d) above;

(f) debt securities with a maturity of no greater than 365 days and rated at least "A-" by S&P or at least "A3" by Moody's; and

(g) subject to the restriction set forth in Section 3.09, other debt or equity securities which are listed on a national securities exchange or freely traded in the over-the-counter market so long as the cost of such securities does not exceed at any time in the aggregate an amount equal to 5% of Consolidated Tangible Assets as of the Company's most recent fiscal year end.

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

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements" means any pledge agreements, share mortgages, charges and comparable instruments and documents from time to time executed pursuant to the terms of Section 5.11 in form and substance reasonably satisfactory to the Collateral Agent and in favor of the Collateral Agent for the benefit of the Secured Parties as amended, restated, supplemented or otherwise modified from time to time.

"Pledge Subsidiary" means (i) each Domestic Subsidiary and (ii) each First Tier Foreign Subsidiary which is a Material Subsidiary.

"Pounds Sterling" means the lawful currency of the United Kingdom.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Private Placement Debt" means Indebtedness for borrowed money issued by the Company in a private placement transaction; provided, that all of the following conditions shall be satisfied:

(a) the scheduled maturity date of such Indebtedness shall be no earlier than the date that is 91 days after the Maturity Date;

(b) the Weighted Average Life to Maturity of such Indebtedness shall, at all times, be greater than the sum of (i) the aggregate number of days remaining as of such date until (and including) the Maturity Date plus (ii) 91 days;

(c) (i) the instruments and agreements evidencing such Indebtedness, and any agreement under which such Indebtedness, and any agreement under which such Indebtedness is created, shall provide that the right to payment of the holders or owners of Private Placement Debt (including any trustee or agent action on behalf of such holders or owners, collectively "Private Placement Debt Holders") shall either be subordinate to or rank *pari passu* in all respects with the rights of the Lenders and the Administrative Agent to payment and performance of the Obligations on terms reasonably acceptable to the Administrative Agent and (ii) to the extent the Private Placement Debt is intended to be secured at such time, the Private Placement Debt Holders shall have entered into the Intercreditor Agreement;

(d) both immediately prior to and immediately after giving effect to the issuance of such Indebtedness, there shall not have occurred and be continuing any Default or Event of Default;

(e) the Company shall furnish to the Administrative Agent, not later than the earliest date of delivery thereof to any actual or prospective Private Placement Debt Holder, copies of (i) all preliminary placement memoranda and final placement memoranda relating to such Indebtedness and (ii) drafts of all documents and agreements under which such Indebtedness is to be created or governed; and

(f) not later than ten (10) days prior to the issuance of such Indebtedness, the Company shall deliver to the Administrative Agent a certificate in the form of Exhibit G, executed by a Responsible Officer and containing calculations giving historical pro forma effect to the issuance of such Indebtedness as of and for the four consecutive fiscal quarter period ending at the end of most recent fiscal quarter of the Company preceding the date of such issuance (assuming for such

purpose that the initial rate or rates of interest provided for therein (and giving effect to any increase in rates of interest therein provided) remained in effect for such four fiscal quarter period), which certificate shall demonstrate that the issuance of such Indebtedness does not cause, create or result in a Default or Event of Default on a historical pro forma basis.

"Private Placement Debt Holders" is defined in the definition of Private Placement Debt.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, as applicable.

"Register" has the meaning assigned to such term in Section 9.04.

"Related Affiliate" shall mean, with respect to Albert Nahmad, (a) a foundation or similar entity established by Albert Nahmad or any Family Member for the principal purpose of serving charitable goals which are controlled by Albert Nahmad and/or any one or more Family Members; (b) any trust and/or estate ,the beneficiaries of which principally include Albert Nahmad, Family Members and/or the Persons named in clause (a); and (c) any corporation, limited liability company or partnership, the stockholders, members, managers or general or limited partners of which include only Albert Nahmad, Family Members and/or the Persons named in clauses (a) or (b).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Release" means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Report" means reports prepared by the Administrative Agent or another Person showing the results of appraisals, field examinations or audits pertaining to the Loan Parties' assets from information furnished by or on behalf of each applicable Borrower, after the Administrative Agent has exercised its rights of inspection pursuant to this Agreement, which Reports may be distributed to the Lenders by the Administrative Agent.

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

"Responsible Officer" shall mean any of the president, the chief executive officer, the chief operating officer, the chief financial officer, the treasurer or a senior vice president of the Company or a Canadian Borrower, as applicable, or such other representative of the Company or a Canadian Borrower, as applicable (or, with respect to any request for the issuance of a Letter of Credit for the account of a Restricted Subsidiary, such officer of the applicable Restricted Subsidiary), as may be designated in writing by any one of the foregoing with the consent of the Administrative Agent; and, with respect to the financial covenants only, the chief financial officer or the treasurer of the Company.

"Restricted Payment" has the meaning assigned to such term in Section 6.05.

"Restricted Subsidiary" means any Subsidiary that is not an Unrestricted Subsidiary.

"Revolving Credit Availability" means (a) an amount equal to the Aggregate Commitment or (b) at any time during a Collateral Period, an amount equal to the lesser of (i) the Aggregate Commitment and (ii) the Borrowing Base.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the Company Revolving Credit Exposure and the Canadian Revolving Credit Exposure at such time.

"Revolving Loans" means each Company Revolving Loan and each Canadian Revolving Loan.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sale and Leaseback Transaction" means any sale or other transfer of any property or asset by any Person with the intent to lease such property or asset as lessee.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

"Sanctioned Person" means a person named on the list of Specially Designated Nationals maintained by OFAC.

"SEC" means the United States Securities and Exchange Commission.

"Secured Parties" means the Holders of Obligations and the Private Placement Debt Holders (if any).

"Securities Act" means the United States Securities Act of 1933.

"Solvent" or "Solvency" mean, with respect to any Person as of a particular date, that on such date (a) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's properties and assets would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the properties and assets of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person and (e) the present fair saleable value of the properties and assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Special Dividend" means a one-time special dividend paid by the Company in an amount that is equal to or greater than $80,000,000 (excluding the amount of any regularly scheduled dividends previously paid by the Company).

"Special Dividend Election Period" means the period of four consecutive fiscal quarters of the Company commencing with the first fiscal quarter of the Company ending on or after the date of payment of the Special Dividend.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Services Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in the applicable currency, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall, in the case of Dollar denominated Loans, include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

"Subordinated Indebtedness" means any Indebtedness of the Company or any Restricted Subsidiary the payment of which is subordinated to payment of the obligations under the Loan Documents.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, joint venture, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, joint venture, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Company.

"Subsidiary Guarantors" means, collectively, the U.S. Subsidiary Guarantors and the Canadian Subsidiary Guarantors.

"Subsidiary Guaranty" means that certain Guaranty dated as of the Effective Date (including any and all supplements thereto) and executed by each Subsidiary Guarantor, as amended, restated, supplemented or otherwise modified from time to time.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.05.

"Synthetic Lease" shall mean a lease transaction under which the parties intend that (a) the lease will be treated as an "operating lease" by the lessee pursuant to Statement of Financial Accounting Standards No. 13, as amended, and (b) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

"Synthetic Lease Obligations" shall mean, with respect to any Person, the sum of (a) all remaining rental obligations of such Person as lessee under Synthetic Leases that are attributable to principal and, without duplication, (b) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in euro.

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

"Total Leverage Ratio" has the meaning assigned to such term in Section 6.16(a).

"Transactions" means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the Alternate Base Rate, the Canadian Prime Rate or the BA Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Unliquidated Obligations" means, at any time, any Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"Unrestricted Subsidiary" means (a) any MJV or any Wholly-Owned Subsidiary that is a Foreign Subsidiary (other than any Canadian Borrower or any other Canadian Subsidiary that is not an MJV) that has been designated by the board of directors of the Company as an Unrestricted Subsidiary pursuant to Section 6.17 subsequent to the Effective Date (and not subsequently designated as a Restricted Subsidiary in accordance with such Section) and (b) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Borrowing Base" means, at any time, the sum of (a) 70% of the Eligible U.S. Accounts at such time, plus (b) 50% of the Eligible U.S. Inventory, valued at the lower of cost or market value, determined on a basis consistent with the U.S. Loan Parties' historical accounting practices, at such time.

"U.S. Borrowing Base Certificate" means a certificate, signed and certified as accurate and complete by a Financial Officer of the Company, in substantially the form of Exhibit H-1 or another form which is acceptable to the Collateral Agent in its Permitted Discretion.

"U.S. Collateral Documents" means the U.S. Security Agreement, all Mortgages in respect of real property located in the United States, the Pledge Agreements in respect of any Pledge Subsidiary that is not organized under the laws of Canada or any province or territory thereof, and all other agreements, instruments and documents executed by any U.S. Loan Party in connection with this Agreement that are intended to create, perfect or evidence Liens to secure the Obligations referred to therein, whether heretofore, now, or hereafter executed by any U.S. Loan Party and delivered to the Collateral Agent.

"U.S. Loan Parties" means, collectively, the Company and the U.S. Subsidiary Guarantors.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Security Agreement" means that certain Pledge and Security Agreement (if any) (including any and all supplements thereto) in form and substance reasonably satisfactory to the Collateral Agent and between the U.S. Loan Parties and the Collateral Agent, for the benefit of the Collateral Agent and the other Secured Parties, and any other pledge or security agreement entered into, after the date of this Agreement by any U.S. Loan Party (as required by this Agreement or any other Loan Document), or any other Person, as the same may be amended, restated or otherwise modified from time to time.

"U.S. Subsidiary Guarantor" means each Material Subsidiary of the Company that is not organized under the laws of Canada or any province or territory thereof and that is a party to the Subsidiary Guaranty; provided that (x) no such Material Subsidiary shall be a U.S. Subsidiary Guarantor (or shall cease to be a U.S. Subsidiary Guarantor) to the extent that guaranteeing the Obligations would (i) result in a Deemed Dividend Problem (provided that this clause (i) shall only exclude a Material Subsidiary from being a U.S. Subsidiary Guarantor with respect to the Obligations of the Company) or (ii) conflict with applicable law, rule or regulation and (y) no Joint Venture (or any subsidiary thereof) shall be a U.S. Subsidiary Guarantor. Notwithstanding the foregoing, no Domestic Foreign Holdco Subsidiary shall be a U.S. Subsidiary Guarantor. The U.S. Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.18 hereto.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

"Voting Stock" means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right to vote has been suspended by the happening of such a contingency.

"Watsco Canada" means Watsco Canada, Inc., a New Brunswick corporation.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

"Wholly-Owned Subsidiary" means as to any Person, any other Person all of the Equity Interests of which (other than directors' qualifying shares and/or other nominal amount of shares required by law) is owned by such Person directly and/or through other Wholly-Owned Subsidiaries. Unless the context otherwise requires, "Wholly-Owned Subsidiary" means a Wholly-Owned Subsidiary of the Company.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" means any Loan Party and the Administrative Agent.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Eurocurrency Company Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., a "Eurocurrency Revolving Borrowing").

SECTION 1.03. Terms Generally; Québec Interpretation. (a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (i) "personal property" shall include "movable property", (ii) "real property" or "real estate" shall include "immovable property", (iii) "tangible property" or "tangible assets" shall include "corporeal property", (iv) "intangible property" or "intangible assets" shall include "incorporeal property", (v) "security interest", "mortgage" and "lien" shall include a "hypothec", "right of retention", "prior claim" and a resolutory clause, (vi) all references to filing, perfection, priority, remedies, registering or recording under the UCC or a PPSA shall include publication under the *Civil Code of*

Québec, (vii) all references to “perfection” of or a “perfected” lien or security interest shall include a reference to an “opposable” or “set up” lien or security interest as against third parties, (viii) any “right of offset”, “right of set-off” or similar expression shall include a “right of compensation”, (ix) “goods” shall include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (x) an “agent” shall include a “mandatary”, (xi) “construction liens” shall include “legal hypothecs”, (xii) “joint and several” shall include “solidary”, (xiii) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”, (xiv) “beneficial ownership” shall include “ownership on behalf of another as mandatary”, (xv) “easement” shall include “servitude”, (xvi) “priority” shall include “prior claim”, (xvii) “survey” shall include “certificate of location and plan”, (xviii) “state” shall include “province”, (xix) “fee simple title” shall include “absolute ownership” and (xx) “accounts” shall include “claims”. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c’est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement*.

SECTION 1.04. Accounting Terms; GAAP; Treatment of Unrestricted Subsidiaries; Pro Forma Calculations. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Company notifies the Administrative Agent that the Company requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Company that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Except as otherwise agreed, all accounting and financial calculations and determinations shall be made without consolidating the accounts of Unrestricted Subsidiaries with those of the Company or any Restricted Subsidiary, notwithstanding that such treatment is inconsistent with GAAP.

(b) All pro forma computations required to be made hereunder giving effect to any acquisition or disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction shall in each case be calculated giving pro forma effect thereto (and, in the case of any pro forma computation made hereunder to determine whether such acquisition or disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction is permitted to be consummated hereunder, to any other such transaction consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation) as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or

5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)), and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the Securities Act. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Agreement applicable to such Indebtedness).

SECTION 1.05. Status of Obligations. The Obligations are hereby designated as "senior indebtedness" and as "designated senior indebtedness" and words of similar import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

ARTICLE II

The Credits

SECTION 2.01. Commitments. (a) Subject to the terms and conditions set forth herein, each Lender agrees to make revolving loans to the Company ("Company Revolving Loans") in Agreed Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of such Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Revolving Credit Exposures exceeding the Revolving Credit Availability at such time, (iii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Company Revolving Credit Exposures exceeding the Company Revolving Credit Availability at such time or (iv) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the total outstanding Company Revolving Loans and Company LC Exposure, in each case denominated in Foreign Currencies, exceeding the Company Foreign Currency Sublimit. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Company Revolving Loans.

(b) Subject to the terms and conditions set forth herein, each Lender agrees to make revolving loans to the Canadian Borrowers ("Canadian Revolving Loans") in Canadian Dollars from time to time during the Availability Period in an aggregate principal amount that will not result in (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of such Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Revolving Credit Exposures exceeding the Revolving Credit Availability at such time or (iii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Canadian Revolving Credit Exposures exceeding the Canadian Revolving Credit Availability. Within the foregoing limits and subject to the terms and conditions set forth herein, the Canadian Borrowers may borrow, prepay and reborrow Canadian Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.05.

(b) Subject to Section 2.14, (i) each Company Revolving Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Company may request in accordance herewith, provided that each ABR Loan shall only be made in Dollars and (ii) each Canadian Revolving Borrowing shall be comprised entirely of Canadian Base Rate Loans or BA Equivalent Loans as the applicable Canadian Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 (or, if such Borrowing is denominated in a Foreign Currency, 500,000 units of such currency) and not less than $1,000,000 (or, if such Borrowing is denominated in a Foreign Currency 1,000,000 units of such currency). At the commencement of each Interest Period for any BA Equivalent Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of Cdn.$500,000 and not less than Cdn.$1,000,000. At the time that each ABR Revolving Borrowing or Canadian Base Rate Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 or Cdn.$500,000, as the case may be, and not less than $1,000,000 or Cdn.$1,000,000, as the case may be; provided that, subject to the requirements of Section 2.01, an ABR Revolving Borrowing or Canadian Base Rate Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Aggregate Commitment (in the case of any such Canadian Base Rate Borrowing, calculated at the Canadian Dollar Amount thereof) or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of $100,000 and not less than $500,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of ten (10) Eurocurrency Revolving Borrowings and BA Equivalent Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the applicable Borrower, or the Company on behalf of a Canadian Borrower, shall notify the Administrative Agent of such request (a) by irrevocable written notice (via a written Borrowing Request in a form approved by the Administrative Agent and signed by the applicable Borrower, or the Company on behalf of the applicable Borrower, promptly followed by telephonic confirmation of such request) in the case of a Eurocurrency Borrowing or BA Equivalent Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days (in the case of a Eurocurrency Borrowing denominated in Dollars or a BA Equivalent Borrowing) or by irrevocable written notice (via a written Borrowing Request in a form approved by the Administrative Agent and signed by the applicable Borrower, or the Company on behalf of a Canadian Borrower) not later than four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency), in each case before the date of the proposed Borrowing or (b) by telephone in the case of an ABR Borrowing or a Canadian Base Rate Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 10:00 a.m., New York City

time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the applicable Borrower, or the Company on behalf of the applicable Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Company Revolving Borrowing or a Canadian Revolving Borrowing;

(iv) in the case of a Company Revolving Borrowing, whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;

(v) in the case of a Canadian Revolving Borrowing, whether such Borrowing is to be an a Canadian Base Rate Borrowing or a BA Equivalent Borrowing;

(vi) in the case of a Eurocurrency Borrowing, the Agreed Currency and initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period";

(vii) in the case of a BA Equivalent Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(viii) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then (i) in the case of a Company Borrowing denominated in Dollars, the requested Borrowing shall be an ABR Borrowing and (ii) in the case of a Canadian Revolving Borrowing, the requested Borrowing shall be a Canadian Base Rate Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Revolving Borrowing or BA Equivalent Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Determination of Dollar Amounts. The Administrative Agent will determine the Dollar Amount of:

(a) each Eurocurrency Borrowing or Canadian Revolving Borrowing as of the date two (2) Business Days prior to the date of such Borrowing or, if applicable, the date of conversion/continuation of any Borrowing as a Eurocurrency Borrowing or Canadian Revolving Borrowing,

(b) the Company LC Exposure or Canadian LC Exposure, as applicable, as of the date of each request for the issuance, amendment, renewal or extension of any Letter of Credit, and

(c) all outstanding Credit Events on and as of the last Business Day of each calendar quarter and, during the continuation of an Event of Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (a), (b) and (c) is herein described as a "Computation Date" with respect to each Credit Event for which a Dollar Amount is determined on or as of such day.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in Dollars to the Company from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (w) the aggregate principal amount of outstanding Swingline Loans exceeding $50,000,000, (x) the Dollar Amount of the total Revolving Credit Exposures exceeding the Revolving Credit Availability at such time, (y) the Dollar Amount of the total Company Revolving Credit Exposures exceeding the Company Revolving Credit Availability at such time or (z) the Dollar Amount of the total Canadian Revolving Credit Exposures exceeding the Canadian Revolving Credit Availability at such time; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Company may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Company shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Company. The Swingline Lender shall make each Swingline Loan available to the Company by means of a credit to the general deposit account of the Company with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the applicable Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Company of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Company (or other

party on behalf of the Company) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Company for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Company of any default in the payment thereof.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, (i) the Company may request the issuance of letters of credit denominated in Agreed Currencies ("Company Letters of Credit") for its own account or for the account of any of the Restricted Subsidiaries (provided that the Company shall be a co-applicant and co-obligor with respect to each Letter of Credit issued for the account of any Restricted Subsidiary) and (ii) any Canadian Borrower may request the issuance of letters of credit denominated in Canadian Dollars ("Canadian Letters of Credit") for its own account or for the account of any of its Canadian Subsidiaries that are Restricted Subsidiaries (provided that Watsco Canada shall be a co-applicant and co-obligor with respect to each Letter of Credit issued for the account of any Canadian Subsidiary Borrower or any other Canadian Subsidiary that is a Restricted Subsidiary) in a form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the applicable Borrower to, or entered into by the applicable Borrower with, the relevant Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Each Borrower unconditionally and irrevocably agrees that, in connection with any Letter of Credit issued for the account of any Restricted Subsidiary of such Borrower as provided in the first or second sentence of this paragraph, such Borrower will be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.12(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (each Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such a Restricted Subsidiary that shall be an account party in respect of any such Letter of Credit). The letters of credit identified on Schedule 2.06 (the "Existing Letters of Credit") shall be deemed to be "Letters of Credit" issued on the Effective Date for all purposes of the Loan Documents. The Company hereby irrevocably assumes all obligations with respect to each Existing Letter of Credit and all related applications.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the applicable Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to an Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the Agreed Currency applicable thereto (in the case of a Company Letter of Credit), the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by an Issuing Bank, the applicable Borrower also shall submit a letter of credit application on the relevant Issuing Bank's standard form in connection with any request for a Letter of Credit. A Company Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Company Letter of Credit the Company shall be

deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the LC Exposure shall not exceed $50,000,000, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Revolving Credit Exposures shall not exceed the Revolving Credit Availability at such time, (iii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Company Revolving Credit Exposures shall not exceed the Company Revolving Credit Availability at such time and (iv) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the total outstanding Company Revolving Loans and Company LC Exposure, in each case denominated in Foreign Currencies, shall not exceed the Company Foreign Currency Sublimit. A Canadian Borrower Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Canadian Borrower Letter of Credit Watsco Canada shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the LC Exposure shall not exceed $50,000,000 and (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Canadian Revolving Credit Exposures shall not exceed the Canadian Revolving Credit Availability at such time.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Maturity Date. Any Letter of Credit with a one-year tenor may contain customary automatic renewal provisions agreed upon by the applicable Borrower and the relevant Issuing Bank that provide for the automatic renewal thereof for additional one-year periods so long as the final expiry date of such Letter of Credit occurs on or prior to the date that is five (5) Business Days prior to the Maturity Date, subject to a right on the part of such Issuing Bank to prevent any such renewal from occurring by giving notice to the beneficiary in advance of any such renewal.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Bank or the Lenders, each Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from each Issuing Bank, a participation in such Letter of Credit equal to such Lender’s Applicable Percentage of the aggregate Dollar Amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the relevant Issuing Bank, such Lender’s Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the applicable Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the applicable Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If any Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the applicable Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent (x) in the case of any LC Disbursement in respect of a Company Letter of Credit, an amount in Dollars equal to the Dollar Amount equal to such LC Disbursement and (y) in the case of any LC Disbursement in respect of a Canadian Letter of Credit, an amount in Canadian Dollars equal to such LC Disbursement, in each case calculated as of the date such Issuing Bank made such LC Disbursement (or, in the case of any LC Disbursement in respect of a Company Letter of Credit if an Issuing Bank shall so elect in its sole discretion by notice to the Company, in such other Agreed Currency which was paid by such Issuing Bank pursuant to such LC Disbursement in an amount equal to such LC

Disbursement) not later than 12:00 noon, Local Time, on the date that such LC Disbursement is made, if the applicable Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., Local Time, on such date, or, if such notice has not been received by the applicable Borrower prior to such time on such date, then not later than 12:00 noon, Local Time, on the Business Day immediately following the day that the applicable Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that (i) in the case of any LC Disbursement in respect of a Company Letter of Credit, if such LC Disbursement is not less than the Dollar Amount of $1,000,000, the Company may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with (x) to the extent such LC Disbursement was made in Dollars, an ABR Revolving Borrowing or Swingline Loan in Dollars in an amount equal to such LC Disbursement or (y) to the extent such LC Disbursement was made in a Foreign Currency, a Eurocurrency Revolving Borrowing in such Foreign Currency in an amount equal to such LC Disbursement and (ii) in the case of any LC Disbursement in respect of a Canadian Letter of Credit, if such LC Disbursement is not less than Cdn.$1,000,000, the applicable Canadian Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with an Canadian Base Rate Borrowing in an amount equal to such LC Disbursement, and, in each case, to the extent so financed, the applicable Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing, Swingline Loan, Eurocurrency Revolving Borrowing or Canadian Base Rate Loan, as applicable, on the date such reimbursement is required to be made. If the applicable Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the applicable Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from such Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the applicable Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the relevant Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans, a Swingline Loan or Canadian Base Rate Loans as contemplated above) shall not constitute a Loan and shall not relieve any Borrower of its obligation to reimburse such LC Disbursement. If the Company's reimbursement of, or obligation to reimburse, any amounts in any Foreign Currency would subject the Administrative Agent, any Issuing Bank or any Lender to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in Dollars, the Company shall, at its option, either (x) pay the amount of any such tax requested by the Administrative Agent, the relevant Issuing Bank or the relevant Lender or (y) reimburse each LC Disbursement made in such Foreign Currency in Dollars, in an amount equal to the Equivalent Amount, calculated using the applicable Exchange Rates, on the date such LC Disbursement is made, of such LC Disbursement.

(f) Obligations Absolute. Each Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing,

that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, such Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the relevant Issuing Bank; provided that the foregoing shall not be construed to excuse any Issuing Bank from liability to a Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by such Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of any Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the applicable Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If any Issuing Bank shall make any LC Disbursement in respect of a Company Letter of Credit, then, unless the Company shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Company reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans (or in the case such LC Disbursement is denominated in a Foreign Currency, at the Overnight Foreign Currency Rate for such Agreed Currency plus the then effective Applicable Rate with respect to Eurocurrency Revolving Loans); provided that, if the Company fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(e) shall apply. If any Issuing Bank shall make any LC Disbursement in respect of a Canadian Letter of Credit, then, unless the applicable Canadian Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that such Canadian Borrower reimburses such LC Disbursement, at the rate per annum then applicable to Canadian Base Rate Revolving Loans; provided that, if such Canadian Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(e) shall apply. Interest accrued pursuant to this paragraph shall be for the account of such Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of an Issuing Bank. Any Issuing Bank may be replaced at any time by written agreement among the Borrowers, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, each Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Company receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, then (i) the Company shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "Company LC Cash Collateral Account"), an amount in cash in Dollars equal to 105% of the Dollar Amount of the Company LC Exposure as of such date plus any accrued and unpaid interest thereon, provided that the portions of such amount attributable to undrawn Foreign Currency Letters of Credit or LC Disbursements in a Foreign Currency that the Company is not late in reimbursing shall be deposited in the applicable Foreign Currencies in the actual amounts of such undrawn Letters of Credit and LC Disbursements and (ii) the applicable Canadian Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "Canadian Borrower LC Cash Collateral Account"), an amount in Canadian Dollars equal to 105% of the Canadian LC Exposure as of such date plus any accrued an unpaid interest thereon. Notwithstanding the foregoing, the obligation to deposit cash collateral as contemplated by the immediately preceding sentence shall become effective immediately (for greater certainty, with respect to both Borrowers), and the deposits referred to in the immediately preceding sentence shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Article VII. For the purposes of this paragraph, the Foreign Currency LC Exposure shall be calculated using the applicable Exchange Rate on the date notice demanding cash collateralization is delivered to the Company. Each Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.11(b). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over each LC Collateral Account, and each Borrower hereby grants the Administrative Agent a security interest in its applicable LC Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the applicable Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the relevant Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Company or the Canadian Borrowers, as the case may be, for the Company LC Exposure or the Canadian Borrower LC Exposure, as the case may be, at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations. If any Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to such Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(k) Issuing Bank Agreements. Each Issuing Bank agrees that, unless otherwise requested by the Administrative Agent, such Issuing Bank shall report in writing to the Administrative Agent (i) on the first Business Day of each week, the daily activity (set forth by day) in respect of Letters of Credit during the immediately preceding week, including all issuances, extensions, amendments and renewals, all expirations and cancellations and all disbursements and reimbursements, (ii) on or prior to each Business Day on which such Issuing Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension occurred (and whether the amount thereof changed), it being understood that such Issuing Bank shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Letter of Credit to occur without first obtaining written confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such Issuing Bank makes any LC Disbursement, the date of such LC Disbursement and the amount of such LC Disbursement, (iv) on any Business Day on which any Borrower fails to reimburse an LC Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount and currency of such LC Disbursement and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds (i) in the case of Loans denominated in Dollars, by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders and (ii) in the case of each Loan denominated in a Canadian Dollars or a Foreign Currency, by 12:00 noon, Local Time, in the city of the Administrative Agent's Applicable Payment Office for such currency and at such Applicable Payment Office for such currency; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make Company Revolving Loans available to the Company by promptly crediting the amounts so received, in like funds, to (x) an account of the Company designated by the Company in the applicable Borrowing Request, in the case of Company Revolving Loans denominated in Dollars and (y) an account of the Company in the relevant jurisdiction and designated by the Company in the applicable Borrowing Request, in the case of Company Revolving Loans denominated in a Foreign Currency; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the relevant Issuing Bank. The Administrative Agent will make Canadian Borrower Revolving Loans available to the Canadian Borrowers by promptly crediting the amounts so received, in like funds, to an account of the applicable Canadian Borrower designated by such Canadian Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and such Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of (x) the Federal

Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency) or (ii) in the case of a Borrower, the interest rate applicable to ABR Loans (in the case of a Company Revolving Borrowing) or Canadian Base Rate Loans (in the case of a Canadian Revolving Borrowing). If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Subject to the provisions of this Section 2.08 and of Sections 2.13 and 2.14 hereof, (i) Company Revolving Loans may be made or maintained only as ABR Loans or Eurocurrency Loans, (ii) Swingline Loans may be made or maintained only as ABR Loans and (iii) Canadian Revolving Loans may be made or maintained only as Canadian Base Rate Loans or BA Equivalent Loans.

(b) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Revolving Borrowing or a BA Equivalent Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the applicable Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing or a BA Equivalent Borrowing, may elect Interest Periods therefor, all as provided in this Section. A Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(c) To make an election pursuant to this Section, the applicable Borrower shall notify the Administrative Agent of such election (by telephone or irrevocable written notice in the case of a Borrowing denominated in Dollars (or Canadian Dollars in the case of Canadian Revolving Loans) or by irrevocable written notice (via an Interest Election Request in a form approved by the Administrative Agent and signed by such Borrower) in the case of a Borrowing by the Company denominated in a Foreign Currency) by the time that a Borrowing Request would be required under Section 2.03 if such Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the applicable Borrower. Notwithstanding any contrary provision herein, this Section shall not be construed to permit any Borrower to (i) change the currency of any Borrowing, (ii) elect an Interest Period for Eurocurrency Loans or BA Equivalent Loans that does not comply with Section 2.02(d) or (iii) convert any Borrowing to a Borrowing of a Type not available under such Borrowing.

(d) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii), (iv) and (v) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) in the case of a Company Revolving Borrowing, whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) in the case of a Canadian Revolving Borrowing, whether the resulting Borrowing is to be a Canadian Base Rate Borrowing or a BA Equivalent Borrowing;

(v) if the resulting Borrowing is a Eurocurrency Borrowing or a BA Equivalent Borrowing, the Interest Period and Agreed Currency to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurocurrency Borrowing or a BA Equivalent Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(e) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(f) If the applicable Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing or BA Equivalent Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) in the case of a Eurocurrency Borrowing denominated in Dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) in the case of a Eurocurrency Borrowing denominated in a Foreign Currency in respect of which the applicable Borrower shall have failed to deliver an Interest Election Request prior to the third (3rd) Business Day preceding the end of such Interest Period, such Borrowing shall automatically continue as a Eurocurrency Borrowing in the same Agreed Currency with an Interest Period of one month unless such Eurocurrency Borrowing is or was repaid in accordance with Section 2.11 and (iii) in the case of a BA Equivalent Borrowing, such Borrowing shall be converted to a Canadian Base Rate Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Company, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing denominated in Dollars may be converted to or continued as a Eurocurrency Borrowing, (ii) unless repaid, each Eurocurrency Revolving Borrowing denominated in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto, (iii) unless repaid, each Eurocurrency Revolving Borrowing denominated in a Foreign Currency shall automatically be continued as a Eurocurrency Borrowing with an Interest Period of one month and (iv) each BA Equivalent Borrowing shall be converted to a Canadian Base Rate Borrowing.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Company may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $1,000,000 and (ii) the Company shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Dollar Amount of the total Revolving Credit Exposures would exceed the Revolving Credit Availability at such time.

