



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) **June 30, 2014**

**TWIN DISC, INCORPORATED**

(Exact name of registrant as specified in its charter)

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

**001-7635**  
(Commission  
File Number)

**39-0667110**  
(IRS Employer  
Identification No.)

**1328 Racine Street**

**Racine, Wisconsin 53403**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(262)638-4000**

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:

- 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 June 30, 2014, Twin Disc, Incorporated ("Company") and its wholly-owned subsidiary, Twin Disc International, S.A. ("TWINSA") entered into a multi-currency, revolving Credit Agreement (the "Wells Fargo Agreement") with Wells Fargo Bank, National Association ("Wells Fargo"). On June 30, 2014, the Company also entered into an Amended and Restated Note Purchase and Private Shelf Agreement (the "Prudential Agreement") with the following entities (collectively, "Prudential"): (a) Prudential Investment Management, Inc., (b) The Prudential Insurance Company of America, (c) Pruco Life Insurance Company, (d) Pruco Life Insurance Company of New Jersey, (e) Security Benefit Life Insurance Company, Inc., (f) Prudential Annuities Life Assurance Corporation, and (g) Mutual of Omaha Insurance Company.

**WELLS FARGO AGREEMENT:**

Pursuant to the Wells Fargo Agreement, the Company and TWINSA may, from time to time prior to the maturity date, enter into revolving credit loans (each a "Wells Fargo Loan" and, collectively, the "Wells Fargo Loans") in amounts not to exceed, in the aggregate, \$60,000,000.00 (the "Revolving Credit Commitment"), but at no time can more than \$15,000,000.00 be advanced to TWINSA under the Revolving Credit Commitment. The Revolving Credit Commitment may be increased under the Wells Fargo Agreement by an additional \$10,000,000.00 in the event that the conditions for "Incremental Loans" (as defined in the Wells Fargo Agreement) are satisfied.

In general, each Wells Fargo Loan (other than "Foreign Currency Loans," as defined in the Wells Fargo Agreement) will bear interest at one of the following rates, as selected by the Borrowers: (1) the Base Rate (as defined below); (2) the LIBOR Rate (as defined below) plus 1.00%; or (3) the Daily One Month LIBOR (as defined below) plus 1.00%. Each Foreign Currency Loan will bear interest at the LIBOR Rate plus 1.00%. In addition to the monthly interest payments and any mandatory principal payments required by the Wells Fargo Agreement (if applicable), the Company and TWINSA will be responsible for paying a quarterly commitment fee equal to 0.15% of the average daily unused portion of the Revolving Credit Commitment. The Company and TWINSA may prepay the Wells Fargo Loans (or any Wells Fargo Loan), subject to certain limitations.

The "Base Rate" is equal to the highest of: (1) the "Prime Rate" (as defined in the Wells Fargo Agreement); (2) the "Federal Funds Rate" (as defined in the Wells Fargo Agreement) plus 0.50%; and (3) LIBOR (as defined in the Wells Fargo Agreement) plus 1.00%. The "LIBOR Rate" is equal to LIBOR divided by the difference between 1.00 and the Eurodollar Reserve Percentage (as defined in the Wells Fargo Agreement). The "Daily One Month LIBOR" is equal to LIBOR then in effect on a given day for a one (1) month period.

The Wells Fargo Agreement includes financial covenants regarding minimum net worth, minimum EBIDTA for the most recent four (4) fiscal quarters of \$11,000,000.00 and a maximum total funded debt to EBIDTA ratio of 3:1. The Wells Fargo Agreement also includes certain covenants that limit, among other things, certain indebtedness, acquisitions and investments. The Wells Fargo Agreement also has a most favored lender provision whereby the Wells Fargo Agreement shall be automatically

modified to include any additional covenant or event of default that is included in any agreement evidencing, securing, guarantying or otherwise related to other indebtedness in excess of \$1,000,000.00.

Upon the occurrence of an event of default, Wells Fargo may accelerate all amounts outstanding under the Wells Fargo Loans, the Wells Fargo Agreement or both by providing written notice to the Company. Unless terminated earlier pursuant to the terms of the Wells Fargo Agreement, the Revolving Credit Commitment shall terminate, and the Wells Fargo Loans shall mature, on May 31, 2018.

A copy of the Wells Fargo Agreement is attached to this report as Exhibit 10.1 and is incorporated herein by reference. The above description of the Wells Fargo Agreement is qualified in its entirety by reference to Exhibit 10.1.

#### **PRUDENTIAL AGREEMENT:**

Among other things, the Prudential Agreement: (a) amends and restates a certain "Note Agreement" between the Company and The Prudential Insurance Company of America, Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey, Security Benefit Life Insurance Company, Inc., Prudential Annuities Life Assurance Corporation, and Mutual of Omaha Insurance Company (the "Existing Holders"), dated as of April 10, 2006, as it has been amended from time to time (the "2006 Agreement"); and (b) sets forth the terms of the potential sale and purchase of up to \$50,000,000.00 in "Shelf Notes" as defined in the Prudential Agreement (the "Shelf Notes") by the Company to Prudential.

The notes sold by the Company to the Existing Holders under the 2006 Agreement (the "2006 Notes") are deemed outstanding under, and are governed by, the terms of the Prudential Agreement. As of June 30, 2014, the aggregate principal amount outstanding under the 2006 Notes was \$7,142,857.10. The 2006 Notes bear interest on the outstanding principal balance at a fixed rate of 6.05% per annum and mature on April 10, 2016.