(c) The Company shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three (3) Business Days prior to

the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Company pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Company may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan made to such Borrower on the Maturity Date in the currency of such Loan. The Company hereby unconditionally promises to pay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Company shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class, Agreed Currency and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender’s share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans.

(a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with the provisions of this Section 2.11(a). The applicable Borrower, or the Company on behalf of the applicable Borrower, shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline

Lender) by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Revolving Borrowing or a BA Equivalent Revolving Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days (in the case of a Eurocurrency Revolving Borrowing denominated in Dollars) or four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency or a BA Equivalent Borrowing), in each case before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing or a Canadian Base Rate Revolving Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type to such as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

(b) If at any time, (i) other than as a result of fluctuations in currency exchange rates, (A) the sum of the aggregate principal Dollar Amount of all of the Revolving Credit Exposures (calculated, with respect to those Credit Events denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Credit Event) exceeds the Revolving Credit Availability at such time or (B) the sum of the aggregate principal Dollar Amount of all of the outstanding Company Revolving Credit Exposures denominated in Foreign Currencies (the "Company Foreign Currency Exposure") (so calculated), as of the most recent Computation Date with respect to each such Credit Event, exceeds the Company Foreign Currency Sublimit or (C) the sum of the aggregate principal Dollar Amount of all of the outstanding Canadian Revolving Credit Exposures (the "Canadian Currency Exposure") (so calculated), as of the most recent Computation Date with respect to each such Credit Event, exceeds the Canadian Revolving Credit Availability at such time or (ii) solely as a result of fluctuations in currency exchange rates, (A) the sum of the aggregate principal Dollar Amount of all of the Revolving Credit Exposures (so calculated), as of the most recent Computation Date with respect to each such Credit Event, exceeds 105% of the Revolving Credit Availability at such time or (B) the Company Foreign Currency Exposure, as of the most recent Computation Date with respect to each such Credit Event, exceeds 105% of the Company Foreign Currency Sublimit or (C) the Canadian Currency Exposure, as of the most recent Computation Date with respect to each such Credit Event, exceeds 105% of the Canadian Revolving Credit Availability at such time, the Borrowers shall in each case promptly repay Borrowings or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to Section 2.06(j), as applicable, in an aggregate principal amount sufficient to cause (x) the aggregate Dollar Amount of all Revolving Credit Exposures (so calculated) to be less than or equal to the Revolving Credit Availability at such time, (y) the Company Foreign Currency Exposure to be less than or equal to the Company Foreign Currency Sublimit and (z) the Canadian Currency Exposure to be less than or equal to the Canadian Revolving Credit Availability at such time, as applicable.

SECTION 2.12. Fees . (a) The Company agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Company agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Revolving Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure and (ii) to the relevant Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by such Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Bank's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Unless otherwise specified above, participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third (3rd) Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Participation fees and fronting fees in respect of Letters of Credit denominated in Dollars shall be paid in Dollars, and participation fees and fronting fees in respect of Letters of Credit denominated in a Foreign Currency shall be paid in such Foreign Currency.

(c) The Company agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Company and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in Dollars (except as otherwise expressly provided in this Section 2.12) and immediately available funds, to the Administrative Agent (or to the relevant Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate; provided that each Swingline Loan shall bear interest at either (at the election of the Company with respect to clauses (x) and (y)) (x) the Alternate Base Rate plus the Applicable Rate, (y) the Federal Funds Effective Rate plus the Applicable Rate or (z) such other rate, if any, as may be separately agreed upon by the Company and the Swingline Lender.

(b) The Loans comprising each Canadian Base Rate Borrowing shall bear interest at the Canadian Prime Rate plus the Applicable Rate.

(c) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(d) The Loans comprising each BA Equivalent Borrowing shall bear interest at the BA Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(e) Notwithstanding the foregoing, during the occurrence and continuance of an Event of Default, the Required Lenders may, at their option, by notice to the Company (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 9.02 requiring the consent of "each Lender directly affected thereby" for reductions in interest rates), declare that (i) all Loans shall bear interest at 2% plus the rate otherwise applicable to such Loans as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount outstanding hereunder, such amount shall accrue at 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(f) Accrued interest on each Revolving Loan shall be payable in arrears on each Interest Payment Date for such Revolving Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan or Canadian Base Rate Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Loan or BA Equivalent Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(g) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest (i) computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), (ii) for Borrowings denominated in Pounds Sterling shall be computed on the basis of a year of 365 days and (iii) for Canadian Revolving Borrowings shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Canadian Base Rate, Adjusted LIBO Rate, LIBO Rate or BA Equivalent Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(h) For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith by a Canadian Borrower is to be calculated on the basis of a 360-, 365- or 366-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360, 365 or 366, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

(i) Any provision of this Agreement that would oblige a Canadian Loan Party to pay any fine, penalty or rate of interest on any arrears of principal or interest secured by a mortgage on real property or hypothec on immovables that has the effect of increasing the charge on arrears beyond the rate of interest payable on principal money not in arrears shall not apply to such Canadian Loan Party, which shall be required to pay interest on money in arrears at the same rate of interest payable on principal money not in arrears.

(j) If any provision of this Agreement would oblige a Canadian Loan Party to make any payment of interest or other amount payable to any Secured Party in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Secured Party of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the

maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by that Secured Party of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

(i) first, by reducing the amount or rate of interest; and

(ii) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing or a BA Equivalent Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining (i) in the case of a Eurocurrency Borrowing, the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period or (ii) in the case of a BA Equivalent Borrowing, the BA Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate, the LIBO Rate, or the BA Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the applicable Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurocurrency Borrowing or a BA Equivalent Borrowing, as applicable, shall be ineffective and, unless repaid, (A) in the case of a Eurocurrency Borrowing denominated in Dollars, such Borrowing shall be made as an ABR Borrowing and (B) in the case of a Eurocurrency Borrowing denominated in a Foreign Currency, such Eurocurrency Borrowing shall be repaid on the last day of the then current Interest Period applicable thereto and (C) in the case of any BA Equivalent Borrowing, such Borrowing shall be made as a Canadian Base Rate Borrowing, (ii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing in Dollars, such Borrowing shall be made as an ABR Borrowing, (iii) if any Borrowing Request requests a Eurocurrency Revolving Borrowing denominated in a Foreign Currency, such Borrowing Request shall be ineffective and (iv) if any Borrowing Request requests a BA Equivalent Revolving Borrowing, such Borrowing shall be made as a Canadian Base Rate Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank;

(ii) impose on any Lender or any Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making or maintaining any Loan or of maintaining its obligation to make any such Loan (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency) or to increase the cost to such Lender, such Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency) or to reduce the amount of any sum received or receivable by such Lender, such Issuing Bank or such other Recipient hereunder, whether of principal, interest or otherwise (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency), then the applicable Borrower will pay to such Lender, such Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered as reasonably determined by such Lender, such Issuing Bank or other Recipient (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of the applicable Lender, the applicable Issuing Bank or other Recipient under agreements having provisions similar to this Section 2.15 after consideration of such factors as such Lender, such Issuing Bank or other Recipient then reasonably determines to be relevant).

(b) If any Lender or any Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender’s or such Issuing Bank’s capital or on the capital of such Lender’s or such Issuing Bank’s holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender’s or such Issuing Bank’s holding company could have achieved but for such Change in Law (taking into consideration such Lender’s or such Issuing Bank’s policies and the policies of such Lender’s or such Issuing Bank’s holding company with respect to capital adequacy and liquidity), then from time to time the applicable Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender’s or such Issuing Bank’s holding company for any such reduction suffered as reasonably determined by such Lender or such Issuing Bank (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and consistent with similarly situated customers of the applicable Lender or the applicable Issuing Bank under agreements having provisions similar to this Section 2.15 after consideration of such factors as such Lender or such Issuing Bank then reasonably determines to be relevant).

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Company and shall be conclusive absent manifest error. The applicable Borrower(s) shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender’s or such Issuing Bank’s right to demand such compensation; provided that the applicable Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions

incurred more than 180 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies such Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank'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 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan or BA Equivalent Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan or BA Equivalent Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan or BA Equivalent Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(a) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan or BA Equivalent Loan other than on the last day of the Interest Period applicable thereto as a result of a request by any Borrower pursuant to Section 2.19, then, in any such event, such Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate or BA Equivalent Rate, as applicable, that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the eurocurrency market or the Canadian bank market, as applicable. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrowers. Each Borrower 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, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.17, such Loan Party 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.

(d) Indemnification by the Loan Parties. The Loan Parties shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(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. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to such Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), whichever of the following is applicable;

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN 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 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;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of such Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to such Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of such Borrower or the Administrative Agent), executed 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 such Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those

contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to such Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by such Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by such Borrower or the Administrative Agent as may be necessary for such Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

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) Treatment of Certain Refunds. 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 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), 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 2.17 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) Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Issuing Banks. For purposes of this Section 2.17, the term "Lender" includes the Issuing Banks.

SECTION 2.18. Payments Generally; Allocations of Proceeds; Pro Rata Treatment; Sharing of Set-offs.

(a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to (i) in the case of payments denominated in Dollars, 12:00 noon, New York City time and (ii) in the case of payments denominated in a Foreign Currency, 12:00 noon, Local Time, in the city of the Administrative Agent's Applicable Payment Office for such currency, in each case on the date when due, in immediately available funds, without set-off or

counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made (i) in the same currency in which the applicable Credit Event was made (or where such currency has been converted to euro, in euro) and (ii) to the Administrative Agent at its offices at 10 South Dearborn Street, Chicago, Illinois 60603 or, in the case of a Credit Event denominated in a Foreign Currency, the Administrative Agent's Applicable Payment Office for such currency, except payments to be made directly to an Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments denominated in the same currency received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Notwithstanding the foregoing provisions of this Section, if, after the making of any Credit Event in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Credit Event was made (the "Original Currency") no longer exists or any Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by such Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrowers take all risks of the imposition of any such currency control or exchange regulations.

(b) Any proceeds of Collateral received by the Administrative Agent after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, such funds shall be applied, subject to the terms of the Intercreditor Agreement, ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent and the Issuing Banks from any Borrower, second, to pay any fees or expense reimbursements then due to the Lenders from any Borrower, third, to pay interest then due and payable on the Loans ratably, fourth, to prepay principal on the Loans and unreimbursed LC Disbursements and any other amounts owing with respect to Banking Services Obligations and Hedging Obligations ratably, fifth, to pay an amount to the Administrative Agent equal to one hundred five percent (105%) of the aggregate undrawn face amount of all outstanding Letters of Credit and the aggregate amount of any unpaid LC Disbursements, to be held as cash collateral for such Obligations, and sixth, to the payment of any other Obligation due to the Administrative Agent or any Lender by any Borrower. Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Company, or unless a Default is in existence, none of the Administrative Agent or any Lender shall apply any payment which it receives to any Eurocurrency Loan or BA Equivalent Loan, except (a) on the expiration date of the Interest Period applicable to any such Eurocurrency Loan or BA Equivalent Loan, as applicable or (b) in the event, and only to the extent, that there are no outstanding ABR Loans or Canadian Base Rate Loans, as applicable, and, in any event, the applicable Borrower shall pay the break funding payment required in accordance with Section 2.16. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Obligations.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by a Borrower pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from any deposit account of such Borrower maintained with the Administrative Agent. Each

Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans (including Swingline Loans) and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03, 2.04 or 2.05, as applicable and (ii) the Administrative Agent to charge any deposit account of the applicable Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to any Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Banks hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Banks, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or each of the Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency).

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender and for the benefit of the Administrative Agent, the Swingline Lender or the Issuing Banks to satisfy such Lender’s obligations under such Section until

all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section; in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Company hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or (iii) any Lender becomes a Defaulting Lender, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Company shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments thereafter. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the applicable Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Expansion Option. The Company may from time to time elect to increase the Commitments or enter into one or more tranches of term loans (each an “Incremental Term Loan”), in each case in minimum increments of $10,000,000 so long as, after giving effect thereto, the aggregate amount of such increases and all such Incremental Term Loans does not exceed $250,000,000. The Company may arrange for any such increase or tranche to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitment, or to participate in such Incremental Term Loans, an “Increasing Lender”), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an “Augmenting Lender”), to increase their existing Commitments, or to participate in such Incremental Term Loans, or extend Commitments, as the case may be; provided that (i) each Augmenting Lender, shall be subject to the approval of the Company and the Administrative Agent and (ii) (x) in the case of an Increasing Lender, each Borrower and such Increasing Lender execute an agreement substantially in the form of Exhibit C hereto, and (y) in the case of an Augmenting Lender, each Borrower and such Augmenting Lender execute an agreement substantially in the form of Exhibit D hereto. No consent of any Lender (other than the Lenders participating in the increase or any Incremental Term Loan) shall be required for any increase in Commitments or Incremental Term Loan pursuant to this Section 2.20. Increases and new Commitments

and Incremental Term Loans created pursuant to this Section 2.20 shall become effective on the date agreed by the Company, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Commitments (or in the Commitment of any Lender) or tranche of Incremental Term Loans shall become effective under this paragraph unless, (i) on the proposed date of the effectiveness of such increase or Incremental Term Loans, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 shall be satisfied or waived by the Required Lenders and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company and (B) the Company shall be in compliance (on a pro forma basis) with the covenants contained in Section 6.16 and (ii) the Administrative Agent shall have received documents consistent with those delivered on the Effective Date as to the corporate power and authority of each Borrower to borrow hereunder after giving effect to such increase. On the effective date of any increase in the Commitments or any Incremental Term Loans being made, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Applicable Percentage of such outstanding Revolving Loans, and (ii) except in the case of any Incremental Term Loans, each Borrower shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Commitments (with such reborrowing to consist of Company Revolving Loans and/or Canadian Revolving Loans, as applicable, of the Types and having related Interest Periods, if applicable, specified in a notice delivered by the applicable Borrower, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan or BA Equivalent Loan, shall be subject to indemnification by the applicable Borrower pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods. The Incremental Term Loans (a) may be incurred only by the Company, (b) shall rank pari passu in right of payment with the Revolving Loans, (c) shall not mature earlier than the Maturity Date (but may have amortization prior to such date) and (c) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans; provided that (i) the terms and conditions applicable to any tranche of Incremental Term Loans maturing after the Maturity Date may provide for material additional or different financial or other covenants or prepayment requirements applicable only during periods after the Maturity Date and (ii) the Incremental Term Loans may be priced differently than the Revolving Loans. Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "Incremental Term Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by each Borrower, each Increasing Lender participating in such tranche, each Augmenting Lender participating in such tranche, if any, and the Administrative Agent. The Incremental Term Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.20. Nothing contained in this Section 2.20 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder, or provide Incremental Term Loans, at any time.

SECTION 2.21. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main New York City office on the Business Day preceding that on which final, non appealable judgment is given. The obligations of each Borrower in

respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, each Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.18, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to such Borrower.

SECTION 2.22. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Company shall within one (1) Business Day following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize for the benefit of the relevant Issuing Banks only the Company's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

(iii) if the Company cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Company shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the relevant Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Banks shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Company in accordance with Section 2.22(c), and participating interests in any such newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.22(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the relevant Issuing Bank, as the case may be, shall have entered into arrangements with the Company or such Lender, satisfactory to the Swingline Lender or such Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Company, the Swingline Lender and the Issuing Banks each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

SECTION 2.23. Several Obligations of the Canadian Borrowers. Notwithstanding any other provision contained in this Agreement or any other Loan Document to the contrary, no Canadian Borrower shall be obligated for any of the Obligations of the Company.

SECTION 2.24. Designation of Canadian Subsidiary Borrowers. The Company may at any time and from time to time designate any Canadian Subsidiary that is a Wholly-Owned Subsidiary as a Canadian Subsidiary Borrower by delivery to the Administrative Agent of a Canadian Borrowing Subsidiary Agreement executed by such Subsidiary and the Company and the satisfaction of the other conditions precedent set forth in Section 4.03, and upon such delivery and satisfaction such Subsidiary shall for all purposes of this Agreement be a Canadian Subsidiary Borrower and a party to this Agreement until the Company shall have executed and delivered to the Administrative Agent a Canadian Borrowing Subsidiary Termination with respect to such Subsidiary, whereupon such Subsidiary shall cease to be a Canadian Subsidiary Borrower and a party to this Agreement. Notwithstanding the preceding sentence,

no Canadian Borrowing Subsidiary Termination will become effective as to any Canadian Subsidiary Borrower at a time when any principal of or interest on any Loan to such Borrower shall be outstanding hereunder, provided that such Canadian Borrowing Subsidiary Termination shall be effective to terminate the right of such Canadian Subsidiary Borrower to make further Borrowings under this Agreement. As soon as practicable upon receipt of a Canadian Borrowing Subsidiary Agreement, the Administrative Agent shall furnish a copy thereof to each Lender.

ARTICLE III

Representations and Warranties

Each of the Company and each Canadian Borrower represents and warrants (provided that each Canadian Borrower represents and warrants solely with respect to itself and its Restricted Subsidiaries) to the Lenders that:

SECTION 3.01. Existence; Power. The Company and each of the Restricted Subsidiaries (i) is duly organized, validly existing and in good standing as a corporation or other legally organized entity under the laws of the jurisdiction of its organization (to the extent such concept is applicable in the relevant jurisdiction), (ii) has all requisite power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.02. Organizational Power; Authorization. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational, and if required, stockholder or other equity owner, action. This Agreement has been duly executed and delivered by each Borrower, and constitutes, and each other Loan Document to which any Loan Party is a party, when executed and delivered by such Loan Party, will constitute, valid and binding obligations of such Borrower or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

SECTION 3.03. Governmental Approvals; No Conflicts. The execution, delivery and performance by each Borrower of this Agreement, and by each Loan Party of the other Loan Documents to which it is a party (a) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect or where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of such Borrower or any of the Restricted Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other material instrument binding on such Borrower or any of the Restricted Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by such Borrower or any of the Restricted Subsidiaries and (d) will not result in the creation or imposition of any Lien on any asset of such Borrower or any of the Restricted Subsidiaries, except Liens (if any) created under the Loan Documents.

SECTION 3.04. Financial Statements. (a) The Company has furnished to each Lender the audited consolidated balance sheet of the Company and its Subsidiaries as of December 31, 2011 and the related consolidated statements of income, shareholders' equity and comprehensive income and cash

flows for the fiscal year then ended reported on by KPMG LLP, independent certified public accountants. The financial statements referenced in this Section 3.04(a) fairly present the consolidated financial condition of the Company and its Subsidiaries as of such date and the consolidated results of operations for such period in conformity with GAAP consistently applied.

(b) [Intentionally omitted].

(c) Since December 31, 2011, there have been no changes with respect to the Company and the Restricted Subsidiaries which have had or could reasonably be expected to have, singly or in the aggregate, a Material Adverse Effect.

SECTION 3.05. Litigation and Environmental Matters. (a) No litigation, investigation or proceeding of or before any arbitrators or Governmental Authorities is pending against or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (ii) which in any manner draws into question the validity or enforceability of this Loan Agreement or any other Loan Document.

(b) Neither the Company nor any of the Restricted Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (ii) has become subject to any Environmental Liability that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (iii) has received notice of any claim with respect to any Environmental Liability that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect or (iv) knows of any basis for any Environmental Liability that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

SECTION 3.06. Compliance with Laws and Agreements. The Company and each Restricted Subsidiary is in compliance with (a) all applicable laws, rules, regulations and orders of any Governmental Authority, and (b) all indentures, agreements or other instruments binding upon it or its properties, except, in either case, where noncompliance, either singly or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.07. Investment Company Act, Etc.. Neither the Company nor any of the Restricted Subsidiaries is (a) an “investment company”, as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (b) otherwise subject to any other regulatory scheme limiting its ability to incur debt.

SECTION 3.08. Taxes. The Company and its Subsidiaries have timely filed or caused to be filed all Federal income tax returns and all other material tax returns that are required to be filed by them, and have paid all taxes shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except (i) to the extent the failure to do so would not have a Material Adverse Effect or (ii) where the same are currently being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as the case may be, has set aside on its books adequate reserves.

SECTION 3.09. Margin Regulations. The Company is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board), or extending credit for the purpose of

purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the Company only or of the Company and its Subsidiaries on a consolidated basis) will be margin stock.

SECTION 3.10. ERISA; Canadian Pension Plans. No ERISA Event or Canadian Pension Plan Termination Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events and Canadian Pension Plan Termination Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. Except as could not reasonably be expected to have a Material Adverse Effect (i) all Canadian Pension Plans and Canadian Benefit Plans are, and have been, established, registered, amended, funded, invested and administered in compliance with the terms thereof, all applicable laws and any applicable collective agreements, (ii) all employer and employee payments, contributions and premiums required to be remitted, paid to or in respect of each Canadian Pension Plan have been paid or remitted in accordance with its terms and all applicable laws. No Loan Party currently or has ever, sponsored, administered, maintained, contributed to or participated in a Defined Benefit Plan (except, for purposes of making this representation and warranty at any time after the Effective Date, as permitted by Section 6.18).

SECTION 3.11. Ownership of Property.

(a) Each of the Company and the Restricted Subsidiaries has good title to, or valid leasehold interests in, all of its real and personal property material to the operation of its business.

(b) Each of the Company and the Restricted Subsidiaries owns, or is licensed, or otherwise has the right, to use, all patents, trademarks, service marks, trade names, copyrights and other intellectual property material to its business, and the use thereof by the Company and the Restricted Subsidiaries does not infringe on the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not have a Material Adverse Effect.

SECTION 3.12. Disclosure. The Company's reports filed with the SEC and publicly available disclose to the Lenders all agreements, instruments, and corporate or other restrictions to which the Company or any of the Restricted Subsidiaries is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No documents, reports (including without limitation all reports that the Company is required to file with the SEC), financial statements, certificates or other information furnished by or on behalf of the Company to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Company represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.13. Labor Relations. There are no strikes, lockouts or other material labor disputes or grievances against the Company or any of the Restricted Subsidiaries, or, to the Company's knowledge, threatened against or affecting the Company or any of the Restricted Subsidiaries, and no significant unfair labor practice, charges or grievances are pending against the Company or any of the Restricted Subsidiaries, or to the Company's knowledge, threatened against any of them before any Governmental Authority, in each case that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All payments due from the Company or any of the Restricted Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Company or any such Restricted Subsidiary, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.14. Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms.

SECTION 3.15. No Default. Neither any Loan Party nor any Restricted Subsidiary thereof is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.16. Solvency. Each of the Loan Parties is Solvent and, in executing the Loan Documents and consummating the transactions contemplated thereby, none of the Loan Parties intends to hinder, delay or defraud either present or future creditors or other Persons to which one or more of the Loan Parties is or will become indebted.

SECTION 3.17. Senior Debt. The Obligations constitute senior debt for purposes of all subordinated debt facilities, if any.

SECTION 3.18. Principal Places of Business and Subsidiaries. Schedule 3.18 sets forth the name of, the chief executive office of, the principal place of business of, the ownership interest of the Company in, the jurisdiction of organization of, and the type of, each Subsidiary and whether each such Subsidiary is a Restricted Subsidiary or an Unrestricted Subsidiary, and, if applicable, a U.S. Subsidiary Guarantor or a Canadian Subsidiary Guarantor, in each case as of the Effective Date, and the chief executive office and principal place of business of the Company as of the Effective Date.

SECTION 3.19. Insurance. The properties of the Company and the Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Company, in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Company or the applicable Restricted Subsidiary operates.

SECTION 3.20. Security Interest in Collateral. During the Collateral Period and/or during the JV Pledge Period, as applicable, the provisions of this Agreement and the other Loan Documents create legal and valid perfected Liens on all the Collateral and/or the JV Pledged Equity, as applicable, in favor of the Collateral Agent, for the benefit of the Secured Parties, and such Liens constitute perfected and continuing Liens on the Collateral and/or the JV Pledged Equity, as applicable, securing the Obligations described in the relevant Collateral Documents, enforceable against the applicable Loan Party, and having priority over all other Liens on the Collateral except in the case of (a) Liens described in clauses (b) through (f) of Section 6.02 and (b) Liens perfected only by possession (including possession of any certificate of title) to the extent the Collateral Agent has not obtained or does not maintain possession of such Collateral or JV Pledged Equity.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other legal opinions, certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(b) The Administrative Agent shall have received favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) Proskauer Rose LLP, special U.S. counsel for the Loan Parties, substantially in the form of Exhibit B-1 and (ii) Stewart McKelvey Stirling Scales, special Canadian counsel to the Loan Parties, substantially in the form of Exhibit B-2, in each case covering such other matters relating to the Loan Parties, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request. The Borrowers hereby requests such counsels to deliver such opinions.

(c) The Lenders shall have received (i) satisfactory audited consolidated financial statements of the Company for the two most recent fiscal years ended prior to the Effective Date as to which such financial statements are available, (ii) satisfactory unaudited interim consolidated financial statements of the Company for each quarterly period ended subsequent to the date of the latest financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are publicly available and (iii) a budget in respect of the Company's 2012 fiscal year in form and substance reasonably satisfactory to the Administrative Agent.

(d) The Administrative Agent shall have received such documents and certificates further described in the list of closing documents attached as Exhibit E.

(e) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Company, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(f) The Administrative Agent shall have received evidence satisfactory to it that the commitments under the Existing Credit Agreements shall have been terminated and cancelled and all indebtedness thereunder shall have been fully repaid (except to the extent being so repaid with the initial Revolving Loans) and any and all liens thereunder shall have been terminated.

(g) The Administrative Agent shall have received evidence reasonably satisfactory to it that all governmental and third party approvals necessary in connection with the Transactions and the continuing operations of the Company and its Subsidiaries have been obtained and are in full force and effect.

(h) 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; provided that legal fees payable on the Effective Date shall be limited to one primary counsel and one local counsel in each applicable jurisdiction, in each case for the Administrative Agent.

The Administrative Agent shall notify the Company and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Banks to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrowers set forth in this Agreement shall be true and correct in all material respects (provided that any representation or warranty qualified by materiality or Material Adverse Effect shall be true and correct in all respects) on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

SECTION 4.03. Designation of Canadian Subsidiary Borrower. The designation of a Canadian Subsidiary Borrower pursuant to Section 2.24 is subject to the condition precedent that the Company or such proposed Canadian Subsidiary Borrower shall have furnished or caused to be furnished to the Administrative Agent:

(a) Copies, certified by the Secretary or Assistant Secretary of such Subsidiary, of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for the Administrative Agent) approving the Canadian Borrowing Subsidiary Agreement and any other Loan Documents to which such Subsidiary is becoming a party and such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of such Subsidiary;

(b) An incumbency certificate, executed by the Secretary or Assistant Secretary of such Subsidiary, which shall identify by name and title and bear the signature of the officers of such Subsidiary authorized to request Borrowings hereunder and sign the Canadian Borrowing Subsidiary Agreement and the other Loan Documents to which such Subsidiary is becoming a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company or such Subsidiary;

(c) Opinions of counsel to such Subsidiary, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, with respect to the laws of its jurisdiction of organization and such other matters as are reasonably requested by counsel to the Administrative Agent and addressed to the Administrative Agent and the Lenders; and

(d) Any promissory notes requested by any Lender, and any other instruments and documents reasonably requested by the Administrative Agent.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Company covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Company will deliver to the Administrative Agent:

(a) as soon as available and in any event within ninety (90) days after the end of each fiscal year of the Company, a copy of the annual audited report for such fiscal year for the Company and its Subsidiaries, containing a consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of income, stockholders' equity and cash flows (together with all footnotes thereto) of the Company and its Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and in the case of such consolidated financial statements, reported on by independent public accountants of nationally recognized standing (without a "going concern" or like qualification or exception, and without any qualification or exception as to scope of audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Company and its Subsidiaries for such fiscal year on a consolidated basis in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(b) as soon as available and in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company, an unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such fiscal quarter and the related unaudited consolidated statements of income and cash flows of the Company and its Subsidiaries for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of Company's previous fiscal year, all certified by the chief financial officer or treasurer of the Company as presenting fairly in all material respects the financial condition and results of operations of the Company and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, (i) a certificate of a Responsible Officer, (A) certifying as to whether there exists a Default or Event of Default on the date of such certificate, and if a Default or an Event of Default then exists, specifying the details thereof and the action which the Company has taken or proposes to take with respect thereto, (B) stating whether any change in GAAP or the application thereof has occurred since the date of the Company's audited financial statements referred to in Section 3.04 and, if any change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (C) listing each Subsidiary which has changed status from or to a Restricted Subsidiary, Unrestricted Subsidiary or Subsidiary Guarantor and identifying such Subsidiary as such as of the date of such certificate, and (ii) a certificate of a Responsible Officer in the form of Exhibit G (the "Compliance Certificate") setting forth in reasonable detail calculations demonstrating compliance with Section 6.16;

(d) as soon as available and in any event within ninety (90) days after the end of each fiscal year of each MJV, a copy of the annual audited report for such fiscal year for such MJV, containing

a combined or consolidated balance sheet of such MJV as of the end of such fiscal year and the related combined or consolidated statements of income, stockholders' or partners' equity and cash flows (together with all footnotes thereto) of such MJV for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and reported on by independent public accountants of nationally recognized standing (without a "going concern" or like qualification or exception, and without any qualification or exception as to scope of audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of such MJV for such fiscal year on a combined or consolidated basis in accordance with GAAP and that the examination by such accountants in connection with such combined or consolidated financial statements has been made in accordance with generally accepted auditing standards; provided that the financial statements required under this clause (d) for each MJV shall be in a format substantially similar to the financial statements being provided by the Company to its applicable joint venture partner with respect to such MJV;

(e) as soon as available and in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of each MJV, an unaudited combined or consolidated balance sheet of such MJV as of the end of such fiscal quarter and the related unaudited combined or consolidated statements of income and cash flows of such MJV for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of such MJV's previous fiscal year, all certified by the chief financial officer or treasurer of such MJV as presenting fairly in all material respects the financial condition and results of operations of such MJV on a combined or consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; provided that the financial statements required under this clause (d) for each MJV shall be in a format substantially similar to the financial statements being provided by the Company to its applicable joint venture partner with respect to such MJV;

(f) during the Collateral Period: as soon as available but in any event within 30 days of the end of each calendar month, and at such other times as may be requested by the Administrative Agent, as of the period then ended, a U.S. Borrowing Base Certificate and a Canadian Borrowing Base Certificate and supporting information in connection therewith, together with any additional reports with respect to the U.S. Borrowing Base and the Canadian Borrowing Base as the Administrative Agent may reasonably request;

(g) promptly following any request therefor, copies of all periodic and other reports, proxy statements and other materials filed with the SEC, or any Governmental Authority succeeding to any or all functions of the SEC, or with any national securities exchange, or distributed by the Company to its shareholders generally, as the case may be; and

(h) promptly following any request therefor, such other information regarding the results of operations, business affairs, Eligible U.S. Accounts, Eligible U.S. Inventory, Eligible Canadian Accounts, Eligible Canadian Inventory and financial condition of the Company, any Canadian Borrower or any Restricted Subsidiary as the Administrative Agent or any Lender may reasonably request.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company posts such documents, or provides a link thereto on the Company's website on the Internet at www.watsco.com; or (ii) on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the

Company shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Company shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Company shall be required to provide paper copies of the Compliance Certificates required by Section 5.01(c) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

SECTION 5.02. Notices of Material Events. The Company will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or, to the knowledge of the Company, affecting the Company or any Restricted Subsidiary which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any event or any other development by which the Company or any of the Restricted Subsidiaries (i) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) becomes subject to any Environmental Liability, (iii) receives notice of any claim with respect to any Environmental Liability, or (iv) becomes aware of any basis for any Environmental Liability and in each of the preceding clauses (i) through (iv), which individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(d) the occurrence of any ERISA Event that alone or Canadian Pension Plan Termination Event, or together with any other ERISA Events and Canadian Pension Plan Termination Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(e) any change in the fiscal year of the Company or any Restricted Subsidiary, except to change the fiscal year of a Restricted Subsidiary to conform its fiscal year to that of the Company; and

(f) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 5.02 shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Company will, and will cause each of the Restricted Subsidiaries to, do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto; provided, that nothing in this Section 5.03 shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03 or any Acquisition permitted under Section 6.04.

SECTION 5.04. Compliance with Laws, Etc.. The Company will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its properties, except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Payment of Obligations. The Company will, and will cause each of the Restricted Subsidiaries to, pay and discharge at or before maturity, all of its obligations and liabilities (including without limitation all tax liabilities and claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Company or such Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.06. Books and Records. The Company will, and will cause each of the Restricted Subsidiaries to, keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Company in conformity with GAAP.

SECTION 5.07. Visitation, Inspection, Etc.. The Company will, and will cause each of the Restricted Subsidiaries to, permit any representative of the Administrative Agent or any Lender, to visit and inspect its properties, to examine its books and records and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to the Company; provided that, so long as no Event of Default has occurred and is continuing, the Company shall not be required to reimburse the Administrative Agent or any Lender under this Section for visits, inspections or examinations by representatives of the Administrative Agent or such Lender more frequently than once every twelve month period.

SECTION 5.08. Maintenance of Properties, Insurance. The Company will, and will cause each of the Restricted Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear except where the failure to do so, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect and (b) maintain with financially sound and reputable insurance companies, (i) insurance with respect to its properties and business, and the properties and business of the Restricted Subsidiaries, in amounts and against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations, in each instance, reasonably acceptable to the Administrative Agent and (ii) during the Collateral Period, all insurance required pursuant to the Collateral Documents. During a Collateral Period, the Company shall deliver to the Administrative Agent endorsements (x) to all “All Risk” physical damage insurance policies on all of the Loan Parties’ tangible personal property and assets insurance policies naming the Administrative Agent as lender loss payee, and (y) to all general liability and other liability policies naming the Administrative Agent an additional insured. In the event the Company or any of the Restricted Subsidiaries at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto during the Collateral Period, then the Administrative Agent, without waiving or releasing any obligations or resulting Default hereunder, may at any time or times

thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which the Administrative Agent deems advisable. All sums so disbursed by the Administrative Agent shall constitute part of the Obligations, payable as provided in this Agreement. During the Collateral Period, the Company will furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding.

SECTION 5.09. Use of Proceeds and Letters of Credit. The Borrowers will use the proceeds of all Loans to refinance existing Indebtedness on the Effective Date, Acquisitions (including (i) the acquisition by Carrier Enterprise Canada, L.P. of the distribution assets of UTC Canada Corporation and (ii) the acquisition of the remaining Equity Interests of Carrier Enterprise, LLC to the extent such Equity Interests are not owned by the Company as of the Effective Date) and for other general corporate and working capital purposes of the Borrowers and their respective Restricted Subsidiaries. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that would violate any rule or regulation of the Board, including Regulations T, U or X. All Letters of Credit will be used for general corporate purposes.

SECTION 5.10. Subsidiary Guarantors; Pledges; Additional Collateral; Further Assurances.

(a) As promptly as possible but in any event within thirty (30) days (or such later date as may be agreed upon by the Collateral Agent) after any Person becomes a Subsidiary or any Restricted Subsidiary qualifies independently as, or is designated by the Company or the Collateral Agent as, a Subsidiary Guarantor pursuant to the definition of "Material Subsidiary", the Company shall provide the Collateral Agent with written notice thereof and shall cause each such Subsidiary which also qualifies as a Material Subsidiary to deliver to the Administrative Agent a joinder to the Subsidiary Guaranty and, during the Collateral Period, deliver to the Collateral Agent the U.S. Security Agreement or the Canadian Security Agreement, as applicable (in each case, in the form contemplated thereby) pursuant to which such Subsidiary agrees to be bound by the terms and provisions thereof, such Subsidiary Guaranty and the U.S. Security Agreement or the Canadian Security Agreement, as applicable, to be accompanied by appropriate corporate resolutions, other corporate documentation and legal opinions in form and substance reasonably satisfactory to the applicable Agent and its counsel; provided that this clause (a) shall not apply to any Subsidiary to the extent such Subsidiary is excluded from the definition of "U.S. Subsidiary Guarantor" or "Canadian Subsidiary Guarantor".

(b) Upon the occurrence of the Collateral Date, and at all other times during the Collateral Period, the Company will cause, and will cause each other Loan Party to cause, all of its owned property (whether real, personal, tangible, intangible, or mixed but excluding Excluded Assets) to be subject at all times to first priority, perfected Liens in favor of the Collateral Agent for the benefit of the Secured Parties to secure the Obligations in accordance with the terms and conditions of the Collateral Documents, subject in any case to Liens permitted by Section 6.02. During the Collateral Period, and without limiting the generality of the foregoing, the Company (i) will cause the Applicable Pledge Percentage of the issued and outstanding Equity Interests of each Pledge Subsidiary directly owned by the Company or any other Loan Party to be subject at all times to a first priority, perfected Lien in favor of the Collateral Agent to secure the Obligations in accordance with the terms and conditions of the Collateral Documents or such other pledge and security documents as the Collateral Agent shall reasonably request, subject in any case to Liens permitted by clauses (b) through (f) of Section 6.02 and (ii) will, and will cause each Loan Party to, deliver Mortgages and Mortgage Instruments with respect to real property owned by the such Loan Party (other than Excluded Assets) to the extent, and within such time period as is, reasonably required by the Collateral Agent.

(c) During the Collateral Period, and without limiting the foregoing, the Company will, and will cause each Loan Party to, execute and deliver, or cause to be executed and delivered, to the Collateral Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements, fixture filings, Mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by law or which the Collateral Agent may, from time to time during the Collateral Period, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of the Company.

(d) If any material assets (including any real property or improvements thereto or any interest therein) are acquired by a Loan Party after the Effective Date and during the Collateral Period (other than assets constituting Collateral under the U.S. Security Agreement or the Canadian Security Agreement, as applicable. that become subject to the Lien under the U.S. Security Agreement or the Canadian Security Agreement, as the case may be, upon acquisition thereof), the Company will notify the Collateral Agent thereof, and, if requested by the Collateral Agent, the Company will cause such assets to be subjected to a Lien securing the Obligations in accordance with the terms and conditions of the Collateral Documents or such other pledge and security documents as the Collateral Agent shall reasonably request and will take, and cause the other Loan Parties to take, such actions as shall be necessary or reasonably requested by the Collateral Agent to grant and perfect such Liens, including actions described in paragraph (b) of this Section, all at the expense of the Company.

(e) Upon the occurrence of the Collateral Release Date (if any), and so long as no Default or Event of Default is then continuing, any Liens granted to the Collateral Agent pursuant to the requirements of this Section 5.10 that remain in effect at such time shall be promptly released by the Collateral Agent upon receipt by the Collateral Agent of written notice from the Company (and the Collateral Agent agrees to execute and deliver any documents or instruments reasonably requested by the Company and in form and substance reasonably satisfactory to the Collateral Agent to evidence the release of all Collateral, all at the expense of the Company).

(f) Notwithstanding the foregoing or Section 5.11 below, Liens granted by the Canadian Borrowers and Affected Foreign Subsidiaries shall only secure the Obligations of the Canadian Loan Parties.

SECTION 5.11. JV Pledges.

(a) Upon the occurrence of a JV Pledge Trigger Date, and at all other times during a JV Pledge Period, the Company will cause 100% (or, if such pledge would give rise to an adverse tax consequence, such lower percentage of Equity Interests that would be the highest percentage that would not give rise to an adverse tax consequence) of the issued and outstanding Equity Interests owned by the Company or a Subsidiary that is not a Joint Venture in each Joint Venture to be subject at all times to a first priority, perfected Lien in favor of the Collateral Agent to secure the Obligations in accordance with the terms and conditions of the Pledge Agreements, subject in any case to Liens permitted by clauses (b) through (f) of Section 6.02, such Pledge Agreements to be accompanied by appropriate corporate resolutions, other corporate documentation and legal opinions in form and substance reasonably satisfactory to the Collateral Agent and its counsel. Notwithstanding the foregoing, no such Pledge Agreement in respect of the Equity Interests of a Joint Venture shall be required hereunder to the extent (x) the Collateral Agent or its counsel determines that such pledge would not provide material credit

support for the benefit of the Secured Parties pursuant to legally valid, binding and enforceable Pledge Agreements or (y) such pledge conflicts (or would create a right of termination under) the terms of it's organizational, joint venture or other governing documents or conflicts with applicable law, rule or regulation.

(b) During a JV Pledge Period, and without limiting the foregoing, the Company will execute and deliver, or cause to be executed and delivered, to the Collateral Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by law or which the Collateral Agent may, from time to time during a JV Pledge Period, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Pledge Agreements, all at the expense of the Company.

(c) Upon the occurrence of a JV Pledge Release Date, (i) any Liens granted to the Collateral Agent pursuant to the foregoing requirements of the preceding clauses of this Section 5.11 (such clauses, collectively, the "JV Pledge Requirements") which remain in effect at such time shall be promptly released by the Collateral Agent upon receipt by the Collateral Agent of written notice from the Company (and the Collateral Agent agrees to execute and deliver any documents or instruments reasonably requested by the Company and in form and substance reasonably satisfactory to the Collateral Agent to evidence the release of all JV Pledged Equity, all at the expense of the Company) and (ii) the JV Pledge Requirements shall be suspended and of no effect unless and until a subsequent JV Pledge Trigger Date occurs following the occurrence of such JV Pledge Release Date, at which time the JV Pledge Requirements shall again become fully effective and binding upon the Company in all respects, and the Company hereby acknowledges and agrees that it will re-grant the security interests in the JV Pledged Equity pursuant to comparable Pledge Agreements within 30 days of such JV Pledge Trigger Date (or such later date as may be agreed upon by the Collateral Agent), all in accordance with the JV Pledge Requirements.

SECTION 5.12. Environmental Laws.

(a) The Company shall, and shall cause each of the Restricted Subsidiaries to, conduct its operations and keep and maintain its property in compliance in all material respects with all Environmental Laws, except to the extent that the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

(b) Upon written request of the Administrative Agent, the Company shall submit and cause each of the Restricted Subsidiaries to submit, to the Administrative Agent, at the Company's sole cost and expense and at reasonable intervals, a report providing an update of the status any environmental, health or safety compliance obligation, remedial obligation or liability, that could, individually or in the aggregate, result in a Material Adverse Effect.

SECTION 5.13. Appraisals. At any time during the Collateral Period that the Administrative Agent reasonably requests, the Loan Parties will provide the Administrative Agent with appraisals or updates thereof of their Inventory, Equipment and real property from an appraiser selected and engaged by the Administrative Agent using Permitted Discretion, and prepared on a basis reasonably satisfactory to the Administrative Agent, such appraisals and updates to include, without limitation, information required by applicable law and regulations; provided, however, that each such appraisal shall be at the sole expense of the Loan Parties and, so long as no Event of Default has occurred and is then continuing, no more than one such appraisal shall be required in any 12 month period.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Company covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Company will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness existing on the date hereof and set forth on Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof;

(c) Indebtedness of the Company or any Canadian Borrower owing to any Subsidiary and of any Subsidiary owing to the Company or any Canadian Borrower or any other Subsidiary Guarantor;

(d) Private Placement Debt or other Indebtedness incurred after the date hereof in an aggregate principal amount not to exceed $200,000,000 at any time outstanding; provided, however, that no Indebtedness may be incurred under this clause (d) if any negative covenants applicable to such Indebtedness are in conflict with or more restrictive than those contained herein;

(e) Indebtedness in respect of obligations under Hedging Agreements permitted by Section 6.10;

(f) Indebtedness of the Company or any Restricted Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided, that (i) the principal amount of Indebtedness permitted by this clause (f) shall not exceed $20,000,000 in the aggregate at any time outstanding and (ii) such Indebtedness is incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement;

(g) unsecured Subordinated Indebtedness; provided that Indebtedness permitted pursuant to this clause (g) shall (i) be subject to the limitations set forth in Sections 6.14 and 6.15, (ii) mature, and shall not require any scheduled amortization or other schedule payments of principal, prior to the date that is 181 days after the Maturity Date and (iii) be subject to a subordination agreement acceptable to the Administrative Agent;

(h) Guarantees by the Company of local credit facilities entered into by Unrestricted Subsidiaries that are Foreign Subsidiaries; and

(i) other Indebtedness in an aggregate amount not to exceed $25,000,000.

SECTION 6.02. <u>Negative Pledge</u>. The Company will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired, except:

(a) Liens, if any, created in favor of the Collateral Agent for the benefit of the Lenders and, to the extent the Intercreditor Agreement has been entered into, for the benefit of the Private Placement Debt Holders, in each case pursuant to the Loan Documents;

(b) Permitted Encumbrances;

(c) any Liens on any property or asset of the Company or any such Restricted Subsidiary existing on the Effective Date set forth on <u>Schedule 6.02</u>; <u>provided</u>, that such Lien shall not apply to any other property or asset of the Company or any such Restricted Subsidiary;

(d) purchase money Liens upon or in any fixed or capital assets to secure the purchase price or the cost of construction or improvement of such fixed or capital assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such fixed or capital assets (including Liens securing any Capital Lease Obligations); <u>provided</u>, that (i) such Liens secure Indebtedness permitted by clause (f) of Section 6.01, (ii) such Liens attach to such assets concurrently or within ninety (90) days after the acquisition, improvement or completion of the construction thereof; (iii) such Liens do not extend to any other assets; and (iv) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) any Lien (i) existing on any asset of any Person at the time such Person becomes such a Restricted Subsidiary of the Company, (ii) existing on any asset of any Person at the time such Person is merged with or into the Company or any such Restricted Subsidiary of the Company or (iii) existing on any asset prior to the acquisition thereof by the Company or any such Restricted Subsidiary of the Company; <u>provided</u>, that any such Lien was not created in the contemplation of any of the foregoing and any such Lien secures only those obligations which it secures on the date that such Person becomes such a Restricted Subsidiary or the date of such merger or the date of such acquisition;

(f) extensions, renewals, or replacements of any Lien referred to in paragraphs (a) through (e) of this Section 6.02; <u>provided</u>, that the principal amount of the Indebtedness secured thereby is not increased and that any such extension, renewal or replacement is limited to the assets originally encumbered thereby;

(g) Liens on the assets of Subsidiaries of the Company in favor of the Company or any Canadian Borrower, as the case may be, securing Indebtedness permitted under Section 6.01(c); and

(h) other Liens on the property or assets of the Company or such Restricted Subsidiary; <u>provided</u>, that (i) the principal amount of the Indebtedness secured by such Liens shall not exceed $25,000,000 in the aggregate at any time outstanding and (ii) no such Liens shall apply to any Accounts or Inventory of the Company and the Restricted Subsidiaries.

For purposes of this Section, the entry by the Company or any such Restricted Subsidiary into a true lease or true bailment arrangement which contains a provision purporting to grant a lien in the event that such arrangement is determined not to constitute a true lease or true bailment and the filing of a precautionary UCC or PPSA financing statement in connection therewith shall not constitute the creation, incurrence, assumption or sufferance of a Lien unless, under applicable law, such arrangement is determined not to constitute a true lease or true bailment arrangement and a security interest or other interest in or lien on property or assets of the Company or any such Restricted Subsidiary has in fact been granted or deemed

to have been granted. For greater certainty, any reference herein or in any other Loan Document to any Lien permitted to exist in respect of the property or assets of any Canadian Loan Party is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Collateral Documents to any such Lien permitted hereby or thereby.

SECTION 6.03. Fundamental Changes. (a) The Company will not, and will not permit any Restricted Subsidiary to, merge into or consolidate or amalgamate into any other Person, or permit any other Person to merge into or consolidate or amalgamate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any such Restricted Subsidiary (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided, that if at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing (i) the Company or any such Restricted Subsidiary may merge or amalgamate with a Person if the Company (or such Restricted Subsidiary if the Company is not a party to such merger) is the surviving Person (provided that in the case of an Acquisition permitted by Section 6.04 by a Subsidiary Guarantor, the acquired company may be the surviving Person so long as such acquired company becomes a Subsidiary Guarantor as required by Section 5.10(a)), (ii) any such Restricted Subsidiary may merge or amalgamate into another Restricted Subsidiary; provided, that (A) if any party to such merger or amalgamation is a Canadian Borrower or a Subsidiary Guarantor, such Canadian Borrower or such Subsidiary Guarantor (as applicable) shall be the surviving Person (and if the non-surviving Restricted Subsidiary was also a Subsidiary Guarantor, the Administrative Agent, upon such event and at the request and expense of the Company and/or the applicable Canadian Borrower or the surviving Subsidiary Guarantor, will execute such documents as shall be acceptable to the Administrative Agent and its counsel releasing the non-surviving Subsidiary Guarantor from its obligations under the Subsidiary Guaranty) or (B) if any party to such merger or amalgamation is not a Subsidiary Guarantor, the surviving Person shall execute and deliver to the Administrative Agent an agreement guaranteeing payment of the Obligations in form and substance satisfactory to the Administrative Agent and the Required Lenders to the extent required under Section 5.10(a), (iii) any such Restricted Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its assets to the Company, a Canadian Borrower or to a Subsidiary Guarantor, and (iv) any such Restricted Subsidiary (other than a Canadian Borrower or a Subsidiary Guarantor) may liquidate or dissolve if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Company and is not materially disadvantageous to the Lenders; provided, that any such merger or amalgamation involving a Person that is not a Wholly-Owned Subsidiary that is a Restricted Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Company will not, and will not permit any of the Restricted Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Company and the Restricted Subsidiaries on the date hereof and businesses reasonably related thereto; provided that nothing in this clause (b) shall prohibit any merger, consolidation, liquidation or dissolution otherwise permitted under this Section 6.03 or any Acquisition permitted under Section 6.04.

SECTION 6.04. Investments, Loans, Etc. The Company will not, and will not permit any of the Restricted Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Wholly-Owned Subsidiary that is a Restricted Subsidiary prior to such merger), any common stock, evidence of indebtedness or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person (all of the foregoing being collectively called "Investments"), or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person that constitute a business unit, except:

(a) Investments (other than Permitted Investments) existing on the date hereof and set forth on Schedule 6.04 (including Investments in such Restricted Subsidiaries and in Unrestricted Subsidiaries);

(b) Permitted Investments;

(c) Guarantees constituting Indebtedness permitted by Section 6.01;

(d) Investments in Subsidiary Guarantors (and, to the extent such Investments constitute Indebtedness permitted under Section 6.01(c), in other Subsidiaries) and in repurchases of the capital stock of the Company to the extent otherwise permitted hereunder;

(e) Loans or advances to employees, officers or directors of the Company or any Subsidiary Guarantor in the ordinary course of business for travel, relocation and related expenses;

(f) Hedging Agreements permitted by Section 6.10;

(g) any Acquisition; provided, that: (i) the Person to be (or whose assets are to be) so purchased or acquired does not oppose such Acquisition, (ii) the line or lines of business of the Person to be (or whose assets are to be) so purchased or acquired are substantially the same as the Material Subsidiaries and their lines of business, (iii) prior to and immediately after giving effect to such Acquisition, no Default or Event of Default shall have occurred and be continuing, (iv) if the costs of such Acquisition exceed $75,000,000, the Company shall have furnished to the Administrative Agent pro forma historical financial statements as of the end of the most recently completed fiscal period of the Company (whether quarterly or year end) giving effect to such Acquisition and assuming that any Indebtedness incurred to effect such Acquisition shall be deemed to have been outstanding during the four full consecutive fiscal quarter period of the Company preceding such Acquisition and to have borne a rate of interest during such period equal to that rate in existence at the date of determination, together with a certificate of a Responsible Officer, in the form of Exhibit G, prepared on a historical pro forma basis giving effect to such Acquisition as of the most recent fiscal quarter of the Company then ended, which certificate shall demonstrate that no Default or Event of Default would exist immediately after giving effect thereto, and (v) the Person acquired shall be a Subsidiary, or be merged into or with the Company or one of its Subsidiaries, immediately upon consummation of the Acquisition (or if assets are being purchased or acquired, the acquirer shall be the Company or one of its Subsidiaries);

(h) Investments of any Person acquired in an Acquisition permitted under Section 6.04(g); and

(i) any other Investment (including an Acquisition permitted by Section 6.04(g)) so long as (i) both before and after giving effect to such Investment no Default shall have occurred or be continuing and (ii) after giving pro forma effect to such Investment, the Company's Total Leverage Ratio is less than or equal to 3.00 to 1.00; provided that, if the Total Leverage Ratio at such time is greater than 3.00 to 1.00, the Company or any Restricted Subsidiary may make Investments funded solely from the proceeds of issuances of Equity Interests after the Effective Date so long as such Investments are funded from such proceeds within six (6) months from the date of such issuance.

SECTION 6.05. Restricted Payments. The Company will not, and will not permit the Restricted Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any dividend on any class of its stock, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any shares of common stock or Indebtedness subordinated to the Obligations of the Company or any options, warrants, or other rights to purchase such common stock or such Indebtedness, whether now or hereafter outstanding (each, a "Restricted Payment"), except:

(a) the Company and such Restricted Subsidiaries may make Restricted Payments, if (i) both before and after giving effect to such Restricted Payment no Default shall have occurred or be continuing and (ii) after giving pro forma effect to such Restricted Payment, the Company's Total Leverage Ratio is less than or equal to 3.00 to 1.00;

(b) if after giving pro forma effect to a Restricted Payment, the Company's Leverage Ratio is greater than to 3.00 to 1.00, the Company and such Restricted Subsidiaries may make the following Restricted Payments: (1) dividends payable by the Company solely in shares of any class of its common stock, (2) Restricted Payments made by any such Restricted Subsidiary to the Company or to another Restricted Subsidiary Loan Party, (3) dividends paid by any such Restricted Subsidiary to Company or to another such Restricted Subsidiary that is its direct parent and (4) cash dividends paid on, and cash redemptions of, the common stock of the Company provided, that (i) no Default or Event of Default has occurred and is continuing at the time such dividend is paid or redemption is made, and (ii) the aggregate amount of all such Restricted Payments does not exceed the sum of (A) $100,000,000 during the term of this Agreement plus (B) fifty percent (50%) of Consolidated Net Income (if greater than $0) earned year to date as of the most recently ended fiscal quarter, and further, provided, if such Restricted Payments in any fiscal year are less than hereby permitted for such fiscal year, the excess permitted amount for such fiscal year may be carried forward to any succeeding fiscal period;

(c) each such Restricted Subsidiary may make Restricted Payments to the Company, the Subsidiary Guarantors and any other Person that owns an equity interest in such Restricted Subsidiary, ratably according to their respective holdings of the type of equity interest in respect of which such Restricted Payment is being made; and

(d) the Company may, in its sole discretion, pay the Special Dividend so long as at the time of paying the Special Dividend the Company demonstrates to the reasonable satisfaction of the Administrative Agent that prior to, and immediately after giving effect (including effect on a pro forma basis) to, the payment of the Special Dividend (i) the aggregate amount of the Available Revolving Commitments of the Lenders at such time is equal to or greater than an amount equal to 15% of the Revolving Credit Availability at such time and, if the Company were to borrow an amount equal to 15% of the Aggregate Commitment at such time, the Total Leverage Ratio (giving pro forma effect to such theoretical borrowing) would be equal to or less than 4.00 to 1.00 and (ii) no Default shall have occurred or be continuing.

SECTION 6.06. Sale of Assets. The Company will not, and will not permit any of the Restricted Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of, any of its assets, business or property, whether now owned or hereafter acquired, or, in the case of any such Restricted Subsidiary, issue or sell any shares of such Restricted Subsidiary's common stock to any Person other than the Company, a Canadian Borrower or a Subsidiary Guarantor (or to qualify directors if required by applicable law), except:

(a) the sale or other disposition for fair market value of obsolete or worn out property or other property not necessary for the principal business operations disposed of in the ordinary course of business;

(b) the sale of inventory and Permitted Investments in the ordinary course of business;

(c) the sale, without recourse, other than for misrepresentation, by any such Restricted Subsidiary of the Company of accounts receivable having a value, net of all allowances and discounts, not to exceed during any fiscal year of the Company an aggregate Dollar value of $25,000,000 for all such sales, which receivables shall be payable by Persons who are not United States citizens or organized and existing under the laws of the United States or a state or territory thereof; and

(d) the sale or other disposition of such other assets in an aggregate amount not to exceed an amount which is equal to 10% of Consolidated Total Assets (determined by reference to the Company's financial statements most recently delivered pursuant to Sections 5.01(a) or 5.01(b) or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to such Sections, the most recent financial statements referred to in Sections 3.04(a) or 3.04(b)) in any fiscal year of the Company (provided that no such sale or disposition may be made after the occurrence or during the continuance of any event or condition which would, or would with the giving of notice or the lapse of time or both, constitute an Event of Default).

SECTION 6.07. Transactions with Affiliates. The Company will not, and will not permit any of the Restricted Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or such Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Company and Subsidiary Guarantors not involving any other Affiliates, and (c) any Restricted Payment permitted by Section 6.05.

SECTION 6.08. Restrictive Agreements. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (a) the ability of the Company or any Restricted Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to its common stock, to make or repay loans or advances to the Company or any other Restricted Subsidiary, to Guarantee Indebtedness of the Company or any other Restricted Subsidiary or to transfer any of its property or assets to the Company or any Restricted Subsidiary of the Company; provided, that (i) the foregoing shall not apply to restrictions or conditions imposed (A) by law, (B) by the organizational documents of MJVs to the extent such restrictions only apply to actions by, the assets of, or Equity Interests in, MJVs, (C) by this Agreement or any other Loan Document, (D) by the documents governing the Private Placement Debt, (E) by documents listed on Schedule 6.08 hereto or (F) by any documents creating a Permitted Encumbrance, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Restricted Subsidiary pending such sale, provided such restrictions and conditions apply only to the Restricted Subsidiary that is sold and such sale is permitted hereunder, (iii) clause (a) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness, and (iv) clause (a) shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

SECTION 6.09. Sale and Leaseback Transactions. The Company will not, and will not permit any of the Restricted Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except for the sale and leaseback of properties in an aggregate amount not to exceed $30,000,000 in any fiscal year of the Company.

SECTION 6.10. Hedging Agreements. The Company will not, and will not permit any of the Restricted Subsidiaries to, enter into any Hedging Agreement, other than Hedging Agreements which are non-speculative in purpose and nature and are entered into in the ordinary course of business to hedge or mitigate risks to which the Company or any such Restricted Subsidiary is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, the Company acknowledges that a Hedging Agreement entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Agreement under which the Company or any of such Restricted Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any third party of any common stock or any Indebtedness or (ii) as a result of changes in the market value of any common stock or any Indebtedness) is not a Hedging Agreement entered into in the ordinary course of business to hedge or mitigate risks.

SECTION 6.11. Amendment to Material Documents. The Company will not, and will not permit any Restricted Subsidiary to, amend, modify or waive any of its rights under (a) its certificate of incorporation, bylaws or other organizational documents (including but not limited to the JV Operating Agreement) in a manner that in the aggregate are materially adverse to the interests of the Lenders in their capacities as lenders, or (b) any Material Agreement in a manner that results in, or could reasonably be expected to result in, a Material Adverse Effect.

SECTION 6.12. Accounting Changes. (a) The Company will not, and will not permit any Restricted Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required or, with the approval of the Required Lenders, as permitted, by GAAP.

(b) The Company will not, and will not permit any Restricted Subsidiary to, change the fiscal year of the Company or any Restricted Subsidiary, except to change the fiscal year of a Restricted Subsidiary to conform its fiscal year to that of the Company.

SECTION 6.13. Use of Proceeds. The Company will not, and will not permit any Subsidiary to, use the proceeds of any credit extension hereunder, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

SECTION 6.14. Prepayments. The Company will not, and will not permit any Restricted Subsidiary to make any prepayment, redemption, defeasance, purchase, acquisition or other payment in violation of any subordination terms of any Indebtedness which is subject to an intercreditor and/or subordination agreement, except in connection with payment of the Obligations in accordance with the Loan Documents.

SECTION 6.15. Amendments to Material Indebtedness Agreements. The Company will not, and will not permit any Restricted Subsidiary to enter into or suffer to exist any amendment or modification (a) to the amortization schedule or prepayment provisions (excluding the waiver of any prepayment premium or penalty) of any Subordinated Indebtedness created under the Material Indebtedness Agreements or (b) to any other terms or conditions contained in such Material Indebtedness Agreements if such modification (i) would conflict with or be more restrictive than the terms or provisions of this Agreement in any material respect, (ii) would provide for collateral security for such Indebtedness in excess of that provided under such agreements as of the Effective Date, (iii) would expand any negative pledge provision provided for therein, or (iv) would alter any provision of the events of default under those agreements.

SECTION 6.16. Financial Covenants.

(a) Maximum Total Leverage Ratio. The Company will not permit the ratio (the "Total Leverage Ratio"), determined as of the end of each of its fiscal quarters ending on and after March 31, 2012, of (i) (x) Consolidated Total Debt minus (y) Liquidity to (ii) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Company and the Restricted Subsidiaries on a consolidated basis, to be greater than the Maximum Total Leverage Ratio.

(b) Minimum Interest Coverage Ratio. The Company will not permit the ratio (the "Interest Coverage Ratio"), determined as of the end of each of its fiscal quarters ending on and after March 31, 2012, of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense, in each case for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Company and the Restricted Subsidiaries on a consolidated basis, to be less than 3.00 to 1.00.

SECTION 6.17. Designation of Subsidiaries. The board of directors of the Company may, at any time from and after the Effective Date, designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Default or Event of Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, the Company shall be in compliance with the covenants set forth in Section 6.16 on a pro forma basis and (iii) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if it was previously designated as an Unrestricted Subsidiary. Notwithstanding the foregoing, no Canadian Borrower nor any of its subsidiaries shall be permitted to be an Unrestricted Subsidiary.

SECTION 6.18. Canadian Pension Plan Compliance. The Company will not, and will not permit any Restricted Subsidiary to, (a) sponsor, administer, maintain, contribute to, participate in or assume or incur any liability in respect of, any Defined Benefit Plan, or (b) acquire an interest in any Person if such Person sponsors, administers, maintains, contributes to, participates in or has any liability in respect of, any Defined Benefit Plan, except, with respect to clauses (a) and (b), Defined Benefit Plans that do not, in the aggregate, have a solvency deficit in excess of $5,000,000 at any time.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) any Borrower shall fail to pay any principal of any Loan or of any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) any Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount payable under clause (a) of this Article VII) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days; or

(c) any representation or warranty made or deemed made by or on behalf of the Company or any Restricted Subsidiary in or in connection with this Agreement or any other Loan Document (including the Schedules attached thereto) and any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document shall prove to be incorrect in any material respect when made or deemed made or submitted; or

(d) any Borrower shall fail to observe or perform any covenant or agreement contained in Sections 5.01(a), (b), (c), (d), and (e), 5.02, 5.03 (with respect to any Borrower's legal existence), 5.07, 5.09, 5.10, 5.11, 5.12, in Article VI or in Article X; or

(e) any Loan Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in clauses (a), (b) and (d) above), and such failure shall remain unremedied for thirty (30) days after the earlier of (i) any Responsible Officer of the Company becomes aware of such failure, or (ii) notice thereof shall have been given to the Company by the Administrative Agent or any Lender;

(f) [intentionally omitted]; or

(g) the Company or any Restricted Subsidiary (whether as primary obligor or as guarantor or other surety) shall fail to pay any principal of or premium or interest on any Material Indebtedness that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(h) the Company or any Restricted Subsidiary shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state, provincial or other foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Article VII, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Company or any such Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Company or any Restricted Subsidiary or its debts, or any substantial part of its assets, under any federal, state, provincial or other foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Company or any Restricted Subsidiary or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; or

(j) [intentionally omitted]; or

(k) an ERISA Event shall have occurred that when taken together with other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; or

(l) any judgment or order for the payment of money where the amount not covered by insurance exceeds $35,000,000 individually or in the aggregate shall be rendered against the Company or any Restricted Subsidiary, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) any non-monetary judgment or order shall be rendered against the Company or any Restricted Subsidiary that could reasonably be expected to have a Material Adverse Effect, and there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(n) a Change in Control shall occur or exist; or

(o) the guaranty provision of the Subsidiary Guaranty shall for any reason cease to be valid and binding on, or enforceable against, any Subsidiary Guarantor, or any Subsidiary Guarantor shall so state in writing, or any Subsidiary Guarantor shall seek to terminate the Subsidiary Guaranty; or

(p) any provision of any other Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(q) an event of default shall have occurred under any other Loan Document;

(r) at any time during the Collateral Period, any Collateral Document shall for any reason (other than by reason of the express release thereof pursuant to this Agreement) fail to create a valid and perfected first priority (subject to Liens permitted by clauses (b) through (f) of Section 6.02) security interest in any material portion of the Collateral purported to be covered thereby, except as permitted by the terms of any Loan Document;

(s) at any time during a JV Pledge Period, any Pledge Agreement shall for any reason (other than by reason of the express release thereof pursuant to this Agreement and other than a Pledge Agreement during any JV Pledge Release Period) fail to create a valid and perfected first priority (subject to Liens permitted by clauses (b) through (f) of Section 6.02) security interest in any material portion of the JV Pledged Equity purported to be covered thereby, except as permitted by the terms of any Loan Document; or

(t) (x) a Canadian Pension Plan Termination Event shall have occurred that when taken together with other Canadian Pension Plan Termination Events that have occurred, could reasonably be expected to result in a Material Adverse Effect or (y) Canadian Loan Party or a subsidiary

of a Canadian Loan Party shall fail to make a required contribution to or payment under any Canadian Pension Plan when due, which failure when taken together with other such failures that have occurred, could reasonably be expected to result in a Material Adverse Effect;

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, in accordance with the terms of the Intercreditor Agreement, exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity, including all remedies provided under the UCC.

ARTICLE VIII

The Administrative Agent and the Collateral Agent

Each of the Lenders and each of the Issuing Banks hereby irrevocably appoints JPMorgan Chase Bank, N.A. as Administrative Agent and Collateral Agent hereunder and under each other Loan Document, and each of the Lenders and each of the Issuing Banks authorizes each of the Agents to enter into the Intercreditor Agreement, on behalf of such Lender and such Issuing Bank (each Lender and each Issuing Bank hereby agreeing to be bound by the terms of the Intercreditor Agreement, as if it were a party thereto) and to take such actions on its behalf, including execution of the other Loan Documents, and on behalf of the Secured Parties and to exercise such powers as are delegated to the Agents by the terms hereof and the terms of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

No Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or as otherwise

set forth in the Intercreditor Agreement, and (c) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Subsidiaries that is communicated to or obtained by the bank serving as either Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by the Company or a Lender, and neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document (other than the Intercreditor Agreement) or any other agreement, instrument or document, (v) the creation, perfection or priority of Liens on the Collateral or the JV Pledged Equity or the existence of the Collateral or the JV Pledged Equity or (vi) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

The Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agents also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agents may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Either Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agents and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Company. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by any Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between such Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

None of the Lenders, if any, identified in this Agreement as a Co-Syndication Agent or Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities as Co-Syndication Agent or Documentation Agent, as applicable, as it makes with respect to the Agents in the preceding paragraph.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of either Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

In its capacity, the Collateral Agent is a “representative” of the Secured Parties within the meaning of the term “secured party” as defined in the New York Uniform Commercial Code. Each Lender and the Administrative Agent authorizes the Collateral Agent to enter into each of the Collateral Documents and the Pledge Agreements to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Secured Party (other than the Collateral Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document or any Pledge Agreement, it being understood and agreed that such rights and remedies may be exercised solely by the Collateral Agent for the benefit of the Secured Parties upon the terms of the Collateral Documents and the Pledge Agreement. In the event that any Collateral or JV Pledged Equity is hereafter pledged by any Person as collateral security for the Obligations, the Collateral Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral or such JV Pledged Equity, as the case may be, in favor of the Collateral Agent on behalf of the Secured Parties. The Lenders and the Administrative Agent hereby authorize the Collateral Agent, at its option and in its discretion, to release any Lien granted to or held by the Collateral Agent upon any Collateral or JV Pledged Equity (i) as described in Section 9.02(d); (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Collateral Agent at any time, the Lenders and the Administrative Agent will confirm in writing the Collateral Agent’s authority to release particular types or items of Collateral or JV Pledged Equity pursuant hereto. Upon any sale or transfer of assets constituting Collateral or JV Pledged Equity which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days’ prior written request by the Company to the Collateral Agent, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders and the Administrative Agent to) execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Secured Parties herein or

pursuant hereto upon the Collateral or JV Pledged Equity, as the case may be, that was sold or transferred; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Company or any Subsidiary in respect of) all interests retained by the Company or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral or the JV Pledged Equity, as the case may be.

The Company, on its behalf and on behalf of its Subsidiaries, and each Lender and the Administrative Agent, on its behalf and on the behalf of its affiliated Secured Parties, hereby irrevocably constitute the Collateral Agent as the holder of an irrevocable power of attorney (*fondé de pouvoir* within the meaning of Article 2692 of the Civil Code of Québec) in order to hold hypothecs and security granted by the Company or any Subsidiary on property pursuant to the laws of the Province of Quebec to secure obligations of the Company or any Subsidiary under any bond, debenture or similar title of indebtedness issued by the Company or any Subsidiary in connection with this Agreement, and agree that the Collateral Agent may act as the bondholder and mandatary with respect to any bond, debenture or similar title of indebtedness that may be issued by the Company or any Subsidiary and pledged in favor of the Secured Parties in connection with this Agreement. Notwithstanding the provisions of Section 32 of the An Act respecting the special powers of legal persons (Quebec), JPMorgan Chase Bank, N.A. as Collateral Agent may acquire and be the holder of any bond issued by the Company or any Subsidiary in connection with this Agreement (i.e., the fondé de pouvoir may acquire and hold the first bond issued under any deed of hypothec by the Company or any Subsidiary).

The Collateral Agent is hereby authorized to execute and deliver any documents necessary or appropriate to create and perfect the rights of pledge for the benefit of the Secured Parties including a right of pledge with respect to the entitlements to profits, the balance left after winding up and the voting rights of the Company as ultimate parent of any subsidiary of the Company which is organized under the laws of the Netherlands and the Equity Interests of which are pledged in connection herewith (a "Dutch Pledge"). Without prejudice to the provisions of this Agreement and the other Loan Documents, the parties hereto acknowledge and agree with the creation of parallel debt obligations of the Company or any relevant Subsidiary as will be described in any Dutch Pledge (the "Parallel Debt"), including that any payment received by the Collateral Agent in respect of the Parallel Debt will - conditionally upon such payment not subsequently being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application - be deemed a satisfaction of a pro rata portion of the corresponding amounts of the Obligations, and any payment to the Secured Parties in satisfaction of the Obligations shall - conditionally upon such payment not subsequently being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application - be deemed as satisfaction of the corresponding amount of the Parallel Debt. The parties hereto acknowledge and agree that, for purposes of a Dutch Pledge, any resignation by the Collateral Agent is not effective until its rights under the Parallel Debt are assigned to the successor Collateral Agent.

The parties hereto acknowledge and agree for the purposes of taking and ensuring the continuing validity of German law governed pledges (*Pfandrechte*) with the creation of parallel debt obligations of the Company and its Subsidiaries as will be further described in a separate German law governed parallel debt undertaking. The Collateral Agent shall (i) hold such parallel debt undertaking as fiduciary agent (*Treuhaender*) and (ii) administer and hold as fiduciary agent (*Treuhaender*) any pledge created under a German law governed Collateral Document or Pledge Agreement which is created in favor of any Secured Party or transferred to any Secured Party due to its accessory nature (*Akzessorietaet*), in each case in its own name and for the account of the Secured Parties. Each Lender

and the Administrative Agent, on its own behalf and on behalf of its affiliated Secured Parties, hereby authorizes the Collateral Agent to enter as its agent in its name and on its behalf into any German law governed Collateral Document or Pledge Agreement, to accept as its agent in its name and on its behalf any pledge under such Collateral Document or such Pledge Agreement and to agree to and execute as agent its in its name and on its behalf any amendments, supplements and other alterations to any such Collateral Document or Pledge Agreement and to release any such Collateral Document or any such Pledge Agreement and any pledge created under any such Collateral Document or such Pledge Agreement in accordance with the provisions herein and/or the provisions in any such Collateral Document or such Pledge Agreement.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to 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 telecopy, as follows:

(i) if to any Borrower, to it at Watsco Inc., 2665 South Bayshore Drive, Suite 901, Coconut Grove, Florida 33133, Attention of Ana M. Menendez, Chief Financial Officer (Telecopy No. (305) 858-4492; Telephone No. (305) 714-4100);

(ii) if to the Administrative Agent or to the Collateral Agent, (A) in the case of Borrowings denominated in Dollars, to JPMorgan Chase Bank, N.A., 10 S. Dearborn Street, Chicago, Illinois 60603, Attention of Yvonne E. Dixon (Telecopy No. (312) 385-7101) and (B) in the case of Borrowings denominated in Foreign Currencies (other than Canadian Dollars), to J.P. Morgan Europe Limited, 125 London Wall, London EC2Y 5AJ, Attention of The Manager, Loan & Agency Services (Telecopy No. 44 207 777 2360), and in each case with a copy to JPMorgan Chase Bank, N.A., 3475 Piedmont Road NE, 18th Floor, Atlanta, Georgia 30305, Attention of John Horst (Telecopy No. (404) 926-2579);

(iii) if to an Issuing Bank, to it at JPMorgan Chase Bank, N.A., 10 S. Dearborn Street, Chicago, Illinois 60603, Attention of Cassandra Groves (Telecopy No. (312) 732-2729), or in the case of any other Issuing Bank, to it at the address and telecopy number specified from time to time by such Issuing Bank to the Company and the Administrative Agent;

(iv) if to the Swingline Lender, to it at JPMorgan Chase Bank, N.A., 10 S. Dearborn Street, Chicago, Illinois 60603, Attention of Yvonne E. Dixon (Telecopy No. (312) 385-7101); and

(v) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.20 with respect to an Incremental Term Loan Amendment, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by each Borrower and the Required Lenders or by each Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (it being understood that, solely with the consent of the parties prescribed by Section 2.20 to be parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and the Revolving Loans are included on the Effective Date), (vi) release the Company from its obligations under Article X or release all or substantially all of the Subsidiary Guarantors from their obligations under the Subsidiary Guaranty, in each case without the written consent of each Lender, (vii) except as provided in clause (d) of this Section or in any Collateral Document or in any Pledge Agreement, release all or substantially all of the Collateral (to the extent in effect) or the JV Pledged Equity (to the extent in effect), without the written consent of each Lender or (viii) increase the advance rates set forth in the definition of Borrowing Base or add new categories of eligible assets, without the written consent of each Revolving Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Collateral Agent, any Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Collateral Agent, such Issuing Bank or the Swingline Lender, as the case may be.

(c) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and each Borrower (x) to add one or more credit facilities (in addition to the Incremental Term Loans pursuant to an Incremental Term Loan Amendment) to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Revolving Loans, Incremental Term Loans and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Lenders.

(d) The Lenders and the Administrative Agent hereby irrevocably authorize the Collateral Agent, at its option and in its sole discretion, to release any Liens granted to the Collateral Agent by the Loan Parties on any Collateral or any JV Pledge Equity (i) upon the termination of all the Commitments, payment and satisfaction in full in cash of all Obligations (other than Unliquidated Obligations), and the cash collateralization of all Unliquidated Obligations in a manner satisfactory to the Administrative Agent, (ii) constituting property being sold or disposed of if the Company certifies to the Administrative Agent that the sale or disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property leased to the Company or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement, (iv) as required to effect any sale or other disposition of such Collateral or such JV Pledged Equity in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII, (v) solely in the case of Collateral other than JV Pledged Equity, upon the occurrence of the Collateral Release Date (if any) in accordance with the terms and conditions of Section 5.10(e) or (vi) solely in the case of the JV Pledged Equity, upon the occurrence of a JV Pledge Release Date (if any) in accordance with the terms and conditions of Section 5.11(c). Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral or the JV Pledged Equity, as applicable. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral so long as the Collateral Period is then in effect or part of the JV Pledged Equity so long as a JV Pledge Period is then in effect, as applicable.

(e) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Company may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Company and the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) each Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by such Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(f) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Company only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of one primary counsel and one additional local counsel in each applicable jurisdiction for the Agents and their Affiliates, in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Agents, any Issuing Bank or any Lender, including the fees, charges and disbursements of one primary counsel and one additional local counsel in each applicable jurisdiction for the Administrative Agent and the Issuing Banks and one additional counsel for all of the Lenders and additional counsel in light of actual or potential conflicts of interest or the availability of different claims or defenses, in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Company shall indemnify the Agents, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Company or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (x) the gross negligence or willful misconduct of such Indemnitee or (y) a material breach by such Indemnitee of its express obligations under the Loan Documents pursuant to a claim initiated by the Company. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Company fails to pay any amount required to be paid by it to any Agent, any Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to such Agent, any Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Company's failure to pay any such amount shall not relieve the Company of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent, any Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the relevant Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the relevant Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Company (provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof); provided, further, that no consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Company and the Administrative Agent otherwise consent, provided that no such consent of the Company shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved 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 of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 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 paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of each Borrower, shall maintain at one of its offices in the United States 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 Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Company, the Administrative Agent, the Issuing Banks and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of any Borrower, the Administrative Agent, the Issuing Banks or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrowers, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d) as though it were a Lender. Each Lender that sells a participation shall, acting

solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other 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 facsimile or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower or any Subsidiary Guarantor against any of and all of the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Each Canadian Borrower irrevocably designates and appoints the Company, as its authorized agent, to accept and acknowledge on its behalf, service of any and all process which may be served in any suit, action or proceeding of the nature referred to in Section 9.09(b) in any federal or New York State court sitting in New York City. The Company hereby represents, warrants and confirms that the Company has agreed to accept such appointment. Said designation and appointment shall be irrevocable by each such Canadian Borrower until all Loans, all Obligations, interest thereon and all other amounts payable by such Canadian Borrower hereunder and under the other Loan Documents shall have been paid in full in accordance with the provisions hereof and thereof and, in the case of any Canadian Subsidiary Borrower, such Canadian Subsidiary Borrower shall have been terminated as a Borrower hereunder pursuant to Section 2.24. Each Canadian Borrower hereby

consents to process being served in any suit, action or proceeding of the nature referred to in Section 9.09(b) in any federal or New York State court sitting in New York City by service of process upon the Company as provided in this Section 9.09(d); provided that, to the extent lawful and possible, notice of said service upon such agent shall be mailed by registered or certified air mail, postage prepaid, return receipt requested, to the Company and (if applicable to) such Canadian Borrower at its address set forth in Section 9.01 or in the Canadian Borrowing Subsidiary Agreement to which it is a party or to any other address of which such Canadian Borrower shall have given written notice to the Administrative Agent (with a copy thereof to the Company). Each Canadian Borrower irrevocably waives, to the fullest extent permitted by law, all claim of error by reason of any such service in such manner and agrees that such service shall be deemed in every respect effective service of process upon such Canadian Borrower in any such suit, action or proceeding and shall, to the fullest extent permitted by law, be taken and held to be valid and personal service upon and personal delivery to such Canadian Borrower. To the extent any Canadian Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether from service or notice, attachment prior to judgment, attachment in aid of execution of a judgment, execution or otherwise), each Canadian Borrower hereby irrevocably waives such immunity in respect of its obligations under the Loan Documents. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY 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, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Borrower and its obligations, (g) with the consent of the Company or (h) to the extent such Information

(i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Company. For the purposes of this Section, "Information" means all information received from the Company relating to the Company or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by the Company; provided that, in the case of information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies each Loan Party that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Act. Each Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable Canadian anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding such Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Borrower, and the transactions contemplated hereby.

SECTION 9.14. Releases of Subsidiary Guarantors.

(a) A Subsidiary Guarantor shall automatically be released from its obligations under the Subsidiary Guaranty upon the consummation of any transaction permitted by this Agreement as a result of which such Subsidiary Guarantor ceases to be a Subsidiary; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party's expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(b) Further, the Administrative Agent may (and is hereby irrevocably authorized by each Lender to), upon the request of the Company, release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty if such Subsidiary Guarantor is no longer a Material Subsidiary.

(c) At such time as the principal and interest on the Loans, all LC Disbursements, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than Banking Services Obligations, Hedging Obligations, and other Obligations expressly stated to survive such payment and termination) shall have been paid in full, the Commitments shall have been terminated and no Letters of Credit shall be outstanding, the Subsidiary Guaranty and all obligations (other than those expressly stated to survive such termination) of each Subsidiary Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

SECTION 9.15. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Collateral Agent and the Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can

be perfected only by possession. Should any Lender (other than the Collateral Agent) obtain possession of any such Collateral or JV Pledged Equity, such Lender shall notify the Collateral Agent thereof, and, promptly upon the Collateral Agent's request therefor shall deliver such Collateral or such JV Pledged Equity to the Collateral Agent or otherwise deal with such Collateral or such JV Pledged Equity in accordance with the Collateral Agent's instructions.

SECTION 9.16. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.17. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between each Borrower and its Affiliates, on the one hand, and the Lenders and their Affiliates, 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 Lenders and their Affiliates 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 each Borrower or any of its Affiliates, or any other Person and (B) no Lender or any of its Affiliates has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) 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 respective Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to any Borrower or its Affiliates. To the fullest extent permitted by law, each Borrower hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

ARTICLE X

Company Guarantee

In order to induce the Lenders to extend credit hereunder, the Company hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Obligations. The Company further agrees that the due and punctual payment of the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation.

The Company waives presentment to, demand of payment from and protest to any obligor of any of the Obligations (an "Obligor"), and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates to assert any claim or demand or to enforce any right or remedy against any Obligor under the provisions of this Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, or any other Loan Document or agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations; (e) the failure of any Agent to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Obligations, if any; (f) any change in the corporate, partnership or other existence, structure or ownership of any Obligor or any other guarantor of any of the Obligations; (g) the enforceability or validity of the Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Obligations or any part thereof, or any other invalidity or unenforceability relating to or against any Obligor or any other guarantor of any of the Obligations, for any reason related to this Agreement, any Swap Agreement, any Banking Services Agreement, any other Loan Document, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by any Obligor or any other guarantor of the Obligations, of any of the Obligations or otherwise affecting any term of any of the Obligations; or (h) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of any Obligor or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of any Obligor to subrogation.

The Company further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates to any balance of any deposit account or credit on the books of any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates in favor of any Obligor or any other Person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise.

The Company further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates upon the bankruptcy or reorganization of any Obligor or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates may have at law or in equity against any Obligor by virtue hereof, upon the failure of any Obligor to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates, forthwith pay, or cause to be paid, to any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates in cash an amount equal to the unpaid principal amount of such Obligation then due, together with accrued and unpaid interest thereon. The Company further agrees that if payment in respect of any Obligation shall be due in a currency other than Dollars and/or at a place of payment other than New York, Chicago or any other Applicable Payment

Office and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates, disadvantageous to any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates in any material respect, then, at the election of the Administrative Agent, the Company shall make payment of such Obligation in Dollars (based upon the applicable Equivalent Amount in effect on the date of payment) and/or in New York, Chicago or such other Applicable Payment Office as is designated by the Administrative Agent and, as a separate and independent obligation, shall indemnify any Agent, any Issuing Bank, any Lender and their applicable Affiliates against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by the Company of any sums as provided above, all rights of the Company against any Obligor arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations owed by any Obligor to any Agent, any Issuing Bank, any Lender or any of their applicable Affiliates.

Nothing shall discharge or satisfy the liability of the Company hereunder except the full performance and payment of the Obligations.

[Signature Pages Follow]

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

WATSCO, INC.,
as the Company

By /s/ Ana M. Menendez
Name: Ana M. Menendez
Title: Chief Financial Officer & Treasurer

WATSCO CANADA, INC.,
as a Canadian Borrower

By /s/ Ana M. Menendez
Name: Ana M. Menendez
Title: Vice President & Treasurer

JPMORGAN CHASE BANK, N.A., individually as a Lender, as the Swingline Lender, as an Issuing Bank, as Administrative Agent and as Collateral Agent

By /s/ John A. Horst
Name: John A. Horst
Title: Credit Executive

BANK OF AMERICA, N.A., individually as a Lender, as an Issuing Bank and as a Co-Syndication Agent

By /s/ David Gutierrez
Name: David Gutierrez
Title: SVP

BANK OF AMERICA, N.A., (Canada branch)

By /s/ Medina Sales de Andrade
Name: Medina Sales de Andrade
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, individually as a Lender, as an Issuing Bank and as a Co-Syndication Agent

By /s/ Maria D. Arguello
Name: Maria D. Arguello
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION, individually as a Lender and as Documentation Agent

By /s/ Kenneth R. Fieler
Name: Kenneth R. Fieler
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, Canada Branch

By /s/ Joseph Rauhala
Name: Joseph Rauhala
Title: Principal Officer

THE NORTHERN TRUST COMPANY, as a Lender

By /s/ Fiyaz Khan
Name: Fiyaz Khan
Title: Second Vice President

Signature Page to Credit Agreement
Watsco, Inc.

BRANCH BANKING & TRUST COMPANY, as a Lender

By /s/ Anthony D. Nigro
Name: Anthony D. Nigro
Title: Senior Vice President

BANK OF MONTREAL, CHICAGO BRANCH, as a Lender

By /s/ J.B. Whitmore
Name: J.B. Whitmore
Title: Managing Director

BANK OF MONTREAL, TORONTO BRANCH, as Lender

By /s/ Peter Chauvin
Name: Peter Chauvin
Title: Vice President

REGIONS BANK, as a Lender

By /s/ Stephen Hanas

Name: Stephen Hanas

Title: Senior Vice President

SABADELL UNITED BANK, N.A., as a Lender

By /s/ Jonathan D. Fisher
Name : Jonathan D. Fisher
Title: Executive Vice President

Exhibit 10.2

CARRIER ENTERPRISE CANADA (G.P.), INC.

SHAREHOLDERS' AGREEMENT

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SCHEDULES:

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SCHEDULE B - SHAREHOLDERS

SHAREHOLDERS' AGREEMENT

THIS AGREEMENT made as of the 27th day of April, 2012,

B E T W E E N:

CARRIER ENTERPRISE CANADA (G.P.), INC.,

(hereinafter referred to as the "**Corporation**"),

- and -

WATSCO INTERNATIONAL, LLC,

(hereinafter referred to as "**Watsco**"),

- and -

CARLYLE SCROLL HOLDINGS, INC.,

(hereinafter referred to as "**Carrier**"),

- and -

Each other Person who becomes a Shareholder in accordance with the terms of this Agreement.

RECITALS

A. The Corporation has been incorporated under the Act.

B. The authorized capital of the Corporation consists of an unlimited number of common shares, of which one hundred (100) are issued and outstanding.

C. Carrier is the registered and beneficial owner of forty (40) common shares in the capital of the Corporation and Watsco is the registered and beneficial owner of sixty (60) common shares in the capital of the Corporation.

D. Carrier and Watsco wish to establish their respective rights and obligations in respect of the shares of the Corporation now or hereafter owned by them, the management and control of the Corporation and other matters set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Where used in this Agreement, unless there is something in the context or the subject matter inconsistent therewith, the following terms shall have the following meanings:

"**Act**" means the *Business Corporations Act* (New Brunswick) as it may be amended or replaced from time to time;

"**Affiliate**" means, with respect to a specified Person, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to substantially direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, as director or manager, as trustee or executor, by contract or credit arrangement or otherwise, and for the avoidance of doubt, neither Watsco (or its ultimate parent entity) nor any of its (or its ultimate parent entity's) Subsidiaries (other than, if applicable, the Partnership, the Corporation and any of their respective Subsidiaries) shall be deemed an Affiliate of a Carrier Holder for any purpose hereunder, and neither Carrier (or its ultimate parent entity) nor any of its (or its ultimate parent entity's) Subsidiaries (other than, if applicable, the Partnership, the Corporation and any of their respective Subsidiaries) shall be deemed an Affiliate of a Watsco Holder for any purpose hereunder;

"**Ancillary Agreements**" has the meaning set forth in the Asset Purchase Agreement;

"**Approved by**," "**Approval of**," "**Consent of**," "**Determined by**," or any equivalent, each mean, with respect to the Board, approval or consent of the Board as set forth in Section 3.5(f), and with respect to the Shareholders, approval or consent of the Shareholders as set forth in Section 5.4(f);

"**Articles**" means the articles of incorporation of the Corporation;

"**Asset Purchase Agreement**" means the asset purchase agreement dated March 13, 2012 between Watsco, Inc., Watsco Canada, Inc., UTC Canada Corporation and the Partnership;

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario, State of Florida or State of Connecticut, on which commercial banks in Toronto, Ontario, Miami, Florida and Farmington, Connecticut are open for business;

“**Carrier Deciding Shareholder**” means Carrier or, if Carrier has Transferred its Shares to a Permitted Transferee in accordance with the terms of this Agreement, its Permitted Transferee;

“**Carrier Holders**” means Carrier and any direct or indirect wholly-owned Subsidiary of Carrier’s ultimate parent entity that is a Transferee of Shares pursuant to Section 8.1(c);

“**Carrier Scale-Down Partnership Interest**” has the meaning set forth in Section 3.2(a);

“**Confidential Information**” has the meaning ascribed thereto in Section 10.5;

“**Covered Person**” has the meaning ascribed thereto in Section 9.2(a);

“**Director**” means a Person who is listed as a director of the Corporation in this Agreement, or who becomes a substituted or additional director of the Corporation as herein provided and who is listed as a director in the books and records of the Corporation;

“**Dispute**” has the meaning set forth in Section 10.6(a);

“**Entity**” means any corporation, partnership, limited liability company, unincorporated association, joint venture, firm and any other organization, association or other entity, and any trust or estate;

“**Fiscal Quarter**” means any fiscal quarter of any Fiscal Year;

“**Fiscal Year**” means (i) the period commencing on the date of this Agreement and ending on December 31, 2012, or (ii) any subsequent 12-month period commencing on January 1 and ending on December 31;

“**GAAP**” has the meaning set forth in Section 7.1(a);

“**Governmental Authority**” shall mean any nation or country (including Canada and the United States) and any commonwealth, province, territory, municipality or possession thereof and any political subdivision of any of the foregoing, including but not limited to courts, departments, commissions, boards, bureaus, agencies, tribunals, ministries or other instrumentalities.

“**HVAC/R Products**” means heating and cooling products, systems, equipment, components, accessories and parts, and brands thereof, in each case to the extent identified as “**Products**” in any of the distributor agreements between the Partnership and Carrier (or any of its Affiliates from time to time);

“**Indebtedness**” means, with respect to any Person, (i) indebtedness of such Person for borrowed money, (ii) other indebtedness of such Person evidenced by notes, bonds or debentures, (iii) capitalized leases classified as indebtedness of such Person under GAAP, (iv) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and

remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (v) any obligation of such Person for the deferred purchase price of property or services (other than trade payables and other current liabilities), (vi) any indebtedness of another Person referred to in clauses (i) through (v) above guaranteed directly or indirectly, jointly or severally, in any manner by such Person, (vii) any indebtedness referred to in clauses (i) through (v) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or encumbrance on property (including, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness, and (viii) the maximum amount of all direct or contingent obligations of such Person with respect to letters of credit, bankers' acceptances, bank guaranties, surety bonds or similar facilities or instruments;

"**Interested Transaction**" means, with respect to a Person, any transaction or agreement (including, but not limited to, the purchase, sale, lease, or exchange of any property or the rendering of any service, or the establishment of any salary, other compensation, or other terms of employment) with any Affiliate of such Person;

"**Limited Partner**" means a limited partner of the Partnership;

"**Limited Partner Interest**" means the interest of a Limited Partner in the Partnership;

"**Major Decisions**" has the meaning set forth in Section 5.3(a);

"**Mediation Termination**" has the meaning set forth in Section 10.6(b);

"**Partners**" means the partners of the Partnership;

"**Partnership**" means Carrier Enterprise Canada, L.P.;

"**Partnership Agreement**" means the amended and restated limited partnership agreement relating to the Partnership made as of the date hereof between Watsco, Carrier and the Corporation, as such agreement may be amended or supplemented from time to time;

"**Partnership Assets**" has the meaning ascribed thereto in the Partnership Agreement;

"**Partnership Interest**" means, at any time with reference to a Partner, the proportion which the amount of Capital Contributions (as defined in the Partnership Agreement) made by the Partner at such time as recorded in the record of Partners is of the aggregate amount of Capital Contributions so recorded in the names of all Partners at such time;

"**Permitted Lien**" means a lien, mortgage, pledge, security interest or similar encumbrance of a Shareholder's Shares granted to a lender or lenders (or agent for a lender or lenders) to secure any obligations under any credit agreements and/or related documents in respect of any loan to the Shareholder and/or any of such Shareholder's direct or indirect wholly-owned Subsidiaries (or, so long as such Shareholders, directly or indirectly, a wholly-owned Subsidiary of its ultimate parent entity, such ultimate parent entity's direct or indirect wholly-owned Subsidiaries);

“**Permitted Transferee**” has the meaning set forth in Section 8.1(c);

“**Person**” means any natural person or Entity;

“**Requisite Shareholders**” means Watsco and Carrier; provided, that if (i) the Partnership Interest owned by the Carrier Holders, in the aggregate, ceases to be at least ten percent (10%), Requisite Shareholders shall be deemed to be Watsco, and (ii) the Partnership Interest owned by the Watsco Holders, in the aggregate, ceases to be at least ten percent (10%), Requisite Shareholders shall be deemed to be Carrier;

“**Resolution of the Board**” means a resolution Approved by the Board;

“**Shareholders**” means each Person who is admitted as a shareholder of the Corporation and listed on Schedule B and each additional Person who shall hereafter be admitted as a Shareholder hereof in accordance with the provisions of this Agreement;

“**Shares**” means common shares in the capital of the Corporation as constituted at the date hereof, any other securities into which such common shares may be converted, exchanged, reclassified, redesignated, subdivided, consolidated or otherwise changed from time to time, any securities of any successor corporation to or corporation continuing from the Corporation which such common shares or other securities may be changed into or become as a result of any amalgamation, continuance, merger, consolidation, plan of arrangement or reorganization, statutory or otherwise, and any securities received as a stock dividend or other distribution on or in respect of such common shares or other securities;

“**Subsidiary**” means, with respect to any Person, (i) any corporation fifty percent (50%) or more of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation is at the time owned by such Person, directly or indirectly through one or more Subsidiaries, and (ii) any other Person, including but not limited to a joint venture, a general or limited partnership or a limited liability Corporation, in which such Person, directly or indirectly through one or more Subsidiaries, at the time owns at least fifty percent (50%) or more of the ownership interests entitled to vote in the election of managing partners, managers or trustees thereof (or other Persons performing such functions) or acts as the general partner, managing Shareholder, trustee (or Persons performing similar functions) of such other Person;

“**Tax Act**” means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), the *Income Tax Application Rules*, R.S.C. 1985, c. 2 (5th Supp.), and the Income Tax Regulations, C.R.C., c. 945, in each case as amended to the date of this Agreement;

“**Transfer**” means the voluntary or involuntary sale, assignment, transfer (by gift or otherwise), lien, mortgage, pledge, grant of a security interest, encumbrance, hypothecation, grant of a participation interest or other disposition or conveyance of legal or beneficial interest, directly or indirectly, whether in one transaction or in a series of related transactions;

"**Transferee**" means any Person that is a transferee of Shares in the Corporation;

"**Transferor**" means any Shareholder that proposes to Transfer or does Transfer Shares in the Corporation;

"**Watsco Credit Facility**" means the Revolving Credit Facility dated as of August 3, 2007 among Watsco, Inc., Bank of America, N.A., as Administrative Agent, Bank of America, N.A., as Swingline Lender and Issuing Bank, and the Lenders referred to therein, as amended by Amendment No. 2 to the Revolving Credit Facility dated March 30, 2011;

"**Watsco Deciding Shareholder**" means Watsco or, if Watsco has Transferred its Shares to a Permitted Transferee in accordance with the terms of this Agreement, its Permitted Transferee;

"**Watsco Holders**" means Watsco and any direct or indirect wholly-owned Subsidiary of Watsco's ultimate parent entity that is Transferee of Shares pursuant to Section 8.1(c); and

"**Watsco Scale-Down Partnership Interest**" has the meaning set forth in Section 3.2(a).

1.2 <u>Rules of Construction</u>

Except as may be otherwise specifically provided in this Agreement and unless the context otherwise requires, in this Agreement:

(a) the terms "Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;

(b) references to an "Article", "Section", "Schedule" or "Exhibit" followed by a number or letter refer to the specified Article or Section of or Schedule or Exhibit to this Agreement;

(c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;

(e) the word "including" is deemed to mean including without limitation;

(f) the terms "party" and "the parties" refer to a party or the parties to this Agreement;

(g) any reference to this Agreement means this Agreement as amended, modified, replaced or supplemented from time to time;

(h) all dollar amounts refer to Canadian dollars;

(i) any time period within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends;

(j) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, action shall be taken or period shall expire on the next following Business Day; and

(k) unless specified as being a Business Day, any reference to day means a calendar day.

1.3 Time of Essence

Time shall be of the essence of this Agreement.

ARTICLE 2
ORGANIZATIONAL MATTERS

2.1 Business of the Corporation

The business of the Corporation is hereby agreed to be limited to carrying out the responsibilities of the general partner of the Partnership as described in the Partnership Agreement, and engaging in any activities directly or indirectly related thereto. As general partner, the Corporation agrees to be bound by all the provisions of the Partnership Agreement as a party thereto.

2.2 Filings

The Shareholders and the Corporation promptly shall execute and deliver such documents and perform such acts consistent with the terms of this Agreement as may be reasonably necessary to comply with the requirements of law for the qualification and continuation of existence of the Corporation under the laws of each jurisdiction in which the Corporation shall conduct business or to carry out the intentions of this Agreement.

2.3 Interested Transactions

The Corporation, the Partnership and any of their Subsidiaries may engage in any Interested Transaction so long as the following conditions are satisfied: (a) the Interested Transaction is not expressly prohibited by this Agreement and, if Major Decisions then require the affirmative vote or consent of the Requisite Shareholders pursuant to the terms of Section 5.3(a), the Interested Transaction has been approved in accordance with Section 5.3; and (b) either (i) the Interested Transaction is in the ordinary course of business at prices and on terms

and conditions not less favorable to the Corporation, the Partnership or either of their respective Subsidiaries than could be obtained on an arm's-length basis from unrelated third parties or (ii) the Interested Transaction is with Carrier or any of its Affiliates. The parties acknowledge that the transactions contemplated in the Asset Purchase Agreement and the Ancillary Agreements in each case satisfy the conditions specified in this Section 2.3.

2.4 Review of Corporate Records

Each Shareholder shall be entitled from time to time, during usual business hours on reasonable notice to the Corporation, to examine (or cause its representatives to examine) the minute books of the Corporation.

2.5 Registered Office

The Corporation's registered office is 44 Chipman Hill, Suite 1000, St. John, New Brunswick. At any time, the registered office may be changed with the Approval of the Board, provided that the registered office shall be in the Province of New Brunswick.

2.6 Principal Place of Business

The principal place of business of the Corporation is 1515 Drew Road, Mississauga, Ontario. At any time, the Corporation's principal place of business may be changed with the Approval of the Board.

ARTICLE 3
BOARD OF DIRECTORS

3.1 Authority of the Board

Except as otherwise provided in this Agreement, the business and affairs of the Corporation shall be controlled, directed and managed exclusively by the Board. Except when the Approval of the Shareholders (or the Requisite Shareholders) is expressly required by the Act, the Articles or this Agreement, the Board shall have full, complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Corporation, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Corporation's business, property and affairs. The Board shall be responsible, without limitation, at its meetings for (i) review of the performance by the Corporation's management, (ii) review, approval and update of the Partnership's annual operating plan and the Partnership's needs and requirements for growth and development of market share, (iii) review of the Partnership's financial performance, business issues and opportunities, (iv) distributions, and (v) review of leadership and succession, in each case subject to Section 5.3.

3.2 Composition of the Board

(a) For so long as the Partnership Interest held by the Carrier Holders, in the aggregate, is at least twenty percent (20%) (the "**Carrier Scale-Down Partnership Interest**")

and the Partnership Interest held by the Watsco Holders, in the aggregate, is at least fifty percent (50%) (the "**Watsco Scale-Down Partnership Interest**"), the Board shall be composed of five (5) Directors, of whom two (2) Directors shall be designated by the Carrier Deciding Shareholder and three (3) Directors shall be designated by the Watsco Deciding Shareholder. Notwithstanding the forgoing, the number of Directors constituting the entire Board may be increased or decreased beyond the number set forth above from time to time by Approval of the Board, subject to Section 5.3; provided that, so long as the Partnership Interest of the Carrier Holders is equal to or greater than the Carrier Scale-Down Partnership Interest, in the case of any increase or decrease in the number of Directors constituting the entire Board, the composition of the Board shall be adjusted to provide the Carrier Deciding Shareholder with the right to designate the whole number (rounding up) of Directors that is closest to forty percent (40%) of the entire Board.

(b) Following such time as the Partnership Interest held by the Carrier Holders is less than the Carrier Scale-Down Partnership Interest, the number of Directors designated by the Carrier Deciding Shareholder shall be reduced to the whole number (rounding up) of Directors that is closest to the product of (i) the Partnership Interest held by the Carrier Holders at such time and (ii) the number of Directors constituting the entire Board. Any Directors with respect to whom the Carrier Deciding Shareholder's designation rights are terminated pursuant to this Section 3.2(b), shall be removed from the Board as of the date of such termination of such designation rights. In such event, the replacements of such removed Directors shall be determined by the Approval of the Shareholders.

(c) Following such time as the Partnership Interest held by the Watsco Holders is less than the Watsco Scale-Down Partnership Interest, the Watsco Deciding Shareholder shall only be entitled to designate the whole number (rounding up) of Directors that is closest to the product of (i) the Partnership Interest held by the Watsco Holders at such time and (ii) the number of Directors constituting the entire Board. Any Directors with respect to whom the Watsco Deciding Shareholder's designation rights are terminated pursuant to this Section 3.2(c), shall be removed from the Board as of the date of such termination of such designation rights. In such event, the replacements of such removed Directors shall be determined by the Approval of the Shareholders.

3.3 Resignation and Removal

(a) Subject to Section 3.2, any Director may resign at any time by giving written notice of his or her resignation to the Board. A resignation shall take effect at the time specified therein or if no time is specified therein, immediately upon its receipt, and, unless otherwise specified therein, the acceptance of a resignation shall not be necessary to make it effective.

(b) Each Shareholder may require the removal of any Director designated by it at any time, with or without cause, by delivering written notice to the other Shareholders and the Chairman of the Board. Following receipt of such notice, each of the Shareholders shall forthwith execute such resolutions or other instruments (or request their designees to the Board to execute such resolutions or instruments) as may be necessary or desirable to give effect to such removal and to fill any resulting vacancy in accordance with Section 3.3(c).

(c) If there is a vacancy on the Board resulting from the removal or resignation, death, retirement or disability of a Director, the Shareholder that designated such Director shall be entitled to designate a replacement Director upon written notice to the other Shareholders and the Chairman of the Board. If such Shareholder fails to fill the vacancy, the directorship will remain vacant until such time that a replacement is designated by the Shareholder who designated such Director and the requisite resolution is passed by the Board or Shareholders in accordance with Section 3.3(b).

3.4 Compensation

Subject to Section 5.3, as Determined by the Board, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Shareholders of special or standing committees may be allowed like compensation for attending committee meetings.

3.5 Meetings of the Board

(a) Quarterly Meetings; Calling of Meetings; Notice. The Board shall hold regular meetings at such times as may be specified by it but no less often than quarterly. Special meetings of the Board may be called at any time and for any purpose or purposes by (i) the President or his designee, (ii) by Resolution of the Board in which at least a majority of all Directors call for such meeting, (iii) by any Shareholder. Subject to the notice provisions set forth in Section 10.3, notice of the place, date and hour of each meeting of the Board will be given by registered or certified mail, by nationally recognized overnight delivery service, by telephone (which shall be deemed given upon oral acknowledgment by the Director receiving notice), by facsimile or by personal delivery, or by email, to each Director entitled to vote at the meeting, not fewer than three (3) Business Days prior to the meeting, and in any case not more than thirty (30) days prior to the meeting. A notice shall state, in general terms, the purpose or purposes for the calling of a meeting. If such notice is mailed, emailed or sent by overnight delivery service, it will be directed to each Director at such Director's address as it appears on the record of Directors, or, if a Director had filed with the Corporation a written request that notices to such Director be sent to some other address, then directed to such Director at such other address. Notice of a meeting need not be given to any Director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes of such meeting, whether before or after the meeting, or who participates in the meeting without protesting, prior to the commencement of such Director's participation in the meeting, the lack of notice to such Director. All such waivers, consents and approvals shall be filed with the Corporation records or made a part of the minutes of the meeting.

(b) Time and Place of Meetings. Meetings of the Board may be held at any place which has been designated in the notice of the meeting or at such place as may be Approved by the Board.

(c) Quorum. A majority of Directors shall constitute a quorum of the Board for the transaction of business. The Directors present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the loss of a quorum.

(d) Adjourned Meetings. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment shall be given prior to the time the adjourned meeting is to be resumed to all Directors who were not present at the time of the adjournment.

(e) Telephonic Participation by Directors at Meetings. Directors may participate in a meeting through the use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting in such manner constitutes presence in person at such meeting.

(f) Approval of the Board

(i) At a Meeting. Unless specifically provided otherwise by law or this Agreement, whenever the Board is entitled to vote on any matter or exercise any power under this Agreement, such matter shall be considered approved or consented to upon the receipt of the affirmative vote of at least a majority of all Directors entitled to vote thereon, with each Director having one (1) vote. Except in such person's capacity as an officer of the Corporation, no Director acting individually shall have the authority or right to act on behalf of, or to take any action to bind, the Corporation in connection with any matter, except as provided in this Agreement.

(ii) Conduct of Disputes. Notwithstanding anything to the contrary in this Agreement, (A) only Directors designated by Watsco shall be entitled to vote on any matter relating to the conduct and settlement of any claim, action, suit, proceeding or dispute between the Corporation, and/or any of its Subsidiaries, on the one hand and Carrier, and/or any of its Affiliates, on the other hand, and (B) only Directors designated by Carrier shall be entitled to vote on any matter relating to the conduct and settlement of any claim, action, suit, proceeding or dispute between the Corporation, and/or any of its Subsidiaries, on the one hand and Watsco, and/or any of its Affiliates, on the other hand.

(iii) By Written Resolution. Any action required or permitted to be taken by the Board may be taken by the Directors without a meeting, if a resolution in writing, setting forth the action so taken, is signed by all Directors.

(iv) Matters Requiring Approval. The Corporation and the Partnership may not, without Approval of the Board, engage, directly or indirectly, including, through one or more Subsidiaries of the Corporation or the Partnership, and shall cause the Partnership and such Subsidiaries not to engage, in any transaction or series of related transactions or take any action, which if engaged in or taken by a corporation under the Act would require action by the board of directors of that corporation, other than transactions in the ordinary course of the Corporation's or the Partnership's business.

3.6 No Exclusivity of Duty to Corporation

Except as otherwise provided herein, no Director shall be required to serve on the Board as his or her sole and exclusive function and such Director may engage in or possess any interest in another business or venture of any nature and description, independently or with others, to the fullest extent permitted by law, and neither the Corporation nor any Shareholder shall have any rights in or to any such independent ventures or the income or proceeds derived therefrom. Directors shall not incur any liability to the Corporation or to any of the Shareholders as a result of engaging in any other business or venture to the fullest extent permitted by law. Any Director shall be able to transact business or enter into agreements with the Corporation to the fullest extent permitted by law, subject to the terms and conditions of this Agreement.

3.7 Equity Plans

Subject to Section 5.3, the Board is authorized to (i) adopt such equity option plans, restricted equity plans and other rights plans as it shall deem necessary from time to time and (ii) grant such options, equity interests and other rights under such plans to such persons, including officers, directors, employees, consultants and others, as the Board may Approve.

ARTICLE 4
OFFICERS

4.1 Appointment and Removal of Officers

(a) The Board shall Approve the appointment of the officers of the Corporation on an annual basis. The officers of the Corporation shall consist of a President, a Chief Financial Officer, a Secretary and other officers, including one or more Vice Presidents, and assistant and subordinate officers as the Board may deem necessary, each of whom shall hold their offices for one-year terms and shall exercise such powers and perform such duties as shall be Determined from time to time by the Board until their successors are appointed and qualified. Any officer or agent selected or appointed by the Board may be removed at any time, with or without cause, by Resolution of the Board. Vacancies of officer positions shall be filled by Approval of the Board. The salaries, other compensation and business expense reimbursement of all officers and agents of the Corporation shall be Determined and fixed by the Board. Unless otherwise expressly approved herein, subject to Approval of the Board, any two or more offices may be held by the same Person.

(b) In addition, notwithstanding anything to the contrary contained herein, an officer may not be removed without cause unless by Resolution of the Board in which at least a majority of all Directors approve the removal.

4.2 Chairman of the Board

The Board shall appoint a Director to act as Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Shareholders and of the Board at which he is present, subject to the ultimate authority of the Board to appoint an alternate presiding officer at any meeting. The Chairman of the Board may be an officer of the Corporation if so designated by the Board and shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by the Board.

4.3 President

The President shall have general supervision and control over, and responsibility for, the day-to-day operations of the Corporation, subject to the ultimate authority of the Board, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by the Board. The initial President shall be the person Determined by the Requisite Shareholders. The initial President shall serve for a one-year term commencing on the date of execution hereof unless the Requisite Shareholders agree otherwise.

4.4 Chief Financial Officer

The Chief Financial Officer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Chief Financial Officer by the President and by the Board. The initial Chief Financial Officer shall be the person Determined by the Requisite Shareholders. The initial President shall serve for a one-year term commencing on the date of execution hereof unless the Requisite Shareholders agree otherwise.

4.5 Vice Presidents

One or more Vice Presidents shall perform such duties and have such powers as may from time to time be assigned to them by the President or the Board. In the absence or disability of the President, the President's duties will be performed and powers may be exercised by one or more such Vice Presidents, as will be designated by the Board.

4.6 Secretary

The Secretary will attend all meetings of the Shareholders and the Board will record all votes and the minutes of all proceedings in a book to be kept for that purpose, unless the Shareholders or the Board, as applicable, designate another person for such purpose. Unless otherwise provided in this Agreement, the Secretary will attend to the giving of notice of all meetings of the Shareholders and the Board, have custody of the Corporation's seal, if any, and, when authorized by the Board, will have authority to affix the same to any instrument and, when so affixed, it will be attested by the Secretary's signature or by the signature of the President, the Chief Financial Officer or an Assistant Secretary.

4.7 Authority and Duties of the Officers

The Shareholders hereby grant authority and responsibility for the day-to-day operation of the business and affairs of the Corporation to the officers. Any action required by

this Agreement to be performed by the Corporation shall be deemed to have been taken by the Corporation if such action is Approved by the Board and taken or approved by the President or other authorized officer, unless otherwise indicated in this Agreement. The officers, to the extent of their powers set forth in this Agreement or in a Resolution of the Board, are agents of the Corporation for the purposes of the Corporation's business, and the actions of the officers taken in accord with such powers shall bind the Corporation. Any agreement, deed, lease, note or other document or instrument executed on behalf of the Corporation by the President or other authorized officer as Approved by the Board, shall be deemed to have been duly executed; no other person's signature shall be required in connection with the foregoing and third parties shall be entitled to rely upon the President's or other authorized officer's power to bind the Corporation without otherwise ascertaining that the requirements of this Agreement have been satisfied. Notwithstanding the foregoing grant of authority to the officers, no act shall be taken, sum expended, decision made or obligation incurred by the officers (a) which requires for its authorization and/or implementation, the vote, approval or consent of Shareholders pursuant to the Act, or (b) which constitutes a matter designated for Approval of the Board or the Shareholders under this Agreement.

ARTICLE 5
SHAREHOLDERS

5.1 Power of Shareholders

Except as expressly provided in this Agreement or the Act, no Shareholder shall take any part in the management of the business or transact any business for the Corporation or shall have any power, solely in its capacity as a Shareholder, to sign for, act for, bind, or assume any obligation or responsibility on behalf of, any other Shareholder or the Corporation; provided, however, that the Shareholders shall have the voting and approval rights as described in this Agreement and as provided under the Act. Except as specifically provided in this Agreement, with respect to any action of the Corporation submitted to a vote of the Shareholders, any Shareholder may vote or refrain from voting for or against any such action of the Corporation, in such Shareholder's sole and absolute discretion.

5.2 Other Activities

(a) Any Shareholder may engage in or possess any interest in another business or venture of any nature and description, independently or with others, and neither the Corporation nor any other Shareholder shall have any rights in or to any such independent ventures or the income or proceeds derived therefrom. Any Shareholder shall be able to transact business or enter into agreements with the Corporation to the fullest extent permissible under the Act, subject to the terms and conditions of this Agreement.

(b) If a Shareholder (or any Director appointed by such Shareholder) acquires knowledge of a potential transaction or matter which may be a business opportunity for both such Shareholder and the Corporation or another Shareholder, such Shareholder (and its Director designees) shall, to the fullest extent permitted by law, have no duty to communicate or offer such business opportunity to the Corporation or any other Shareholder and shall not, to the fullest extent permitted by law, be liable to the Corporation or the other Shareholders for breach of any

duty (including, fiduciary duties) as a Shareholder or Director of the Corporation by reason of the fact that such Shareholder or Director pursues or acquires such business opportunity for itself, directs such opportunity to another Person, or does not communicate information regarding such opportunity to the Corporation.

(c) In connection with the exercise of any voting rights pursuant to this Agreement, a Shareholder may consider its own best interests when determining how to cast its vote and shall in no event shall have or be deemed to have any fiduciary duty to any other Shareholder or to the Corporation.

(d) No Shareholders or any of its Affiliates shall transmit to the public any press releases or other written statements concerning material developments in the Corporation's, the Partnership's and its Subsidiaries' businesses without the prior written consent (not to be unreasonably withheld or delayed) of the other Shareholders.

5.3 <u>Actions Requiring Approval of the Requisite Shareholders</u>

(a) Notwithstanding anything in this Agreement to the contrary, for so long as the Partnership Interest owned by the Carrier Holders, in the aggregate, or the Watsco Holders, in the aggregate, is at least twenty percent (20%), the Board shall not, and shall cause the Corporation, the Partnership and their respective Subsidiaries not to, take, cause to be taken, or agree to or authorize, any of the following actions (each, a "**Major Decision**" and collectively, the "**Major Decisions**"), without the affirmative vote or consent of the Requisite Shareholders (it being understood that the thresholds below shall apply to the Corporation, the Partnership and their respective Subsidiaries in the aggregate):

(i) the entry into any new line of business outside of its existing business, including but not limited to any change in the scope of the business purpose of the Partnership beyond the sale of HVAC/R Products or the Corporation beyond being the general partner of the Partnership;

(ii) the entry into an agreement to effect, or, in the absence of such an agreement, the consummation, of any merger, sale of all or substantially all of the assets of the Corporation, the Partnership and their Subsidiaries, consolidation, reorganization, joint venture or alliance involving a material amount of assets of the Corporation, the Partnership or any of their Subsidiaries, or similar transaction;

(iii) the entry by the Corporation, the Partnership or any of their Subsidiaries into an agreement to effect, or, in the absence of such an agreement, the consummation of any acquisition (A) with an aggregate purchase price (including the assumption of liabilities) in excess of $5 million in the aggregate in any Fiscal Year or (B) reasonably expected to generate cash flow in excess of **$**1 million in the aggregate in any Fiscal Year;

(iv) any divestiture, sale or other disposal by the Corporation, the Partnership or any of their Subsidiaries of any investments, properties or assets in a single transaction or a series of related transactions in excess of $5 million in the aggregate in any Fiscal Year;

(v) the incurrence or assumption of any Indebtedness or other obligation with respect to any such Indebtedness by the Corporation, the Partnership or any of their Subsidiaries other than (A) in the ordinary course of the business or (B) amounts not in excess of $25 million in the aggregate outstanding at any given time;

(vi) the creation or imposition of any lien, mortgage or encumbrance on any properties or assets of the Corporation, the Partnership or any of their Subsidiaries in excess of $25 million in the aggregate at any given time;

(vii) the incurrence or assumption of any Indebtedness by the Corporation, the Partnership or any of their Subsidiaries that provides for lender(s) to have recourse to the Shareholders or the Partners;

(viii) the issuance, sale, repurchase, or redemption of any equity interest, any other securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for, or any warrants or options to acquire, any such shares, interests, voting securities or convertible securities of the Corporation, the Partnership or any of their Subsidiaries;

(ix) the making of any capital expenditures by the Corporation, the Partnership or any of their Subsidiaries in excess of $25 million in the aggregate during any Fiscal Year;

(x) except as otherwise expressly provided herein or in the Partnership Agreement, any amendment or modification to the terms of this Agreement, the Partnership Agreement or any material terms of any other governance document of the Corporation, the Partnership or any of their Subsidiaries or any material terms of any security issued by the Corporation, the Partnership or any of their Subsidiaries;

(xi) the entry by the Corporation, the Partnership or any of their Subsidiaries into any Interested Transaction other than the transactions contemplated in the Asset Purchase Agreement and the Ancillary Agreements;

(xii) the entry into any “non-compete” or any other agreement or the taking of any action that would purport to limit or could reasonably be expected to limit, the freedom of the Corporation, the Partnership or any of their Subsidiaries or Affiliates that they control to compete freely in any line of business or in any geographic area;

(xiii) the filing of a prospectus qualifying the offering of securities of the Corporation, the Partnership or any of their Subsidiaries in any province or territory in Canada or the filing of a registration statement under the *Securities Act of 1933*, as amended;

(xiv) the entry into (and any amendment, alteration or cancellation of) by the Corporation, the Partnership or any of their Subsidiaries of any contract (other than contracts entered into, amended, altered or cancelled in the ordinary course of business), involving the commitment or transfer of value in excess of $1 million in the aggregate in any Fiscal Year;

(xv) (A) the commencement of a voluntary case, proceeding or other action (1) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to the Corporation, the Partnership or any of their Subsidiaries, or seeking to adjudicate the Corporation, the Partnership or any such Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Corporation, the Partnership or any such Subsidiary or the Corporation's, the Partnership's or any such Subsidiary's debts, or (2) seeking appointment of a receiver, trustee, custodian or other similar official for the Corporation, the Partnership or any such Subsidiary or for all or any substantial part of the Corporation's, the Partnership's or any such Subsidiary's assets, or (B) the making of a general assignment for the benefit of the Corporation's, the Partnership's or any such Subsidiary's creditors;

(xvi) the commencement of any termination, plan of liquidation or dissolution or winding-up of the business and affairs of the Corporation, the Partnership or any of their Subsidiaries, or the selection of any Liquidating Trustee;

(xvii) any change to the name of the Corporation, the Partnership or any of their Subsidiaries;

(xviii) the increase or decrease of the number of Directors constituting the entire Board; and

(xix) any material change in any accounting methods or practices of the Corporation, the Partnership or any of their Subsidiaries, except as required by GAAP or as is necessary for conformity with any change in accounting methods or practices of Watsco that is required by GAAP.

(b) For the avoidance of doubt, the Corporation shall cause the Partnership and its Subsidiaries not to, at any time, take any action or effect any transaction, or enter any agreement to take any action or effect any transaction, to which the prior approval provisions of Section 5.3(a) apply, unless such action or transaction has been approved by the Requisite Shareholders of the Corporation in accordance with the provisions of Section 5.3(a).

(c) No Shareholder shall, and shall ensure that its Affiliates (other than the Corporation, the Partnership and their respective Subsidiaries) do not, at any time, take any

action or effect any transaction, or enter any agreement to take any action or effect any transaction, binding, on behalf of, or in relation to, the Corporation, the Partnership or any of their Subsidiaries, which action or transaction, if undertaken by the Corporation, the Partnership or any of their Subsidiaries, would require the prior approval under Section 5.3(a) or Section 5.3(b) unless such action or transaction has been approved by the Requisite Shareholders of the Corporation in accordance with the provisions of Section 5.3(a).

5.4 Meetings of Shareholders

(a) Calling of Meetings; Notice. Subject to the Act, Meetings of the Shareholders may be called at any time and for any purpose or purposes by Resolution of the Board in which at least a majority of all Directors call for such meeting, or by any Shareholder. Subject to the notice provisions set forth in Section 10.3, notice of the place, date and hour of each meeting of the Shareholders will be given by registered or certified mail, by nationally recognized overnight delivery service, by telephone (which shall be deemed given upon oral acknowledgment by the Shareholder receiving notice), by facsimile or by personal delivery or by email, to each Shareholder entitled to vote at such meeting, not fewer than five (5) Business Days prior to the meeting, and in any case not more than thirty (30) days prior to the meeting. A notice shall state, in general terms, the purpose or purposes for the calling of a meeting. If such notice is mailed, emailed or sent by overnight delivery service, it will be directed to each Shareholder at such Shareholder's address as it appears on the record of Shareholders, or, if a Shareholder had filed with the Corporation a written request that notices to such Shareholder be sent to some other address, then directed to such Shareholder at such other address. Notice of a meeting need not be given to any Shareholder who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes of such meeting, whether before or after the meeting, or who participates in the meeting without protesting, prior to the commencement of such Shareholder's participation in the meeting, the lack of notice to such Shareholder. All such waivers, consents and approvals shall be filed with the Corporation records or made a part of the minutes of the meeting.

(b) Time and Place of Meetings. Meetings of the Shareholders may be held at any place which has been designated in the notice of the meeting or at such place as may be Determined by the Board from time to time.

(c) Quorum. Except as otherwise provided by this Agreement, at all meetings, all Shareholders will be required for and will constitute a quorum for the transaction of business. The Shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the loss of a quorum.

(d) Adjourned Meetings. Shareholder(s) holding at least a majority Partnership Interest calculated with reference to all Shareholders present, whether or not a quorum is present, may adjourn any meeting to another time and place. At any such adjourned meeting at which a quorum will be present, any business may be transacted that might have been transacted at the meeting as originally called. If the meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment shall be given prior to the time the adjourned meeting is resumed to all Shareholders who were not present at the time of the adjournment.

(e) Telephonic Participation by Shareholders at Meetings. Shareholders may participate in a meeting through the use of conference telephone or similar communications equipment, so long as all Shareholders participating in such meeting can hear one another. Participation in a meeting in such manner constitutes presence in person at such meeting.

(f) Approval of Shareholders.

(i) At a Meeting. Unless specifically provided otherwise in this Agreement, whenever the Shareholders are entitled to vote on any matter under the Act or this Agreement, such matter shall be considered approved or consented to upon the receipt of the affirmative vote at a meeting at which a quorum is present, of the Shareholder(s) holding at least a majority Partnership Interest calculated with reference to all Shareholders entitled to vote thereon at such meeting; provided that any Major Decision shall be considered approved or consented to only as provided by Section 5.3(a).

(ii) By Written Resolution. Unless specifically provided otherwise in this Agreement, any action required or permitted to be taken by the Shareholders may be taken by the Shareholders without a meeting, if a resolution in writing, setting forth the action so taken, is signed by all Shareholders.

5.5 Proxies

Each Shareholder holding Shares entitled to vote at a meeting of Shareholders or to express consent or dissent without a meeting may authorize another Person or Persons to act for such Shareholder by proxy. Without limiting the manner in which a Shareholder may authorize another Person to act for such Shareholder as proxy, a writing which has been executed by such Shareholder and entered into the books and records of the Corporation, shall be a valid means by which a Shareholder may grant such authority. Each proxy is revocable at the pleasure of the Shareholder executing it, except in those cases where a proxy is made irrevocable and an irrevocable proxy is permitted by the Act.

5.6 No Liability

(a) No Shareholder shall be liable, responsible or accountable in damages or otherwise to the Corporation or to any other Shareholder for (i) any act performed within the scope of the authority conferred on the Shareholders by this Agreement except for the wilful misconduct of such Shareholder in carrying out the obligations of such Shareholder hereunder, (ii) such Shareholder’s failure or refusal to perform any act, except those expressly required by or pursuant to the terms of this Agreement, or (iii) such Shareholder’s performance of, or failure to perform, any act on the reasonable reliance on advice of legal counsel.

(b) The debts, obligations, expenses and liabilities of the Corporation, whether arising in contract, tort or otherwise, shall be solely the debts, obligations, expenses and liabilities of the Corporation, and no Shareholder or Director shall be obligated personally for any such debt, obligation, expense or liability of the Corporation solely by reason of being a Shareholder or Director. No Shareholder shall be required by this Agreement to loan the Corporation any funds or otherwise provide any financial or credit support.

5.7 Nature of Obligations between Shareholders

Except as otherwise expressly provided herein, nothing contained in this Agreement shall be deemed to constitute any Shareholder an agent or legal representative of any other Shareholder or to create any fiduciary relationship for any purpose whatsoever, apart from such obligations between the Shareholders of a corporation as may be created by the Act. Except as otherwise expressly provided in this Agreement, a Shareholder shall not have any authority to act for, or to assume any obligation or responsibility on behalf of, any other Shareholder or the Corporation.

5.8 Non-Solicitation

(a) Each Shareholder will not and from and after the date hereof will cause its Affiliates (other than the Corporation and the Corporation's Subsidiaries) not to, without the prior written approval of the Requisite Shareholders, directly or indirectly, hire or solicit, encourage, entice or induce to terminate his or her employment with the Corporation or any of the Corporation's Subsidiaries any person who is an employee of the Corporation or any Corporation Subsidiary at the date hereof or at any time hereafter.

(b) Notwithstanding anything to the contrary in this Agreement, in the event, and from the date, that a party is no longer a Shareholder hereunder, the provisions of this Section 5.8 shall survive for a period of three (3) years.

5.9 Representations and Warranties of Shareholders

Each of the Shareholders hereby represents and warrants with each other Shareholder and the Corporation that:

(a) there are no consents or approvals of any Governmental Authority or third parties that are required for the execution and delivery of this Agreement other than those, if any, that have been obtained;

(b) neither the entering into nor the delivery of this Agreement nor the execution and performance of its obligations and covenants provided or contemplated by this Agreement will conflict with or constitute a default or breach under any of its constating documents, rules, by-laws or under any law, rule or regulation to which it is subject;

(c) the execution and delivery of this Agreement shall not constitute or cause a default under any contract or agreement by which it is bound;

(d) no agreement or obligation exists that restricts its ability to perform its obligations under this Agreement;

(e) there is no litigation, action or proceeding to which it is party that if adversely determined could have an adverse effect on, or enjoin, restrict or otherwise prevent, the consummation of any of the transactions contemplated by this Agreement or its ability to perform its obligations under this Agreement;

(f) this Agreement and all related agreements, instruments and documents to be executed and delivered by it as of the date of this Agreement have been duly authorized, executed and delivered by it and constitute valid and binding obligations of such Shareholder enforceable against such Shareholder in accordance with its and their terms in all material respects;

(g) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly authorized and qualified to do all things required of it under this Agreement and any agreement executed in connection with the transactions herein contemplated; and

(h) it has the capacity and authority to enter into this Agreement and nothing prohibits or restricts the right or ability of it to carry out the terms hereof.

ARTICLE 6
SHARES

6.1 Initial Shareholdings

The parties acknowledge and agree that on the date of this Agreement, Watsco and Carrier hold the number and the type of Shares set forth opposite their respective names in Schedule B.

6.2 Certificates.

Each certificate representing Shares shall be stamped or otherwise imprinted with a legend in substantially the following form, or such similar legend as may be specified in any other agreement with the Corporation:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN TRANSFER AND OTHER RESTRICTIONS SET FORTH IN THE SHAREHOLDERS' AGREEMENT OF CARRIER ENTERPRISE CANADA (G.P.), INC. (AS AMENDED FROM TIME TO TIME) AMONG CARRIER ENTERPRISE CANADA (G.P.), INC. AND ITS SHAREHOLDERS AND, AMONG OTHER THINGS, MAY NOT BE OFFERED OR SOLD EXCEPT IN COMPLIANCE WITH SUCH TRANSFER RESTRICTIONS. COPIES OF THE AFORESAID AGREEMENT ARE ON FILE WITH THE SECRETARY OF THE CORPORATION AND ARE AVAILABLE WITHOUT CHARGE UPON WRITTEN REQUEST THEREFOR. THE HOLDER OF THIS CERTIFICATE, BY ACCEPTANCE OF THIS CERTIFICATE, AGREES TO BE BOUND BY ALL OF THE PROVISIONS OF THE AFORESAID AGREEMENT.

If a share certificate is lost or destroyed, the Secretary shall cancel the certificate so lost or destroyed upon receiving a sworn declaration of the Shareholder recorded in the Corporation's books as the holder of the certificate, as to such loss or destruction, and reissue a replacement share certificate to the Shareholder.

ARTICLE 7
BOOKS AND RECORDS; TAX MATTERS

7.1 Books and Records

(a) The Corporation shall maintain, at its principal place of business, separate books of account for the Corporation that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Corporation business in accordance with United States generally accepted accounting principles ("**GAAP**") consistently applied, and, to the extent inconsistent therewith, in accordance with this Agreement. Notwithstanding any provision to the contrary of the Act, such books of account, together with this Agreement and the Articles, shall at all times be maintained at the principal place of business of the Corporation. In addition to any other rights specifically set forth in this Agreement, each Shareholder shall have access to all information to which a Shareholder is entitled to have access pursuant to the Act. The Corporation shall maintain its books of account and its records in accordance with applicable laws.

(b) A Shareholder may, at its own expense, use its internal resources, or appoint an accounting firm on behalf of such Shareholder, to audit the accounts of the Corporation and its Subsidiaries and to perform internal controls assessments of the Corporation and its Subsidiaries. The Corporation shall provide reasonable cooperation and complete access to the books and records, including, original expense reports, invoices, contracts, and other original records and documents, to such auditor provided, that, if the auditor is a third party, such auditor executes an appropriate confidentiality agreement and undertakes to keep such records confidential and withhold from unaffiliated third parties the information disclosed during the course of this audit, except as is otherwise required by applicable law. Such audits and assessments may be conducted at any time with or without prior notice.

7.2 Reporting Requirements

The Directors shall use reasonable best efforts to cause the preparation and timely filing of all tax returns required to be filed by the Corporation deemed necessary and required by each jurisdiction in which the Corporation does business.

7.3 Financial Information

The Corporation shall furnish to each Shareholder the information to be provided to the Limited Partners pursuant to Section 9.2 of the Partnership Agreement, in accordance with the terms of Section 9.2 of the Partnership Agreement, *mutatis mutandis*.

ARTICLE 8
TRANSFER OF SHARES

8.1 Transfer of Shares

(a) Restriction on Transfer. Other than pursuant to Section 8.1(b), Section 8.1(c) or Section 8.1(e), or a Transfer of Shares approved by the Requisite Shareholders, prior to July 1, 2019, no Transfer or offer to Transfer may be made by a Shareholder of all or any part of such Shareholder's Shares. In addition, and notwithstanding any other provision of this Agreement, no Transfer of Shares by a Shareholder (other than pursuant to Section 8.1(e)) may be made pursuant to this Agreement unless such Transfer is accompanied by a concurrent conveyance by such Shareholder or an Affiliate of such Shareholder, as the case may be, of its entire Partnership Interest pursuant to the provisions of the Partnership Agreement. Nothing herein shall be deemed to prevent a change of control of, or any other transfer of capital stock or other equity interests in, a Watsco Holder or a Carrier Holder, provided, that any such transaction does not primarily involve a change of control of, or any other transfer of capital stock or other equity interests in, a Watsco Holder or a Carrier Holder, when such Watsco Holder's or Carrier Holder's assets are primarily composed of Shares.

(b) Concurrent Transfer of Partnership Interest. If a Shareholder or its Affiliate sells its entire Partnership Interest pursuant to the Partnership Agreement, such Shareholder shall concurrently with such sale sell to the purchaser of such Partnership Interest (or an Affiliate thereof, as directed by the purchaser), all of such Shareholder's Shares for the aggregate purchase price of $1.00 per Share, such sale to be completed concurrently with the completion of the sale of the Partnership Interest in accordance with the Partnership Agreement.

(c) Intra-group Transfers. Each Shareholder shall have, and at all times retain the right to Transfer, all or any portion of such Shareholder's Shares, and the rights granted under this Agreement relating to such Shareholder, to such Shareholder's wholly-owning ultimate parent entity or to any direct or indirect wholly-owned Subsidiary of such Shareholder's wholly-owning ultimate parent entity (each, a "**Permitted Transferee**"); provided, that if any Permitted Transferee ceases to be such a wholly-owned Subsidiary, it shall no longer be a Permitted Transferee hereunder and all of its Shares, if any, shall be deemed to have been Transferred back to such Shareholder for all purposes hereunder.

(d) Effectiveness. A Transfer of Shares in the Corporation (other than pursuant to Section 8.1(e)) shall be effective only upon satisfaction of the following conditions:

(i) the Shares so transferred were acquired by means of a Transfer permitted under this Article 8;

(ii) the Transferee furnishes copies of all instruments effecting the Transfer and such other customary certificates, instruments and documents as the Corporation may reasonably require as necessary and appropriate to memorialize and confirm the Transfer;

(iii) the Corporation has no reason to believe that the Transfer of Shares is not being made in compliance with applicable securities laws or will subject the Corporation to additional regulation of any kind;

(iv) the Transferee shall have agreed in writing with the other Shareholder and the Corporation to assume and be bound by all the obligations of the Transferor pursuant to this Agreement arising from and after the date of such Transfer, and to be subject to all the restrictions to which the Transferor is subject under the terms of this Agreement, which agreement shall be in the form of Schedule A; and

(v) the Transferee, or an Affiliate of the Transferee, acquires ownership of the entire Partnership Interest of the Transferor, or an Affiliate of the Transferor, in accordance with the provisions of the Partnership Agreement.

(e) Pledges of Shares.

(i) Notwithstanding any other provision in this Agreement, including the other provisions of this Article 8, a Shareholder shall be entitled to grant a Permitted Lien over its Shares in favor of, any lender or lenders (or agent on behalf of such lender or lenders) pursuant to a bona fide financing transaction.

(ii) The Shareholders will consent to the Transfer to the lienee under a Permitted Lien of a Shareholder's Shares that are subject to the Permitted Lien upon the exercise of such lienee's rights under the Permitted Lien.

(iii) Carrier acknowledges that Watsco has pledged or will pledge its Shares to, and has granted or will grant a security interest in all of their right, title and interest under this Agreement in favor of, the agent for the lenders under the Watsco Credit Agreement.

(f) Transfers in Violation. No Transfer of Shares, or any part thereof, that is in violation of this Article 8, shall be valid or effective against, or shall bind, the Corporation, and neither the Corporation nor the Shareholders shall recognize the same for the purpose of making allocations, distributions or other payments pursuant to this Agreement with respect to such Shares or part thereof. Neither the Corporation nor the non-transferring Shareholders shall incur any liability as a result of refusing to make any such distributions to the Transferee of any such invalid Transfer, or any other Person, and no such purported Transferee shall have any right to receive allocations or payments of any profits or losses or distributions.

(g) Approvals. The Transfer of Shares under this Article 8 shall be subject to any necessary consent, approval, authorization or permit of, action by, filing with or notification to any Governmental Authority including, without limiting the generality of the foregoing, the *Competition Act* (Canada) and the *Investment Canada Act*.

ARTICLE 9
INDEMNIFICATION

9.1 Liability for Certain Acts

Subject to applicable law, no Shareholders and officers, employees or agents appointed pursuant to this Agreement (each in their capacity as such an "**Exculpated Person**") shall be liable, in damages or otherwise, to the Corporation, the Shareholders or their Affiliates, or any other Exculpated Person for any act or omission performed or omitted by them in good faith (including, any act or omission performed or omitted by any of them in reliance upon and in accordance with the opinion or advice of experts, including, of legal counsel as to matters of law, of accountants as to matters of accounting, or of investment bankers or appraisers as to matters of valuation). Neither Shareholder shall bring or cause the Corporation to bring a proceeding against a Director alleging a breach of such Director's fiduciary duties.

9.2 Indemnification

(a) The Corporation shall indemnify to the fullest extent permitted by law any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), or any appeal thereof by reason of the fact that such Person is or was a Shareholder, Director, an officer, employee or agent of the Board or the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Person (any such Person in their capacity as such, a "**Covered Person**"), against any losses or damages (including reasonable attorneys' fees and any amount expended in settlement of any claim or loss or damage) actually incurred by such Person in connection with investigating, preparing or defending any such action, suit or proceeding if (i) the Covered Person acted honestly and in good faith with a view to the best interests of the Corporation, and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Covered Person had reasonable grounds for believing that such Person's conduct was lawful.

(b) The Corporation shall indemnify to the fullest extent permitted by law, and shall apply to The Court of Queen's Bench of New Brunswick as and when it is necessary or desirable to obtain approval to indemnify, any Covered Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such Covered Person is or was a Director, an officer, employee or agent of the Board or the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Person against any losses or damages (including reasonable attorneys' fees and any amount expended in settlement of any claim or loss or damage) actually incurred by such Covered Person in connection with investigating, preparing or defending any such action, suit or

proceeding if (i) the Covered Person acted honestly and in good faith with a view to the best interests of the Corporation, and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Covered Person had reasonable grounds for believing that such Person's conduct was lawful.

(c) Expenses (including attorneys' fees) reasonably incurred by any Covered Person in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding promptly upon receipt of an undertaking by or on behalf of such Covered Person to repay such amount if it shall be determined upon final adjudication after all possible appeals have been exhausted that such Person is not entitled to be indemnified by the Corporation authorized in this Section 9.2. In addition, any expenses (including attorneys' fees) reasonably incurred by any Covered Person in enforcing their right to indemnification pursuant to this Section 9.2 shall be paid or reimbursed by the Corporation promptly upon receipt by it of an undertaking by such Covered Person to repay such expenses if it shall ultimately be determined that such Covered Person is not entitled to indemnification by the Corporation.

(d) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 9.2 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, agreement, or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office.

(e) The Corporation may purchase and maintain insurance on behalf of any Covered Person against any liability asserted against such Covered Person and incurred by such Covered Person in any such capacity, or arising out of such Covered Person's status as such, whether or not the Corporation would have the power to indemnify such Person against such liability under this Section 9.2, except where (i) in the case of a director or officer of the Corporation, the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation or (ii) in the case of a director or officer of another Person, where the liability relates to his failure to act honestly and in good faith with a view to the best interests of that Person.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 9.2 shall, unless otherwise provided when authorized or ratified, continue as to a Covered Person who has ceased to be a Shareholder, Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(g) The termination of any civil, criminal, administrative or investigative action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the Covered Person was not entitled to indemnification pursuant to this Section 9.2.

(h) Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 9.2 shall survive the termination of this Agreement or dissolution of the Corporation.

(i) Nothing in this Section 9.2 is intended to relieve any Shareholder or any other Person from any liability or other obligation of such Person pursuant to the Asset Purchase Agreement or any Ancillary Agreement, or to in any way impair the enforceability of any provision of such agreements against any party thereto.

(j) Any indemnity under this Section 9.2 shall be provided solely out of, and only to the extent of, the Corporation's assets, and no Shareholder shall be required directly to indemnify any Covered Person pursuant to this Section 9.2. None of the provisions of this Article 9 shall be deemed to create any rights in favor of any person other than Covered Persons and Exculpated Persons.

ARTICLE 10
MISCELLANEOUS

10.1 Acknowledgement by the Corporation

The Corporation, by its execution hereof, acknowledges that it has actual notice of the terms of this Agreement, consents to this Agreement and covenants with each of the other parties that it will at all times during the continuance of this Agreement give or cause to be given such notices, execute or cause to be executed such deeds, transfers and documents, and do or cause to be done all such acts, matters and things as may from time to time be necessary or conducive to the carrying out of the terms and intent of this Agreement.

10.2 Further Assurances

Each Shareholder agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments to certificates, instruments and documents as may be reasonably requested by the Corporation, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

10.3 Notices

Any notice to be given hereunder shall be in writing and delivered personally or mailed by registered or certified mail, postage prepaid and return receipt requested, or by telecopier, as follows:

(a) IF TO WATSCO OR THE WATSCO DECIDING SHAREHOLDER:

Watsco, Inc.
2665 South Bayshore Drive
Suite 901
Coconut Grove, FL 33133

Attn: Barry S. Logan,
Senior Vice President
Telecopy No. (305) 858-4492

with a copy (which shall not constitute notice) to:

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, ON M5X 1B1

Attn: Cameron Rusaw
Telecopy No. (416) 863-0871

(b) IF TO CARRIER OR THE CARRIER DECIDING SHAREHOLDER:

c/o Carrier Corporation
One Carrier Place
Farmington, CT 06034-4015

Attn: General Counsel
Telecopy No. (860) 674-3246

With a copy (which shall not constitute notice) to:

Fraser Milner Casgrain LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Attn: Matthew Hibbert
Telecopy No. (416) 863-4592

(c) IF TO ANY OTHER SHAREHOLDER

To such addresses reflected in the books and records of the Corporation.

Any Shareholder may designate another addressee (and/or change its address) for notices hereunder by a notice given pursuant to this Section 10.3. Notice given by personal delivery or registered mail shall be effective upon actual receipt. Notice given by telecopier shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next normal business day after receipt if not received during the recipient's normal business hours. All notices by telecopier shall be confirmed by the sender

thereof promptly after transmission in writing by registered mail or personal delivery. Anything to the contrary contained herein notwithstanding, notices to any party shall not be deemed effective with respect to such party until such notice would, but for this sentence, be effective both as to such party and as to all other Persons to whom copies are to be given as provided above.

10.4 Termination

Upon any of the Shareholders ceasing, by virtue of the operation of this Agreement, to be the beneficial owner of Shares, all rights and obligations of such former Shareholder arising under this Agreement shall be at an end, except such rights and other obligations as such Person may, at the time of ceasing to be a beneficial owner of Shares, have become entitled to enforce or become liable for, as the case may be, and subject as aforesaid, on ceasing to be the beneficial owner of Shares, any such Person shall cease to be regarded as a party to this Agreement. This Agreement (other than such rights and obligations as the Shareholders have become entitled to enforce or become liable for) shall terminate and be of no further force and effect upon there being only one Shareholder.

10.5 Confidentiality

Subject to the provisions of this Section 10.5, each Shareholder and its Affiliates shall keep confidential all information, documentation and records obtained from the other Shareholder, the Corporation and the Partnership with respect to the business of the Corporation and the Partnership and the Partnership Assets as well as any information arising out of such Shareholder's access to the Corporation's and the Partnership's records and any records of the Partnership Assets (collectively, the "**Confidential Information**"), shall not disclose any Confidential Information to any Person and shall only use the Confidential Information for the benefit of the Corporation; provided that, nothing herein contained shall restrict or prohibit any Shareholder from disclosing Confidential Information to the consultants, agents, advisors and solicitors of such Shareholder or its Affiliates or any purchaser of a Share (or a prospective purchaser of a Share) and the consultants, agents, advisors, solicitors and lenders (or prospective lenders) of such purchaser (or prospective purchaser), so long as such Shareholder instructs such Persons to comply with such Shareholder's obligations under this Section 10.5.

The Confidential Information referred to in this Section shall not include:

(a) public information or information in the public domain at the time of receipt by a Shareholder or its consultants, agents, advisors, solicitors and permitted assignees;

(b) information which becomes public information or information in the public domain through no fault or act of a Shareholder or its consultants, agents, advisors, solicitors and permitted assignees; or

(c) information received by a Shareholder in good faith from a third party lawfully in possession of the information and not in breach of any confidentiality obligations.

Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall prevent or restrict any Shareholder or any of its Affiliates from disclosing, without the agreement

of the other Shareholder: (i) Confidential Information required to be disclosed under any applicable law, regulation or policy governing the business or administration of such Shareholder or such Affiliates (including, without limiting the generality of the foregoing, such Confidential Information as may be required to be disclosed under Section 2.10 of the Partnership Agreement); or (ii) Confidential Information required to be disclosed to its lenders or other creditors or to its shareholders or investors. Any Shareholder disclosing Confidential Information in accordance with this Section 10.5 shall use reasonable efforts to advise the other Shareholder of the details of the required disclosure and obtain the comments of such other Shareholder on the wording of the proposed disclosure prior to making such disclosure and to make such disclosure (to the extent possible) in a manner that ensures the party receiving such disclosure will comply with the provisions of this Section 10.5, mutatis mutandis. The Shareholders also agree to use reasonable efforts to coordinate any news release or other public disclosures in connection with the business of the Corporation or the Partnership.

10.6 Dispute Resolution

(a) Initial Dispute Resolution Procedures. Any dispute, claim or controversy (a "**Dispute**") related to or arising out of this Agreement, including, without limitation, any Dispute between the Corporation, Carrier and Watsco, shall be subject to the following dispute resolution procedure: first, such Dispute shall be addressed to the President of Carrier or Senior Vice President of Watsco, as applicable, for discussion and attempted resolution; second, if any such Dispute cannot be resolved by such individuals within twenty (20) Business Days from the date that the Dispute is submitted to such Persons, then such Dispute shall be immediately referred to the appropriate, respective senior officer of each of Carrier or Watsco (or equivalent level person), as applicable, for discussion and attempted resolution; third, if any such Dispute cannot be resolved by such officers within twenty (20) Business Days from the date that the Dispute is submitted to such Persons, then such Dispute shall be immediately referred to the respective Chief Executive Officers of each of Carrier or Watsco (or equivalent level person), as applicable for discussion and attempted resolution; and fourth, if any such Dispute cannot be resolved by such Chief Executive Officers within twenty (20) Business Days from the date that the Dispute is submitted to such Persons, then such dispute shall be immediately referred to non-binding mediation as provided in Section 10.6(b) below.

(b) Mediation. Following the initial dispute resolution procedures set forth in Section 10.6(a), the Parties agree to submit any Dispute to mediation before a neutral mediator in Toronto, Ontario who will be requested to conduct informal, nonbinding mediation of the Dispute. Each Party will work with the other to select an acceptable mediator and to work with the mediator to resolve the Dispute. The mediation process shall continue until the Dispute is resolved or until either the mediator makes a finding that there is no possibility of settlement through the mediation or one of the Parties elects not to continue the mediation ("**Mediation Termination**").

(c) Litigation. In the event of a Mediation Termination, then such Dispute shall be resolved through legal action or proceeding in the Ontario Superior Court of Justice - Commercial List located in Toronto, Ontario, or, if the subject matter of the dispute is not eligible for the Commercial List then the Ontario Superior Count of Justice located in Toronto, Ontario and any court of appeal therefrom. Each Party irrevocably submits and attorns to the

jurisdiction of such courts located in the Province of Ontario, in any action or proceeding arising out of or relating to this Agreement, and each Party hereby irrevocably agrees that all claims in respect of any such action or proceeding must be brought or defended in such court; and each Party hereby waives any obligation or requirement to post any security for costs. Each Party agrees that service of process on such Party as provided in Section 10.3 shall be deemed effective service of process on such Party. Service made pursuant to the foregoing sentence shall have the same legal force and effect as if served upon such Party personally within the Province of Ontario, and each Party irrevocably waives, to the fullest extent each may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING HEREUNDER.

(d) Governing Law. The provisions of this Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario (excluding any conflict of law rule or principle that would refer to the laws of another jurisdiction) and the federal laws of Canada applicable in such jurisdiction.

10.7 Headings

All titles or captions contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

10.8 No Third Party Beneficiaries

This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable rights benefit or remedy of any nature whatsoever.

10.9 Extension Not a Waiver

No delay or omission in the exercise of any power, remedy or right herein provided or otherwise available to a party or the Corporation shall impair or affect the right of such party or the Corporation thereafter to exercise the same. Any extension of time or other indulgence granted to a party hereunder shall not otherwise alter or affect any power, remedy or right of any other party or of the Corporation, or the obligations of the party to whom such extension or indulgence is granted. The single or partial exercise of any power, remedy or right herein provided or otherwise available to a party or the Corporation shall not preclude any other or further exercise of any power, remedy, or right.

10.10 Advice and Construction

Each Shareholder has been advised, or has had the opportunity to be advised, by respective counsel as to its respective rights and obligations under this Agreement and clearly understands and agrees with all terms and conditions of this Agreement as set forth herein; and the principle of construction against draftsmen shall have no application in the interpretation of this Agreement.

10.11 Specific Performance

The parties hereto agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in addition to any other remedy to which they are entitled at law or in equity.

10.12 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

10.13 Assignment

Neither this Agreement nor any rights hereunder may be assigned by operation of law or otherwise without the express written resolution of all the Shareholders, except as permitted pursuant to Article 8.

10.14 Entire Agreement

This Agreement (including the Schedules hereto) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and all prior oral or written agreements relative hereto which are not contained herein are terminated.

10.15 Amendment

(a) Except as otherwise provided in this Section 10.15, this Agreement may be amended only by the written approval of all of the Shareholders.

(b) This Agreement may be amended from time to time by the Board to amend any of the schedules to this Agreement to provide any necessary information regarding any Shareholder.

(c) Amendments, variations, modifications or changes herein may be made effective and binding upon the parties by, and only by, the setting forth of same in a document duly executed in accordance with the foregoing, and any alleged amendment, variation, modification or change herein which is not so documented shall not be effective as to any party.

10.16 Counterparts

This Agreement may be executed in one or more counterparts (including by facsimile transmission), and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

10.17 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the Shareholders and their respective successors and permitted assigns.

IN WITNESS WHEREOF this Agreement has been executed by the parties on the date first above written.

CARRIER ENTERPRISE CANADA (G.P.), INC.

By: /s/ Barry S. Logan
Name: Barry S. Logan
Title: President and Secretary

WATSCO INTERNATIONAL, LLC

By: /s/ Barry S. Logan
Name: Barry S. Logan
Title: Authorized Signing Authority

CARLYLE SCROLL HOLDINGS, INC.

By: /s/ Sarah David
Name: Sarah David
Title: Authorized Signing Authority

SCHEDULE A

FORM OF ASSUMPTION AGREEMENT
(Section 8.1(d)(iv))

Re: Shareholders Agreement dated April 27, 2012 governing the affairs of Carrier Enterprise Canada (G.P.), Inc. (the "**Shareholders' Agreement**")

The undersigned (the "**Transferee**"), the proposed transferee of the Share presently owned by **[insert name of transferor]** (the "**Transferor**"), for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Transferee), hereby represents and warrants to the other parties to the Shareholders' Agreement as to the matters set out in Section 5.9 of the Shareholders' Agreement and covenants with the other parties to the Shareholders' Agreement to observe, perform and be bound by, from and after the date the sale of such Share to the Transferee is completed, all the covenants and obligations of the Transferor under the Shareholders' Agreement, and to be subject to all the restrictions to which the Transferor is subject under the terms of the Shareholders' Agreement. All capitalized terms used herein shall have the same meaning as in the Shareholders' Agreement, except as otherwise expressly provided herein.

IN WITNESS WHEREOF the undersigned has executed under seal this agreement.

DATED this day of

[NAME OF PROPOSED TRANSFEREE]

By: ______________________________
Name:
Title:

SCHEDULE B

SHAREHOLDERS

Name of Shareholder	Shares Held
Watsco	60 common shares
Carrier	40 common shares

Exhibit 10.4

SECOND AMENDED AND RESTATED SHAREHOLDER AGREEMENT

by and among

WATSCO, INC.

and

THE SHAREHOLDERS IDENTIFIED ON THE SIGNATURE PAGE HERETO
dated as of April 27, 2012

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SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

This Second Amended And Restated Shareholder Agreement is entered into as of this 27th day of April, 2012, by and among Watsco, Inc., a Florida corporation (the "Company"), and the Shareholders identified on the signature page hereto (the "Agreement").

WITNESSETH:

WHEREAS, the Company has entered into that certain Purchase and Contribution Agreement, dated as of May 3, 2009 (the "Purchase and Contribution Agreement");

WHEREAS, the Company and UTC Canada have entered into that certain Agreement, dated as of March 13, 2012, by and among the Company, UTC Canada, WATSCO Canada Inc., a corporation existing under the laws of the Province of New Brunswick, Canada (hereinafter referred to as "Watsco Canada"), and Carrier Enterprise Canada (G.P.), Inc., a corporation existing under the laws of the Province of New Brunswick, as general partner of Carrier Enterprise Canada, L.P., a limited partnership existing under the laws of the Province of Ontario, Canada (the "Asset Purchase Agreement", and together with the Purchase and Contribution Agreement, the "Purchase Agreements");

WHEREAS, the Company and Shareholders are entering into this Agreement in consideration, in part, for the Company and Shareholders entering into, and consummating the transactions contemplated by, the Purchase Agreements;

WHEREAS, as of the date of this Agreement and as a result of the consummation of the transactions contemplated by the Purchase Agreements, Shareholders own of record as of the date hereof, that number of shares of Capital Stock set forth opposite the name of Shareholders on Annex I attached hereto and incorporated herein by reference; and

WHEREAS, each of the Company and the Shareholders are desirous of entering into this Agreement, upon the terms and conditions contained hereinafter.

NOW, **THEREFORE,** in consideration of the foregoing and the mutual premises, representations, warranties, covenants and agreements contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby agreed to and acknowledged by the parties hereto, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

Section 1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "Affiliate" shall mean, with respect to a specified Person, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person. As used in this definition, and elsewhere herein in

relation to control of Affiliates, the term "control" means the possession, directly or indirectly, of the power to substantially direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, as director or manager, as trustee or executor, by contract or credit arrangement or otherwise. For the avoidance of doubt, neither the Company nor any of its Subsidiaries shall be deemed an Affiliate of a Shareholder Group Member for any purpose hereunder, and no Shareholder Group Member shall be deemed an Affiliate of the Company or any of its Subsidiaries for any purpose hereunder.

(b) "Agreement" shall have the meaning ascribed to such term in the caption to this Agreement.

(c) "AMEX" shall mean the American Stock Exchange.

(d) "Ancillary Agreements" shall have the meaning ascribed to such term in the Purchase Agreements.

(e) "Asset Purchase Agreement" shall have the meaning ascribed to such term in the recitals to this Agreement.

(f) "beneficially own" shall have the meaning ascribed to such term in Rule 13d-3 (as in effect as of the date hereof) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including, but not limited to the entitlement to dispose of (or to direct the disposition of) and to vote (or to direct the voting of), and the right to acquire beneficial ownership of within sixty (60) days). For purposes of this Agreement, the terms "beneficially owns" and "beneficially owned" shall have correlative meanings.

(g) "Board" shall mean the Board of Directors of the Company.

(h) "Capital Stock" shall mean shares of the Company's common stock, par value $.50 per share (the "Common Stock"), and shares of the Company's Class B common stock, par value $.50 per share (the "Class B Common Stock").

(i) "Carrier" shall mean Carrier Corporation.

(j) "Carrier Enterprises" shall mean Carrier Enterprises, LLC, a Delaware limited liability company.

(k) "Chosen Courts" shall have the meaning ascribed to such term in Section 8.7(b) of this Agreement.

(l) "Class B Common Stock" shall have the meaning ascribed to such term in the definition of "Capital Stock" set forth above.

(m) "Closing Date" shall have the meaning ascribed to such term in the Asset Purchase Agreement.

(n) "Commission" shall mean the Securities and Exchange Commission or any other federal agency administering the Securities Act.

(o) “Common Stock” shall have the meaning ascribed to such term in the definition of “Capital Stock” set forth above.

(p) “Company” shall have the meaning ascribed to such term in the caption to this Agreement.

(q) “Company Change of Control” shall mean a transaction or series of transactions (or the entry by the Company, its stockholders, or any of its Subsidiaries into an agreement to effect such a transaction or series of transactions) with the Company, its stockholders, or any of its Subsidiaries, on one hand, and any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) on the other hand, with respect to (i) a merger, reorganization, share exchange, consolidation, business combination, recapitalization, dissolution, liquidation or similar transaction involving the Company or its Subsidiaries in which the shareholders of the Company immediately prior to such transaction shall own less than fifty percent (50%) of the total voting power of all shares of voting securities of the surviving entity (or its ultimate parent) outstanding immediately after such transaction, (ii) any purchase of an equity interest (including by means of a tender or exchange offer) resulting in any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) beneficially owning (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) greater than a fifty percent (50%) of the total voting power in the Company, other than, in each case, Mr. Albert Nahmad and any Related Affiliate or (iii) any purchase of assets, securities or ownership interests resulting in any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) owning greater than fifty percent (50%) of the consolidated assets of the Company and its Subsidiaries taken as a whole (including stock of the Company’s Subsidiaries). A Company Change of Control shall also be deemed to have occurred if the Continuing Directors cease for any reason to constitute at least a majority of the Board.

(r) “Company Equity Securities” shall mean the equity securities of the Company, including shares of Capital Stock or other equity securities of the Company issuable upon exercise, conversion, exchange or redemption of any warrants, options, rights or other securities issued by the Company.

(s) “Continuing Director” shall mean (i) any member of the Board as of the date of this Agreement, (ii) any member of the Board who becomes such a member subsequent to the date of this Agreement whose nomination for election or election to the Board was recommended or approved by a majority of the individuals described in clause (i) and/or this clause (ii) then on the Board or (iii) any member of the Board with respect to whom votes by Albert Nahmad and/or any of his Family Members and/or Related Affiliates were sufficient for such member’s election to the Board.

(t) "Control Solicitation" shall have the meaning ascribed to such term in Section 2.2(b) of this Agreement.

(u) "Covered Person" shall have the meaning ascribed to such term in Section 3.8(a) of this Agreement.

(v) "Demand Registration" shall have the meaning ascribed to such term in Section 3.1(b)(i) of this Agreement.

(w) "Dispute" shall have the meaning ascribed to such term in Section 8.7(a) of this Agreement.

(x) "Exchange Act" shall have the meaning ascribed to such term in the definition of "beneficially own."

(y) "Family Member" shall mean, with respect to Albert Nahmad, any spouse, child (including any child by adoption and any child as to whom Albert Nahmad or his spouse has legal custody), and grandchild (including by adoption) and/or their respective spouses.

(z) "Governmental Authority" shall mean any nation or country (including but not limited to the United States) and any commonwealth, territory or possession thereof and any political subdivision of any of the foregoing, including but not limited to courts, departments, commissions, boards, bureaus, agencies, ministries or other instrumentalities.

(aa) "Holdback Period" shall mean with respect to any registered offering covered by this Agreement, (i) one hundred twenty (120) days after and during the ten (10) days before, the effective date of the related Registration Statement or, in the case of a takedown from a Shelf Registration Statement, ninety (90) days after the date of the prospectus supplement filed with the Commission in connection with such takedown and during such prior period (not to exceed ten (10) days) as the Company has given reasonable written notice to Shareholders or (ii) such shorter period as Shareholders, the Company and the underwriter of such offering, if any, shall agree.

(bb) "Issuer Free Writing Prospectus" shall mean an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

(cc) "Law" when described as being applicable to any Person, shall mean any and all laws (statutory, judicial or otherwise), ordinances, regulations, judgments, orders, directives, injunctions, writs, decrees or awards of any Governmental Authority, in each case as and to the extent applicable to such Person or such Person's business, operations or properties.

(dd) "Market Value" of a share of Common Stock or a share of Class B Common Stock, as the case may be, on any trading day means the last reported sale price, regular way, of a share of Common Stock or Class B Common Stock, as applicable, on such trading day or, in case there is no last reported sale price on such trading day, the average of the reported closing bid and ask prices, regular way, of a share of Common Stock or Class B Common Stock, as applicable, on such trading day, in either case on the principal stock exchange

on which shares of Common Stock are traded, in the case of a share of Common Stock, and the principal stock exchange on which shares of Class B Common Stock are traded, in the Case of a share of Class B Common Stock. The Market Value of a share of Common Stock or Class B Common Stock on any day which is not a trading day on the applicable stock exchange shall be deemed to be the Market Value of a share of Common Stock or Class B Common Stock, as applicable, on the immediately preceding trading day. The "Market Value" of any other security shall have a correlative meaning.

(ee) "Mediation Termination" shall have the meaning ascribed to such term in Section 8.7(a) of this Agreement.

(ff) "Notices" shall have the meaning ascribed to such term in Section 8.2 of this Agreement.

(gg) "NYSE" shall mean the New York Stock Exchange.

(hh) "Ownership Limit" shall have the meaning ascribed to such term in Section 4.1(a) of this Agreement.

(ii) "Percentage Interest" as to a Person means the number of shares of Capital Stock that are owned or beneficially owned by such Person, expressed as a percentage of the total number of shares of Capital Stock actually outstanding.

(jj) "Person" shall mean any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, union, trust, association, court, agency, government, tribunal, instrumentality, commission, arbitrator, board, bureau or other entity or authority.

(kk) "Piggyback Registration" shall have the meaning ascribed to such term in Section 3.2(a) of this Agreement.

(ll) "Prospectus" shall mean the prospectus included in any Registration Statement (including a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A or Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement, any Issuer Free Writing Prospectus related thereto, and all other amendments and supplements to such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

(mm) "Purchase and Contribution Agreement" shall have the meaning ascribed to such term in the recitals to this Agreement.

(nn) "Registration Expenses" shall have the meaning ascribed to such term in Section 3.4(a) of this Agreement.

(oo) "Registration Request" shall have the meaning ascribed to such term in Section 3.1(b)(i) of this Agreement.

(pp) "Registrable Securities" shall mean all shares of Capital Stock issued to Shareholders pursuant to the Purchase Agreements and Subscription Agreement and all shares of Common Stock issued to any Shareholder Group Member pursuant to the conversion of any shares of Class B Common Stock issued to Shareholders pursuant to the Purchase and Contribution Agreement; provided, that such shares will cease to be Registrable Securities when (i) they have been effectively registered or qualified for sale by a Prospectus filed under the Securities Act and disposed of in accordance with the applicable Registration Statement, (ii) they have been sold to the public pursuant to Rule 144 or Rule 145 or other exemption from registration under the Securities Act, (iii) they have been sold (other than to another Shareholder Group Member) in a private transaction or other exemption from registration under the Securities Act or (iv) they have been acquired by the Company. In the event of a stock dividend or distribution, or any change in the Capital Stock by reason of any stock dividend or distribution, split-up, recapitalization, combination, exchange of shares or the like, the term "Registrable Securities" shall be deemed to refer to and include the Registrable Securities as well as all such stock dividends and distributions and any securities into which or for which any or all of the Registrable Securities may be changed or exchanged or which are received in such transaction.

(qq) "Registration Statement" shall mean the Prospectus and other documents filed with the Commission to effect a registration under the Securities Act.

(rr) "Related Affiliate" shall mean, with respect to Albert Nahmad, (a) a foundation or similar entity established by Albert Nahmad or any Family Member for the principal purpose of serving charitable goals which are controlled by Albert Nahmad and/or any one or more Family Members; (b) any trust and/or estate, the beneficiaries of which principally include Albert Nahmad, Family Members and/or the Persons named in clause (a); and (c) any corporation, limited liability company or partnership, the stockholders, members, managers or general or limited partners of which include only Albert Nahmad, Family Members and/or the Persons named in clauses (a) or (b).

(ss) "Restricted Transfer" shall have the meaning ascribed to such term in Section 4.4(a) of this Agreement

(tt) "Rule 144" shall mean Rule 144 under the Securities Act, as in effect from time to time.

(uu) "Rule 144A" shall mean Rule 144A under the Securities Act, as in effect from time to time.

(vv) "Rule 145" shall mean Rule 145 under the Securities Act, as in effect from time to time.

(ww) "Rule 415" shall mean Rule 415 under the Securities Act, as in effect from time to time.

(xx) "Rule 424" shall mean Rule 424 under the Securities Act, as in effect from time to time.

(yy) "Securities Act" shall mean the Securities Act of 1933, as amended.

(zz) "Selling Expenses" shall mean all underwriting discounts, selling commissions and transfer taxes applicable to the sale of Registrable Securities hereunder and any other Registration Expenses applicable to the sale of Registrable Securities hereunder required by Law to be paid by a selling shareholder.

(aaa) "Shareholders" means collectively, Carrier and UTC Canada.

(bbb) "Shareholder Group Member" means United Technologies Corporation, a Delaware corporation, and each of its Subsidiaries, including Shareholders.

(ccc) "Shareholders' Counsel" shall have the meaning ascribed to such term in Section 3.4(b) of this Agreement.

(ddd) "Shelf Demand Notice" shall have the meaning ascribed to such term in Section 3.1(a)(ii) of this Agreement.

(eee) "Shelf Demand Offering" shall have the meaning ascribed to such term in Section 3.1(a)(ii) of this Agreement.

(fff) "Shelf Period" shall have the meaning ascribed to such term in Section 3.1(a)(i) of this Agreement.

(ggg) "Shelf Registration" shall have the meaning ascribed to such term in Section 3.1(a)(i) of this Agreement.

(hhh) "Shelf Registration Statement" shall have the meaning ascribed to such term in Section 3.1(a)(i) of this Agreement.

(iii) "Subject Shares" shall mean, with respect to any particular Person, the shares of Capital Stock beneficially owned by such Person (including, without limitation, any shares of Capital Stock set forth opposite the name of such Person in Annex I hereto), together with any other shares of Capital Stock (including the voting power with respect thereto) which are directly or indirectly acquired by such Person at any one or more times prior to the termination of this Agreement pursuant to the terms hereof. In the event of a stock dividend or distribution, or any change in the Capital Stock by reason of any stock dividend or distribution, split-up, recapitalization, combination, exchange of shares or the like, the term "Subject Shares" shall be deemed to refer to and include the Subject Shares as well as all such stock dividends and distributions and any securities into which or for which any or all of the Subject Shares may be changed or exchanged or which are received in such transaction.

(jjj) "Subscription Agreement" means the Subscription Agreement dated as of March 13, 2012, by and among the Company, UTC Canada, and Carrier.

(kkk) "Subsidiary" shall mean, with respect to any Person, (i) any corporation fifty percent (50%) or more of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation is at the time owned by such Person, directly or indirectly through one or more Subsidiaries, and (ii) any other Person, including but not limited to a joint venture, a general or limited partnership or a limited liability company, in which such Person, directly or indirectly through one or more Subsidiaries, at the time owns at least fifty percent (50%) or more of the ownership interests entitled to vote in the election of managing partners, managers or trustees thereof (or other Persons performing such functions) or acts as the general partner, managing member, trustee (or Persons performing similar functions) of such other Person.

(lll) "Suspension Period" shall have the meaning ascribed to such term in Section 3.1(c) of this Agreement.

(mmm) "UTC Canada" shall mean UTC Canada Corporation, a corporation existing under the laws of the Province of New Brunswick, Canada.

ARTICLE II

VOTING AGREEMENT

Section 2.1 Agreement to Vote the Subject Shares.

(a) The parties hereto hereby agree that from and after the date hereof, for as long as the Percentage Interest of Shareholders exceeds five percent (5%), at any meeting of the Company's shareholders (or any adjournment or postponement thereof), however called, or in connection with any action by written consent or other action of the Company's shareholders, Shareholders shall vote (or cause to be voted) all of the Subject Shares beneficially owned by it and by Shareholder Group Members in the same proportion of votes cast for, against or abstain by all other holders of Capital Stock, except that at any meeting of the Company's shareholders (or any adjournment or postponement thereof), however called, or in connection with any action by written consent or other action of the Company's shareholders, pursuant to which holders of any class of Capital Stock are entitled to vote as a separate class, Shareholders shall vote (or cause to be voted) all of the shares of such class of Capital Stock beneficially owned by it and by Shareholder Group Members in the same proportion of votes cast for, against or abstain by all other holders of such class of Capital Stock. Any such vote shall be cast or consent shall be given in accordance with such procedures relating thereto so as to ensure that it is duly counted for purposes of determining that a quorum is present and for purposes of recording the results of such vote or consent. Shareholders agree not to enter into any agreement or commitment with any Person the effect of which would violate or be inconsistent with the provisions and agreements set forth in this Article II. In order to enable Shareholders to comply with its obligations under this Section 2.1(a), the Company shall (prior to the first vote of the Company's shareholders subject to this Section 2.1(a)) develop, together with its proxy solicitor and/or transfer agent, a form of proxy, in form and substance reasonably satisfactory to Shareholders, to be used by Shareholders (and/or any other Shareholder Group Member, as applicable) to enable it to vote the Subject Shares in the manner required by this Section 2.1(a) at any meeting of the Company's shareholders (or any adjournment or postponement thereof), however called, or in

connection with any action by written consent or other action of the Company's shareholders. For the avoidance of doubt, any vote of Shareholders (or any other Shareholder Group Member) pursuant to the proper use of such form of proxy shall be deemed to have been made in compliance with this Section 2.1(a).

(b) Notwithstanding anything contained in Section 2.1(a), Shareholder Group Members shall not be required to vote (or cause to be voted) any or all of the Subject Shares beneficially owned by the relevant Shareholder Group Members as provided in Section 2.1(a) with respect to:

(i) any merger, consolidation, combination, acquisition or sale of assets, reorganization or recapitalization, which, if consummated, would result in a Company Change of Control (except when the Company's proposal is to merge with its wholly-owned Subsidiary);

(ii) dissolution, liquidation or winding up involving the Company; and

(iii) any matter which involves an alteration of any right of any class of Company Equity Securities.

However, for the avoidance of doubt nothing in this Section 2.1(b) requires the Company to obtain the approval of the Company's shareholders in circumstances where it is not otherwise being proposed to shareholders for approval.

Section 2.2 Fall-Away of Voting Rights and Standstill. The provisions of Section 2.1(a), Section 2.1(b), Section 4.1 and Section 4.2 shall terminate and be of no further effect in the event:

(a) of a Company Change of Control,

(b) that any Person or group (as defined, as of the date hereof, under Section 13(d) of the Exchange Act) announces publicly an offer with respect to any transaction, or commences a proxy solicitation, involving the Company, any of its Subsidiaries, or any of their securities or assets, the consummation, or success, of which would result in a Company Change of Control (any such offer or proxy solicitation, a "Control Solicitation"), but only if and after the Board either (i) accepts or recommends in favor of such Control Solicitation or (ii) fails to recommend that its stockholders reject such Control Solicitation within ten (10) business days from the date of commencement of such Control Solicitation; provided, that, if the relevant Person or group announces publicly the withdrawal or discontinuation of such Control Solicitation prior to a Company Change of Control, the provisions of Section 2.1(a), Section 2.1(b), Section 4.1 and Section 4.2 shall be reinstated and shall again bind Shareholders and the Company from the date of such announcement; provided, however, that if, before the relevant Person or group announces publicly the withdrawal or discontinuation of such Control Solicitation, a Shareholder Group Member has publicly announced a Control Solicitation, Section 2.1(a), Section 2.1(b) and Section 4.1 shall not bind Shareholders in relation to any action in connection with the conduct of such Control Solicitation unless and until the Shareholder Group Member has publicly withdrawn or discontinued such Control Solicitation, or

(c) that the Board resolves to engage in a formal process that is intended to result in a transaction that if consummated would constitute a Company Change of Control, provided, that if the Board subsequently resolves to terminate the process prior to a Company Change of Control, the provisions of Section 2.1(a), Section 2.1(b), Section 4.1 and Section 4.2 shall be reinstated and shall again bind Shareholders and the Company from such date as the Board notifies Shareholders that the process has terminated.

ARTICLE III

REGISTRATION RIGHTS

Section 3.1 Required Registrations.

(a) Shelf Registration.

(i) Shelf Registration Statement. As soon as practicable after the Closing Date, but in no event more than one hundred eighty (180) days following the Closing Date, the Company shall use reasonable best efforts to prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities (the "Shelf Registration") that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (such Registration Statement, together with any post-effective amendment thereto and any new Registration Statement filed pursuant to this Section 3.1(a), are collectively referred to herein as the "Shelf Registration Statement"). The Shelf Registration Statement filed hereunder shall be on Form S-3 or any successor form (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith). Subject to the terms of this Agreement, the Company shall use its reasonable best efforts to cause the Shelf Registration Statement filed hereunder to be declared effective under the Securities Act as promptly as possible after the filing thereof, and shall use its reasonable best efforts to keep such Shelf Registration Statement continuously effective (including by filing any necessary post-effective amendments to such Shelf Registration Statement or a new Shelf Registration Statement) under the Securities Act until all Registrable Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement or another Registration Statement filed under the Securities Act or otherwise cease to be Registrable Securities (such period of effectiveness, the "Shelf Period"). The Company will pay all Registration Expenses in connection with the Shelf Registration, whether or not any registration or Prospectus becomes effective or final.

(ii) Shelf Demand Notice. At any time that a Shelf Registration Statement covering Registrable Securities pursuant to Section 3.1(a)(i) is effective, if a Shareholder Group Member desires to sell all or any portion of the Registrable Securities under such Shelf Registration Statement in an underwritten offering ("Shelf Demand Offering"), Shareholders shall notify (such notice being the "Shelf Demand Notice") the Company of such intent at least fifteen (15) days prior to such proposed sale (or, in the case of a Shelf Demand Offering that does not involve a "road show", at least three (3) days prior to such proposed sale), which notice shall specify the number of the Registrable Securities to be included in such Shelf Demand Offering.

(iii) Shelf Demand Offering. The Company shall prepare and file a prospectus supplement, post-effective amendment to the Shelf Registration Statement and/or Exchange Act reports incorporated by reference into the Shelf Registration Statement and take such other actions as reasonably necessary or appropriate to permit the consummation of such Shelf Demand Offering. In the case of a Shelf Demand Offering that does not involve a "road show", the Company shall take all actions to enable the Shareholder Group Member to price such offering within three (3) days of receipt of the Shelf Demand Notice; provided, that if a "comfort" letter is required in connection with the pricing of such offering, and the Company was unable to obtain such "comfort" letter within three (3) days of receipt of such Shelf Demand Notice, then the Company shall use its reasonable best efforts to obtain such "comfort" letter and price such offering as soon as reasonably practicable.

(b) Demand Registrations.

(i) If at any time (x) the Shelf Registration Statement contemplated by Section 3.1(a) is not effective to register all the Registrable Shares and (y) a Shareholder Group Member continues to hold any Registrable Securities, Shareholders may request in writing that the Company effect the registration of all or any part of the Registrable Securities (a "Registration Request"), provided, that the aggregate offering price applicable to any such Registration Request shall not be less than $25 million (determined in accordance with the aggregate Market Value of the Registrable Securities included in such Registration Request on the day on which such Registration Request is received by the Company). Promptly after its receipt of any Registration Request, the Company will use its reasonable best efforts to register, in accordance with the provisions of this Agreement, all Registrable Securities that have been requested to be registered in the Registration Request. The Company will pay all Registration Expenses incurred in connection with any registration pursuant to this Section 3.1(b), whether or not any registration or Prospectus becomes effective or final. Any registration requested by Shareholders pursuant to this Section 3.1(b) is referred to in this Agreement as a "Demand Registration."

(ii) Limitation on Demand Registrations. Shareholders will be entitled to initiate no more than three (3) Demand Registrations. No request for registration will count for the purposes of the limitations in this Section 3.1(b)(ii) if (i) the relevant Shareholder Group Member determines in good faith to withdraw the proposed registration prior to the effectiveness of the Registration Statement relating to such request due to adverse business developments at the Company that were not known to Shareholders at the time of the request to initiate such registration proceedings, (ii) the Registration Statement relating to such request is not declared effective within one hundred eighty (180) days of the date such Registration Statement is first filed with the Commission (other than solely by reason of the relevant Shareholder Group Member having refused to proceed) and Shareholders withdraw their Registration Request prior to such Registration Statement being declared effective, (iii) prior to the sale of at least

ninety percent (90%) of the Registrable Securities included in the applicable registration relating to such request, such registration is adversely affected by any stop order, injunction or other order or requirement of the Commission or other Governmental Authority for any reason and the Company fails to have such stop order, injunction or other order or requirement removed, withdrawn or resolved to Shareholders' reasonable satisfaction within thirty (30) days of the date of such order, (iv) more than fifteen percent (15%) of the Registrable Securities requested by Shareholders to be included in the registration are not so included pursuant to Section 3.1(e), or (v)the conditions to closing specified in the underwriting agreement or purchase agreement entered into in connection with the registration relating to such request are not satisfied (other than as a result of a default or breach thereunder by the relevant Shareholder Group Member). Notwithstanding the foregoing, the Company will pay all Registration Expenses in connection with any request for a registration pursuant to Section 3.1(b)(i) regardless of whether or not such request counts toward the limitation set forth above.

(c) Restrictions on Required Registrations. If the filing, initial effectiveness or continued use of a Registration Statement with respect to the Shelf Registration or a Demand Registration would (i) require the Company to make a public disclosure of material non-public information, which disclosure in the good faith judgment of the Board (A) would be required to be made in any such Registration Statement so that such Registration Statement would not be materially misleading, (B) would not be required to be made at such time but for the filing, effectiveness or continued use of any such Registration Statement and (C) would in the good faith judgment of the Board reasonably be expected to have a material adverse effect on the Company or its business if made at such time, or (ii) in the good faith judgment of the Board reasonably be expected to have a material adverse effect on the Company or its business or on the Company's ability to effect a planned or proposed acquisition, disposition, financing, reorganization, recapitalization or similar transaction, then the Company may upon giving prompt written notice of such action to Shareholders (which hereby agrees to maintain the confidentiality of all information disclosed to such participants) delay the filing or initial effectiveness of, or suspend use of, any such Registration Statement, provided, that the Company shall not be permitted to do so (x) more than two (2) times during any twelve-month period or (y) for periods exceeding, in the aggregate, one hundred twenty (120) days during any twelve-month period (a "Suspension Period"). In the event the Company exercises its rights under the preceding sentence, Shareholders agree to suspend, and to cause any relevant Shareholder Group Member to suspend, promptly upon receipt of the notice referred to above, its use of any Prospectus relating to such registration in connection with any sale or offer to sell Registrable Securities. Any Suspension Period shall terminate at such time as the public disclosure of such information is made or the requisite financial information becomes publicly available, as applicable. In the case of the Shelf Registration, or a Demand Registration not withdrawn pursuant to the immediately following sentence, after the expiration of any Suspension Period and without any further request from Shareholders (or any Shareholder Group Member), the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the applicable Registration Statement or Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the applicable Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made,

not misleading. In the case of a Demand Registration, if the Company postpones the filing of a Prospectus or the effectiveness of a Registration Statement pursuant to this Section 3.1(c), Shareholders will be entitled to withdraw its request and, if such request is withdrawn, such registration request will not count for the purposes of the limitation set forth in Section 3.1(b)(ii). The Company will pay all Registration Expenses incurred in connection with any registration or Prospectus aborted pursuant to this Section 3.1(c).

(d) Selection of Underwriters.

(i) If pursuant to Section 3.1(a) or 3.1(b), a Shareholder Group Member intends that Registrable Securities be distributed by means of an underwritten offering, Shareholders will so advise the Company. In such event, the lead underwriter to administer the offering will be chosen by Shareholders subject to the prior written consent, not to be unreasonably withheld or delayed, of the Company.

(ii) If the offering is underwritten, the relevant Shareholder Group Member will (together with the Company) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. If the relevant Shareholder Group Member disapproves of the terms of the underwriting, Shareholders may elect to withdraw any Registrable Securities therefrom by written notice to the Company and the managing underwriter.

(e) Priority on Required Registrations. The Company will not include in any registration pursuant to this Section 3.1 any securities that are not Registrable Securities, without the prior written consent of Shareholders. If the managing underwriter (or, if the applicable offering is not an underwritten offering, a nationally recognized independent investment bank selected by the Company) advises the Company that in its reasonable opinion the number of Registrable Securities (and, if permitted hereunder, other securities requested to be included in such offering) exceeds the number of securities that can be sold in such offering without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (i) first, the Registrable Securities requested by Shareholders to be included in such offering; (ii) second, securities the Company proposes to sell; and (iii) third, any other securities of the Company that have been requested to be so included.

(f) Effective Registration Statement. A registration pursuant to this Section 3.1 shall not be deemed to have been effected unless it is declared effective by the Commission and remains effective for the period specified in Section 3.3(b).

Section 3.2 Piggyback Registrations.

(a) Right to Piggyback. For so long as any Shareholder Group Member continues to hold any Registrable Securities, whenever the Company proposes to register any of its securities, other than a registration pursuant to Section 3.1, and the registration form to be

filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice no later than fifteen (15) business days prior to the anticipated filing of a Registration Statement (other than in connection with a registration statement on Forms S-4, F-4 or S-8 or any similar or successor form) with respect to such registration to Shareholders of its intention to effect such a registration (a "Piggyback Registration"). Subject to Section 3.2(d), the Company will include in such registration all Registrable Securities with respect to which the Company has received written requests from Shareholders for inclusion therein within ten (10) business days after the date of the Company's notice. Shareholders may withdraw the Registrable Securities from any Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the tenth business day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 3.2 prior to the effectiveness of such registration, whether or not Shareholders have elected to include Registrable Securities in such registration, and except for the obligation to pay Registration Expenses pursuant to Section 3.2(c) the Company will have no liability to any relevant Shareholder Group Member in connection with such termination or withdrawal.

(b) Underwritten Registration. If the registration referred to in Section 3.2(a) is proposed to be underwritten by the Company or the Persons who have sought to have securities of the Company registered in such Piggyback Registration pursuant to a demand right, the Company will so advise Shareholders as a part of the written notice given pursuant to Section 3.2(a). In such event, the right of Shareholders to request the registration of Registrable Securities pursuant to this Section 3.2 will be conditioned upon the relevant Shareholder Group Member's participation in such underwriting and the inclusion of Registrable Securities in the underwriting, and the relevant Shareholder Group Member will (together with the Company) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. If Shareholders disapprove of the terms of the underwriting, Shareholders may elect to withdraw any Registrable Securities therefrom by written notice to the Company and the managing underwriter.

(c) Piggyback Registration Expenses. The Company will pay all Registration Expenses in connection with any Piggyback Registration, whether or not any registration or Prospectus becomes effective or final.

(d) Priority on Piggyback Registrations. If, in connection with a Piggyback Registration, the managing underwriter (or, if such Piggyback Registration is not an underwritten registration, a nationally recognized independent investment bank selected by the Company) advises the Company that in its reasonable opinion the number of securities requested to be included in such registration exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such registration or Prospectus only such number of securities that in the reasonable opinion of such underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority:

(i) If the Piggyback Registration relates to an offering for the Company's own account, then (A) first, the securities the Company proposes to sell (B) second, Registrable Securities that Shareholders have requested to be registered pursuant to Section 3.2(a), and (C) third, any other securities of the Company that have been requested to be so included;

(ii) If the Piggyback Registration relates to an offering other than for the Company's own account, then (A) first, the securities of the Person or Persons who initiated the Piggyback Registration by seeking to have securities of the Company registered in such Piggyback Registration, (B) second, the securities the Company proposes to sell, (C) third, the Registrable Securities requested by Shareholders to be registered pursuant to Section 3.2(a), and (D) fourth, any other securities of the Company that have been requested to be so included.

Section 3.3 Registration Procedures. Subject to the provisions of Sections 3.1 and 3.2, pursuant to the Shelf Registration and, if applicable, each Demand Registration and each Piggyback Registration, the Company will use its reasonable best efforts to effect the registration and sale of such Registrable Securities as soon as reasonably practicable in accordance with the intended method of disposition thereof and pursuant thereto. The Company shall use its reasonable best efforts to as expeditiously as possible:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities in accordance with the intended method or methods of distribution thereof, make all required filings with the Financial Industry Regulatory Authority and thereafter use its reasonable best efforts to cause such Registration Statement to become effective as soon as reasonably practicable, provided that before filing a Registration Statement or a Prospectus or any amendments or supplements thereto, the Company will furnish to Shareholders' Counsel copies of all such documents proposed to be filed, which documents will be subject to review of such counsel at the Company's expense;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective either (i) for a period of not less than (A) three months or (B) if such Registration Statement relates to an underwritten offering, such longer period as a Prospectus is required by Law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer or (C) in the case of the Shelf Registration Statement, the Shelf Period or (ii) such shorter period as ends when all of the securities covered by such Registration Statement have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such Registration Statement (but in any event not before the expiration of any longer period required under the Securities Act), and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement, and cause the related Prospectus to be supplemented by any Prospectus supplement or Issuer Free Writing Prospectus as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of the securities covered by such Registration Statement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act, until such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such Registration Statement;

(c) furnish to Shareholders such number of copies, without charge, of such Registration Statement, each amendment and supplement thereto, including each Prospectus (including each preliminary Prospectus), all exhibits and other documents filed therewith and such other documents as Shareholders may reasonably request including in order to facilitate the disposition of the Registrable Securities;

(d) register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things that may be reasonably necessary or reasonably advisable to enable the relevant Shareholder Group Member to consummate the disposition in such jurisdictions of the Registrable Securities (provided that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction);

(e) notify Shareholders and Shareholders' Counsel, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the discovery of the happening of any event as a result of which, the Prospectus included in such Registration Statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and, as soon as reasonably practicable, prepare and furnish to Shareholders a reasonable number of copies of a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(f) notify Shareholders and Shareholders' Counsel (i) when such Registration Statement or the Prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to such Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission for amendments or supplements to such Registration Statement or to amend or to supplement such Prospectus for additional information and (ii) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for any of such purposes;

(g) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on the NYSE, the AMEX or the NASDAQ stock market, as determined by the Company;

(h) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;

(i) enter into such customary agreements (including underwriting agreements and, subject to Section 3.7, lock-up agreements in customary form, and including provisions with

respect to indemnification and contribution in customary form) and take all such other customary actions as Shareholders or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, causing members of senior management of the Company to use their reasonable best efforts to support the marketing, offering or selling of the Registrable Securities covered by such Registration Statement, including by participation in "road show" (including before analysts and ratings agencies) and other customary marketing activities);

(j) make available for inspection by Shareholders, the relevant Shareholder Group Member and Shareholders' Counsel, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by Shareholders, the relevant Shareholder Group Member or any such underwriter, all relevant financial and other records, pertinent corporate documents and documents relating to the business of the Company, and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by Shareholders, the relevant Shareholder Group Member or any such underwriter, attorney, accountant or agent in connection with such Registration Statement, provided that it shall be a condition to such inspection and receipt of such information that the inspecting Person (i) enter into a confidentiality agreement in form and substance reasonably satisfactory to the Company and (ii) agree to minimize the disruption to the Company's business in connection with the foregoing;

(k) timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(l) in the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related Prospectus, or ceasing trading of any securities included in such Registration Statement for sale in any jurisdiction, use every reasonable effort to promptly obtain the withdrawal of such order;

(m) obtain one or more comfort letters and updates thereof, addressed to the underwriters, if any, signed by the Company's independent public accountants in customary form (including, in each case, with respect to the date thereof) and covering such matters of the type customarily covered by comfort letters in connection with underwritten offerings as such underwriters reasonably request; and

(n) provide legal opinions of the Company's counsel, addressed to the underwriters, if any, dated the date of the closing under the underwriting agreement, with respect to the Registration Statement, each amendment and supplement thereto (including the preliminary Prospectus) and such other documents relating thereto as such underwriters shall reasonably request in customary form and covering such matters of the type customarily covered by legal opinions of such nature.

As a condition to registering Registrable Securities, the Company may require Shareholders to furnish the Company with such information regarding the relevant Shareholder Group Member and pertinent to the disclosure requirements relating to the registration and the distribution of such securities as the Company may from time to time reasonably request in writing.

Section 3.4 Registration Expenses.

(a) Except as otherwise provided in this Agreement, all expenses incidental to the Company's performance of or compliance with this Agreement, including, without limitation, all registration and filing fees, fees and expenses of compliance with securities or blue sky laws, word processing, duplicating and printing expenses, messenger and delivery expenses, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters and other Persons retained by the Company (all such expenses, "Registration Expenses"), will be borne by the Company. The Company will, in any event, pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit or quarterly review, the expenses of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed or on the NYSE, the AMEX or NASDAQ. All Selling Expenses will be borne by Shareholders (or the relevant Shareholder Group Member, as the case may be).

(b) In connection with the Shelf Registration, each Demand Registration and each Piggyback Registration in which a Shareholder Group Member participates, as applicable, the Company will reimburse Shareholders for the reasonable fees and disbursements of one counsel ("Shareholders' Counsel").

Section 3.5 Participation in Underwritten Registrations.

(a) A Shareholder Group Member may not participate in any registration hereunder that is underwritten unless the Shareholder Group Member (i) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements approved by Shareholders and (ii) cooperates with the Company's reasonable requests in connection with such registration or qualification (it being understood that the Company's failure to perform its obligations hereunder, which failure is caused by the Shareholder Group Member's failure to cooperate with such reasonable requests, will not constitute a breach by the Company of this Agreement).

(b) Shareholders agree that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.3(e), Shareholders will forthwith discontinue, or ensure that the relevant Shareholder Group Member discontinues, the disposition of its Registrable Securities pursuant to the Registration Statement until Shareholders receive copies of a supplemented or amended Prospectus as contemplated by such Section 3.3(e). In the event the Company gives any such notice, the applicable time period mentioned in Section 3.3(b) during which a Registration Statement is to remain effective will be extended by the number of days during the period from and including the date of the giving of such notice pursuant to this Section 3.5(b) to and including the date when Shareholders will have received the copies of the supplemented or amended Prospectus contemplated by Section 3.3(e).

Section 3.6 Rule 144; Legended Securities; etc.

(a) With a view to making available to Shareholder Group Members the benefits of Rule 144 promulgated under the Securities Act and any other similar rule or regulation of the Commission that may at any time permit a Shareholder Group Member to sell securities of the Company to the public without registration, the Company agrees to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations with respect to such requirements under the Purchase Agreements) and the filing of such reports and other documents as is required for the applicable provisions of Rule 144; and

(iii) furnish to Shareholders so long as a Shareholder Group Member owns Registrable Securities, promptly upon written request, (A) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (B) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (C) such other information as may be reasonably requested to permit Shareholder Group Members to sell such securities pursuant to Rule 144 without registration.

(b) The Company will not issue new certificates for shares of Registrable Securities without a legend restricting further transfer unless (i) such shares have been sold to the public pursuant to an effective Registration Statement under the Securities Act or Rule 144, or (ii) (A) otherwise permitted under the Securities Act and applicable Laws, and (B) Shareholders shall have delivered to the Company an opinion of counsel, which opinion and counsel shall be reasonably satisfactory to the Company, to such effect.

Section 3.7 Holdback. In consideration for the Company agreeing to its obligations under this Agreement, Shareholders agree in connection with any registration of the Company's securities (whether or not a Shareholder Group Member is participating in such registration) upon the request of the Company and the underwriters managing any underwritten offering of the Company's securities, not to effect and not to permit any Shareholder Group Member to effect (other than pursuant to such registration) any public sale or distribution of Registrable Securities, including, but not limited to, any sale pursuant to Rule 144 or Rule 144A, or make any short sale of, loan, grant any option for the purchase of, enter into any hedging or similar transaction with the same economic effect of a sale, or otherwise dispose of any Registrable Securities, any other equity securities of the Company or any securities convertible into or exchangeable or exercisable for any equity securities of the Company without the prior written consent of the Company or such underwriters, as the case may be, during the Holdback Period, provided that nothing herein will prevent a Shareholder Group Member, if it is a partnership or corporation, from making a distribution of Registrable Securities to the partners or shareholders thereof or a transfer to an Affiliate of the Shareholder Group Member that is otherwise in

compliance with applicable securities Laws, so long as such distributees or Affiliates agree to be so bound. With respect to an underwritten offering of Registrable Securities covered by a registration pursuant to Section 3.1 or 3.2, the Company further agrees not to effect (other than pursuant to such registration) any public sale or distribution, or to file any Registration Statement (other than pursuant to such registration) covering any, of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the Holdback Period with respect to such underwritten offering, if required by the managing underwriter; provided, that notwithstanding anything to the contrary herein, the Company's obligations under this Section 3.7 shall not apply during any twelve-month period for more than an aggregate of ninety (90) days.

Section 3.8 Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by Law, Shareholders, each other Shareholder Group Member that has Registrable Securities, their respective officers, directors and managers and each Person who is a controlling Person of Shareholders, or of the relevant Shareholder Group Members, within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each such person being referred to herein as a "Covered Person") against, and pay and reimburse such Covered Persons for, any losses, claims, damages, liabilities, joint or several, to which such Covered Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) any untrue or alleged untrue statement of material fact contained or incorporated by reference in any Registration Statement, Prospectus, preliminary Prospectus or any amendment thereof or supplement thereto, or any document incorporated by reference therein, or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will pay and reimburse such Covered Persons for any legal or any other expenses actually and reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, liability, action or proceeding, provided that the Company shall not be liable to a Covered Person in any such case to the extent that any such loss, claim, damage, liability or expense (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement, or omission or alleged omission, made or incorporated by reference in such Registration Statement, any such Prospectus, preliminary Prospectus or any amendment thereof or supplement thereto, or any document incorporated by reference therein, in reliance upon, and in conformity with, written information prepared and furnished to the Company by any Covered Persons expressly for use therein or arises out of or is based on the relevant Shareholder Group Member's failure to deliver a copy of the Registration Statement or Prospectus, preliminary Prospectus or any amendments or supplements thereto after the Company has furnished Shareholders with a sufficient number of copies thereof. In connection with an underwritten offering, the Company, if requested, will indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Covered Persons.

(b) In connection with any Registration Statement in which a Shareholder Group Member is participating, Shareholders will furnish to the Company in writing such information as the Company reasonably requests for use in connection with any such Registration Statement or Prospectus and, will indemnify and hold harmless the Company, its directors and officers, each underwriter and any Person who is or might be deemed to be a controlling person of the Company, any of its subsidiaries or any underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages, liabilities, joint or several, to which the Company or any such director or officer, any such underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon (i) any untrue or alleged untrue statement of material fact contained in the Registration Statement, Prospectus, preliminary Prospectus or any amendment thereof or supplement thereto or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is made in such Registration Statement, any such Prospectus, preliminary Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information prepared and furnished to the Company by a Shareholder Group Member expressly for use therein, and Shareholders will reimburse the Company and each such director, officer, underwriter and controlling Person for any legal or any other expenses actually and reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, liability, action or proceeding, provided that the obligation to indemnify and hold harmless will be individual and several to Shareholders and will be limited to the net amount of proceeds actually received by Shareholder Group Members from the sale of Registrable Securities pursuant to such Registration Statement.

(c) Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not, without the indemnified party's prior consent, settle or compromise any action or claim or consent to the entry of any judgment unless such settlement or compromise includes as an unconditional term thereof the release of the indemnified party from all liability, which release shall be reasonably satisfactory to the indemnified party. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

(d) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the registration and sale of any securities by any Person entitled to any indemnification hereunder and the expiration or termination of this Agreement.

(e) If the indemnification provided for in Section 3.8(a) or Section 3.8(b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party thereunder, will contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relevant fault of the indemnifying party and the indemnified party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Notwithstanding the foregoing, the amount Shareholders will be obligated to contribute pursuant to this Section 3.8(e) will not exceed an amount equal to the net proceeds to the Shareholder Group Members of the Registrable Securities sold pursuant to the Registration Statement which gives rise to such obligation to contribute (less the aggregate amount of any damages which Shareholder Group Members have otherwise been required to pay in respect of such loss, claim, damage, liability or action or any substantially similar loss, claim, damage, liability or action arising from the sale of such Registrable Securities). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 3.9 No Inconsistent Agreements. The Company will not hereafter enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the holders of Registrable Securities in this Agreement or grant any registration rights to any other Person that rank equally with, or in priority to, the rights granted to holders of Registrable Securities in this Agreement without obtaining the prior approval of Shareholders.

Section 3.10 Canadian Securities Laws.

Without limiting any of the provisions of this Article III, in the event that UTC Canada is restricted by the securities laws of a province or territory of Canada from selling Registrable Shares, the Company shall, at the request of UTC Canada, use reasonable best efforts to facilitate any sale of Registrable Shares by UTC Canada in a timely manner, including, without limitation, by facilitating the filing, and the obtaining of regulatory approval of, a prospectus in Canada to qualify the sale.

ARTICLE IV

STANDSTILL AND RESTRICTIONS

Section 4.1 Standstill. Shareholders hereby agree that, from and after the date hereof, Shareholders shall not, and shall not permit any Shareholder Group Member to, directly or indirectly, unless (1) specifically requested by the Company in writing, (2) as the result of the transactions contemplated by the Purchase Agreements, or (3) otherwise expressly contemplated by the terms of this Agreement, the Purchase Agreements or the Ancillary Agreements (as defined in the Purchase Agreements):

(a) acquire, offer to acquire, or agree to acquire, by purchase or otherwise, (i) any shares of Capital Stock that results in the aggregate Percentage Interest of all Shareholder Group Members exceeding nineteen and nine-tenths percent (19.9%) of the total number of shares of Capital Stock then outstanding, or (ii) the power to vote and/or direct the vote of shares of Capital Stock (after taking into account that shares of Class B Common Stock have ten (10) votes per share) in excess of nineteen and nine-tenths percent (19.9%) of the total voting power of all shares of Capital Stock then outstanding (each of (A) and (B), the "Ownership Limit"). Notwithstanding the foregoing, (x) Shareholders shall not be deemed to be in violation of the Ownership Limit as the result of the acquisition (whether by merger, consolidation, exchange of equity interests, purchase of all or part of the equity interests or assets or otherwise) by any Shareholder Group Member of any Person (any Person which is a Subsidiary of a Shareholder Group Member after such acquisition, an "Acquired Person" or "Acquired Persons" at the times that it is such a Subsidiary) that owns or beneficially owns Capital Stock, or as the result of any repurchase of Capital Stock by the Company, or any other action taken by the Company or any of its Affiliates, provided, however, that (y) if at any time Shareholders (together with other Shareholder Group Members) acquires or becomes beneficial owner of Capital Stock and/or acquires any Acquired Person(s) that owns or beneficially owns Capital Stock, such that the Capital Stock owned or beneficially owned by Shareholder Group Members (including Acquired Person(s)) in the aggregate represents more than the Ownership Limit (other than pursuant to the clause (x) of this sentence), then Shareholders shall, and shall cause other Shareholder Group Members (including Acquired Persons) to, as soon as is reasonably practicable (but in no event longer than one hundred twenty (120) days after such ownership of Capital Stock first exceeds the Ownership Limit or such longer period as may be necessary due to the possession of material non-public information or so that neither Shareholders nor any other Shareholder Group Member incurs any liability under Section 16(b) of the Exchange Act if, for purposes of Section 16(b), Shareholders have not acquired beneficial ownership of any other shares of Capital Stock after the date of the transaction that resulted in Shareholders exceeding the Ownership Limit) transfer to a third party a number of shares of Capital Stock sufficient to reduce the amount of Capital Stock owned or beneficially owned in the aggregate by the Shareholder Group Members (including Acquired Person(s)) to an amount not in excess of the Ownership Limit; and provided further, however, that, notwithstanding anything in this Agreement to the contrary, if at any time the Shareholder Group Members (including Acquired Person(s)) own Capital Stock in the aggregate representing more than the Ownership Limit, the Shareholder Group Members (including Acquired Person(s)) will not be entitled to vote (or cause to be voted) the shares of Capital Stock representing voting power (after taking into account that shares of Class B Common Stock have ten (10) votes per share) in excess of nineteen and nine-tenths percent (19.9%) of the total voting power of all shares of Capital Stock then outstanding. For purposes of calculating the Ownership Limits, the Capital Stock outstanding at a particular time shall be the amount of Capital Stock outstanding as set out in the Company's then most recent filings with the Commission;

(b) acquire, offer to acquire, or agree to acquire, by purchase or otherwise, any material assets of the Company or any Subsidiary thereof, other than (A) in the ordinary course of business or (B) assets of Carrier Enterprises or any of its Subsidiaries;

(c) make, or in any way participate in, any "solicitation" of "proxies" (as such terms are used in the rules of the Commission) to vote (including by consent), or seek to advise or influence any Person with respect to the voting of, any voting securities of the Company;

(d) submit to the Company any shareholder proposal for inclusion in any proxy statement;

(e) seek or propose to obtain representation on the Board;

(f) make any public announcement with respect to, or submit a proposal (whether or not public) for, or offer of (with or without conditions) any extraordinary transaction involving the Company or its securities or assets;

(g) form, join or in any way participate in a group (as defined, as of the date hereof, under Section 13(d) of the Exchange Act) (other than such a group consisting solely of Shareholders' Affiliates) in connection with any of the foregoing;

(h) seek in any way which would require public disclosure under applicable Law to have any provision of this Section 4.1 amended, modified or waived; or

(i) otherwise take any actions with the purpose or effect of avoiding or circumventing any provision of this Section 4.1.

Section 4.2 Anti-Takeover Provisions. From the date hereof, the Company shall take all reasonable actions to ensure that (i) none of Section 607.0901 and Section 607.0902 of the Florida Business Corporation Act or any "fair price," "moratorium," "control share acquisition" or other form of anti-takeover statute or regulation under Florida law, (ii) no anti-takeover provision in the articles of incorporation or by-laws of the Company or other similar organizational documents of its Subsidiaries, and (iii) no shareholder rights plan, "poison pill" or similar measure, in each case that contains restrictions that are different from or in addition to those contained in Section 4.1, is applicable to any Shareholder Group Member's ownership of Company Equity Securities.

Section 4.3 Restrictive Legend. Each certificate representing any of the Subject Shares beneficially owned by Shareholders shall be marked conspicuously with at least the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS, INCLUDING WITH RESPECT TO THE DIRECT OR INDIRECT TRANSFER THEREOF AND RESTRICTIONS ON THE VOTING OF THE SHARES, UNDER A SHAREHOLDER AGREEMENT, DATED AS OF JULY 1, 2009, AMENDED AND RESTATED AS OF JANUARY 24, 2012, AND FURTHER AMENDED AND RESTATED AS OF APRIL 27, 2012.

Section 4.4 Rights of First Refusal on Transfer. Any Restricted Transfer shall be subject to the rights of refusal set forth in this Section 4.4. For the purposes of this Agreement, "Restricted Transfer" shall mean the sale in a private transaction by Shareholder Group Members

of Subject Shares representing more than 50,000 shares to any Person. Prior to any Restricted Transfer, Shareholders shall consider in good faith, and discuss with the Company the possibility of, (i) the relevant Shareholder Group Members offering to sell such Subject Shares to the Company, (ii) negotiating with the Company with respect to the sale of such Subject Shares to the Company and (iii) selling such Subject Shares to the Company; provided, that nothing herein shall be deemed to restrict Shareholders' or any Shareholder Group Member's ability to determine, in its sole discretion, (i) to terminate any discussions with the Company at any time or (ii) not to (A) offer to sell such Subject Shares to the Company, (B) negotiate with the Company with respect to the sale of such Subject Shares to the Company and (C) sell such Subject Shares to the Company, or prevent any relevant Shareholder Group Member from engaging in any Restricted Transfer.

Section 4.5 Conversion of Class B Common Stock. For so long as a Shareholder Group Member beneficially owns any shares of Class B Common Stock, the Company shall not amend or repeal, or adopt any provision in its governing documents that is inconsistent with, Section III(A)(4) of the Company's Amended and Restated Articles of Incorporation, and shall at all times reserve and keep available, out of the aggregate of its authorized but unissued Common Stock, and issued Common Stock held in its treasury, for the purpose of effecting the conversion of the Class B Common Stock contemplated by Section III(A)(4) of the Company's Amended and Restated Articles of Incorporation, the full number of shares of Common Stock then deliverable upon the conversion of all outstanding shares of Class B Common Stock beneficially owned by Shareholders. The Company shall use its reasonable best efforts to cause such shares of Common Stock to be at all times approved for listing on the NYSE, subject to official notice of issuance, as applicable.

Section 4.6 Sections 607.0901 and 607.0902 of the Florida Business Corporation Act. The Company shall not, and shall cause its controlled Affiliates, including its Subsidiaries, not to, take (or cause to be taken) any action that would, or would be reasonably likely to, cause any Shareholder Group Member to be an "interested shareholder" (as such term is defined in Section 607.0901 of the Florida Business Corporation Act) with respect to the Company, and shall, and shall cause its controlled Affiliates, including its Subsidiaries, to take (or cause to be taken) all actions necessary so that the restrictions contained in Section 607.0901 and Section 607.0902 of the Florida Business Corporation Act or any "fair price," "business combination," "takeover" or "control share acquisition" statute or other similar statute or regulation of any jurisdiction shall not apply to the execution, delivery or performance of the Purchase Agreements or any of the Ancillary Agreements or the transactions contemplated by the Purchase Agreements or any of the Ancillary Agreements; provided, that nothing herein shall be deemed to relieve the Company or any of its Subsidiaries (including Carrier Enterprises) of any of their respective obligations under the Purchase Agreements or any of the Ancillary Agreements.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SHAREHOLDERS

Shareholders hereby represent and warrant to the Company as of the date hereof:

Section 5.1 Due Organization, etc. Each Shareholder is duly organized and validly existing under the laws of the jurisdiction of its formation. Each Shareholder has all necessary power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Shareholders have been duly authorized by all necessary action on the part of Shareholders. This Agreement constitutes a valid and binding obligation of Shareholders, enforceable against Shareholders in accordance with its terms, except as limited by the application of bankruptcy, moratorium and other Laws affecting creditors' rights generally and as limited by the availability of specific performance and the application of equitable principles.

Section 5.2 No Conflicts. None of the execution and delivery of this Agreement by Shareholders, the consummation by Shareholders of the transactions contemplated hereby or compliance by Shareholders with any of the provisions hereof shall (a) conflict with or result in any breach of the organizational documents of Shareholders, (b) result in, or give rise to, a violation or breach of or a default under any of the material terms of any material contract, agreement or other instrument or obligation to which Shareholders is a party or by which Shareholders or any of their assets may be bound or by which any of the Subject Shares of Shareholders or any of its Affiliates may be bound, or (c) result in the creation of, or impose any obligation on Shareholders or any of their Affiliates to create, any lien upon the Subject Shares of Shareholders or any of their Affiliates, other than liens created pursuant to this Agreement, the Purchase Agreements, or any of the Ancillary Agreements, except for any of the foregoing as does not and could not reasonably be expected to materially impair Shareholders' ability to perform its obligations under this Agreement.

Section 5.3 No Control Intent. Each Shareholder, on behalf of itself and the Shareholder Group Members, does not intend to acquire, and, except to the extent not prohibited by this Agreement, including Section 4.1, shall not acquire, directly or indirectly, alone or together with another Person or group (as defined, as of the date hereof, under Section 13(d) of the Exchange Act) (a) an interest in the Company exceeding nineteen and nine-tenths percent (19.9%) of the total number of shares of Capital Stock then outstanding, or (b) the power to vote and/or direct the vote of shares of Capital Stock (after taking into account that shares of Class B Common Stock have ten (10) votes per share) in excess of nineteen and nine-tenths percent (19.9%) of the total voting power of all shares of Capital Stock then outstanding.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Shareholders as of the date hereof:

Section 6.1 Due Organization, etc. The Company is a corporation duly organized and validly existing under the laws of the State of Florida. The Company has all necessary power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by the Company have been duly authorized by all necessary action on the part of the Company. This Agreement constitutes a valid and binding

obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by the application of bankruptcy, moratorium and other Laws affecting creditors' rights generally and as limited by the availability of specific performance and the application of equitable principles.

Section 6.2 No Conflicts. Neither the execution and delivery of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby shall (a) conflict with or result in any breach of the organizational documents of the Company, or (b) result in, or give rise to, a violation or breach of or a default under any of the material terms of any material contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which the Company, any of its Subsidiaries or any of their respective assets may be bound, except for any of the foregoing as does not and could not reasonably be expected to materially impair the Company's ability to perform its obligations under this Agreement.

ARTICLE VII

TERMINATION

Section 7.1 Termination.

(a) Subject to Section 7.1(b), this Agreement shall terminate and neither the Company nor Shareholders shall have any rights or obligations hereunder upon the termination of this Agreement by mutual written consent of the Company and Shareholders; provided, that (i) Article II and Article IV shall terminate and be of no further force and effect at such time as Albert Nahmad and/or any of his Family Members and/or Related Affiliates ceases to hold collectively more than twenty percent (20%) of the total voting power of all shares of Capital Stock then outstanding; and (ii) Article II (other than Section 2.2, to the extent such Section relates to Section 4.1 or Section 4.2) shall terminate and be of no further force and effect at such time as the Percentage Interest of the Shareholder Group Members and any Acquired Persons (as defined in Section 4.1), in the aggregate, no longer exceeds five percent (5%); and (iii) Article III shall terminate and be of no further force and effect at such time as the Shareholder Group Members, in the aggregate, no longer hold Registrable Securities constituting more than two percent (2%) (subject to customary anti-dilution adjustments) of the total number of shares of Capital Stock outstanding as of the date hereof. Notwithstanding the foregoing, in the event Article II terminates pursuant to subsection "(ii)" of this Section 7.1(a), Article II shall be reinstated in full force and effect and shall again bind Shareholders if, within the period of 730 days following the date that Article II terminated, the Percentage Interest of the Shareholder Group Members (including any Acquired Persons (as defined in Section 4.1)), in the aggregate, again exceeds five percent (5%); such that reinstatement of Article II shall become effective upon the first day that the Percentage Interest of the Shareholder Group Members (including any Acquired Persons (as defined in Section 4.1)), in the aggregate, again exceeds five percent (5%).

(b) Notwithstanding the foregoing, Section 3.4, Section 3.6(a), Section 3.8, this Section 7.1, and Article VIII of this Agreement shall survive the termination of this Agreement or any Article hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Further Actions. Each of the parties hereto agrees that it will use commercially reasonable efforts to do all things necessary to effectuate the intent and provisions of this Agreement.

Section 8.2 Notices. Except as otherwise provided herein, all notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement ("Notices") shall be in writing and shall be deemed to have been given (i) if personally delivered, on the date of delivery, (ii) if delivered by express courier service of national standing (with charges prepaid) or by registered mail, upon actual receipt, or (iii) if delivered by telecopy, (x) upon actual receipt if received at or prior to 5:00 p.m., local time of the recipient party, or (y) at the beginning of the recipient's next business day following actual receipt if received after 5:00 p.m., local time of the recipient party. All Notices by telecopier shall be confirmed by the sender thereof promptly after transmission in writing by registered mail or personal delivery. Notices, demands and communications to any party hereto shall, unless another address or facsimile number is specified in writing pursuant to the provisions hereof, be sent to the address or facsimile number indicated below:

If to the Company to:

Watsco, Inc.
2665 South Bayshore Drive
Suite 901
Coconut Grove, FL 33133
Attention: Barry S. Logan
Senior Vice President
Facsimile No.: 305-858-4492

with a copy (which shall not constitute notice) to

Akerman Senterfitt
One SE 3rd Ave.
28th Floor
Miami, FL 33131
Attention: Stephen K. Roddenberry, Esq.
Facsimile No.: 305-374-5095

If to Shareholders, to:

Carrier Corporation
One Carrier Place
Farmington, CT 06034-4015
Attention: Donald K. Cawley, Esq.
General Counsel
Facsimile No.: 860-660-0777

Section 8.3 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of law or otherwise, by any of the parties hereto without the prior written consent of the other parties; provided, that no such assignment shall relieve the assigning party of its obligations hereunder if such assignee does not perform such obligations; provided, further, that (a) this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns, and (b) Shareholders may assign its rights under this Agreement in connection with a transfer of Capital Stock to any Affiliate of Shareholders which agrees to be bound by this Agreement. Any purported assignment not permitted under this Section shall be null and void.

Section 8.4 Third Party Beneficiaries. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to or shall confer on any Person, other than Shareholder Group Members who from time to time own Subject Shares, the parties hereto or their respective permitted successors and assigns, any rights, benefits, remedies, obligations or liabilities whatsoever under or by reason of this Agreement; provided, that Shareholder Group Members who hold any Registrable Securities are intended third party beneficiaries of Article III and the Persons indemnified under Section 3.8 are intended third party beneficiaries of Section 3.8.

Section 8.5 Amendments. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the Company and Shareholders.

Section 8.6 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the parties, or any of them, with respect thereto.

Section 8.7 Mediation; Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) Mediation. The parties agree to submit any dispute, claim or controversy (a "Dispute") related to or arising out of this Agreement to mediation before a neutral mediator in Wilmington, Delaware, who will be requested to conduct informal, nonbinding mediation of the dispute. Each party will work with the other to select an acceptable mediator and to work with the mediator to resolve the dispute. The mediation process shall continue until the case is resolved or, if not resolved, until either the mediator makes a finding that there is no possibility of settlement through the mediation or one of the parties elects not to continue the mediation ("Mediation Termination").

(b) Litigation. In the event of a Mediation Termination, then such Dispute shall be resolved through legal action or proceeding in State of Delaware. Each party hereto irrevocably submits to the jurisdiction of the state and federal courts located in the State of Delaware, in any action or proceeding arising out of or relating to this Agreement, and each party hereby irrevocably agrees that all claims in respect of any such action or proceeding must be brought and/or defended in such court; provided, however, that matters which are under the exclusive jurisdiction of the Federal courts shall be brought in the Federal District Court for the District of Delaware and any court of appeal therefrom (the "Chosen Courts"); and each party hereby waives any obligation or requirement to post any bond on appeal. Each of the parties hereto agrees that service of process on such party as provided in Section 8.2 shall be deemed effective service of process on such party. Service made pursuant to the foregoing sentence shall have the same legal force and effect as if served upon such party personally within the State of Delaware, and each party irrevocably waives, to the fullest extent each may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. **EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING HEREUNDER.**

(c) Governing Law. All disputes, claims or controversies arising out of or relating to this Agreement, or the negotiation, validity or performance of this Agreement, or the transactions contemplated hereby shall be governed by and construed in accordance with the Laws of the State of Delaware without regard to the principles of conflicts of law.

Section 8.8 Fees and Expenses. Except as otherwise provided herein, all costs and expenses incurred by a party hereto in connection with this Agreement and the transactions contemplated hereby shall be paid and borne by such party.

Section 8.9 Headings. Headings of the articles and sections of this Agreement are for the convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

Section 8.10 Interpretation. In this Agreement, unless the context otherwise requires, words describing the singular number shall include the plural and vice versa, words denoting any gender shall include all genders and words denoting natural Persons shall include corporations, partnerships, and other entities and vice versa. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be understood to be followed by the words "without limitation."

Section 8.11 Waivers. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, nor any failure or delay on the part of any party hereto in the exercise of any right hereunder, shall be deemed to constitute a waiver by the party taking such action of compliance of any representations, warranties, covenants or agreements contained in this Agreement. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

Section 8.12 Severability. Any term or provision of this Agreement that is invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 8.13 Enforcement of this Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions (without requirement to post bond) to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the Chosen Courts, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 8.14 Counterparts. This Agreement may be executed by the parties hereto in two or more separate counterparts, each of which, when so executed and delivered, shall be deemed to be an original. All such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

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

WATSCO, INC.

By: /s/ Barry S. Logan
Name: Barry S. Logan
Title: Senior Vice President

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

CARRIER CORPORATION

By: /s/ Sarah David
Name: Sarah David
Title: Authorized Signing Authority

UTC CANADA CORPORATION

By: /s/ Sarah David
Name: Sarah David
Title: Authorized Signing Authority

(A)

Subject Shares

Shareholders	Number of Shares of Common Stock Held of Record	Certificate Humber	Number of Shares of Class B Common stock Held of Record	Certificate Number
Carrier Corporation	2,985,685	AU16261	94,784	BU4168
UTC Canada Corporation	1,250,000	AU16398	—	—
Total	4,235,685		94,784	