The issuance period for Shelf Notes is three years from the date of the Prudential Agreement (June 30, 2017), and the Company may make requests for purchases of Shelf Notes to Prudential during that issuance period. Pursuant to the Prudential Agreement, the Company is under no obligation to request Shelf Notes and Prudential is under no obligation to purchase Shelf Notes, but in the event the Company makes a request for purchases of Shelf Notes, Prudential may provide the Company with interest rate quotes for several principal amounts, maturities, interest rate payment periods and principal prepayment schedules. Upon receipt of such information, the Company may determine whether to sell the Shelf Notes to Prudential pursuant to those terms.

In addition to the interest payments and any mandatory principal payments required under the terms of the Shelf Note, the Company will pay an issuance fee of 0.10% of the aggregate principal balance of each of the Shelf Notes sold to, and purchased by, Prudential. In addition the Company will pay a one-time structuring fee of \$25,000.00 on or before September 30, 2014, unless there is an acceptance of a sale of Shelf Notes prior to such date, in which case the structuring fee will be waived. The Company may prepay the Shelf Notes or the 2006 Notes, subject to certain limitations.

At no time during the term of the Prudential Agreement may the aggregate outstanding principal amount of the 2006 Notes and the Shelf Notes exceed \$35,000,000.00.

The Prudential Agreement includes financial covenants regarding minimum net worth, minimum EBIDTA for the most recent four (4) fiscal quarters of \$11,000,000.00 and a maximum total funded debt to EBIDTA ratio of 3:1. The Prudential Agreement also includes certain covenants that limit, among other things, certain indebtedness, acquisitions and investments. The Prudential Agreement also has a most favored lender provision whereby the Prudential Agreement shall be automatically modified to include any additional covenant or event of default that is included in any agreement evidencing, securing, guarantying or otherwise related to other indebtedness in excess of \$1,000,000.00.

Upon the occurrence of an event of default, Prudential or the Existing Holders may accelerate all amounts outstanding under the 2006 Notes, the Shelf Notes or both by providing written notice to the Company.

A copy of the Prudential Agreement is attached to this report as Exhibit 10.2 and is incorporated herein by reference. The above description of the Prudential Agreement is qualified in its entirety by reference to Exhibit 10.2.

#### **Item 1.02 Termination of a Material Definitive Agreement**

On June 30, 2014, the Company terminated the Amended and Restated Loan Agreement for \$40,000,000 Revolving Credit between the Company and BMO Harris Bank, N.A. (as successor by merger of M&I Marshall & Ilsley Bank), dated as of May 13, 2011 (as it may have been amended, extended or modified) (the "BMO Agreement"). The Company paid the full outstanding amounts owed under the BMO Agreement as of June 30, 2014, which totaled \$14,042,534.11. The Company did not incur any early termination penalties in connection with the termination of the BMO Agreement.

By entering into the Wells Fargo Agreement, the Company also terminated the "Credit Agreement" dated November 19, 2012, between the Company, TWINSA and Wells Fargo Bank, National Association (the "2012 Wells Fargo Agreement"). No amounts were outstanding under the 2012 Wells Fargo Agreement as of June 30, 2014, and the Company did not incur any early termination penalties in connection with the termination of the 2012 Wells Fargo Agreement.

#### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant**

See Item 1.01, which is incorporated herein by reference.

#### **Item 9.01 Financial Statements and Exhibits**

(c) Exhibits.

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| EXHIBIT NUMBER | DESCRIPTION  |
|----------------|--|
| 10.1           | Credit Agreement Between Twin Disc, Incorporated, Twin Disc International, S.A., and Wells Fargo Bank, National Association, dated June 30, 2014.  |
| 10.2           | Amended and Restated Note Purchase and Private Shelf Agreement Between Twin Disc, Incorporated, Prudential Investment Management, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey, Security Benefit Life Insurance Company, Inc., Prudential Annuities Life Assurance Corporation, and Mutual of Omaha Insurance Company, dated June 30, 2014. |

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SIGNATURE

Pursuant to the requirements of section 13 or 15(d) 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.

Date: July 3, 2014

Twin Disc, Incorporated

/s/ Jeffrey S. Knutson  
Jeffrey S. Knutson  
Corporate Controller & Secretary

24625129\_2.DOC

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CHI:2834461.9

\$60,000,000

**CREDIT AGREEMENT**

dated as of June 30, 2014,

by and among

**TWIN DISC, INCORPORATED**  
and  
**TWIN DISC INTERNATIONAL, S.A.**,  
as Borrowers,

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION**  
as Lender

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EXHIBITS

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CREDIT AGREEMENT, dated as of June 30, 2014, by and among TWIN DISC, INCORPORATED, a Wisconsin corporation (“Parent”), TWIN DISC INTERNATIONAL, S.A., a Belgian corporation (“TD International” and, together with Parent, the “Borrowers”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the “Lender”).

## STATEMENT OF PURPOSE

The Borrowers have requested, and, subject to the terms and conditions hereof, the Lender has agreed, to extend certain credit facilities to the Borrowers on the terms and conditions of this Agreement.

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

## ARTICLE I

### DEFINITIONS

SECTION 1.1 Definitions. The following terms when used in this Agreement shall have the meanings assigned to them below:

“Additional Covenant” shall mean any affirmative or negative covenant or similar restriction applicable to Parent or any Subsidiary (regardless of whether such provision is labeled or otherwise characterized as a covenant) the subject matter of which either (i) is similar to that of any covenant in Article VI or VII, or related definitions in Section 1.1, but contains one or more percentages, amounts or formulas that is more restrictive than those set forth herein or more beneficial to the holders of any Indebtedness (other than the Indebtedness evidenced by this Agreement), or obligations in respect of one or more Swap Agreements, of any one or more of Parent and its Subsidiaries (and such covenant or similar restriction shall be deemed an Additional Covenant only to the extent that it is more restrictive or more beneficial) or (ii) is different from the subject matter of any covenants in Article VI or VII, or related definitions in Section 1.1.

“Additional Default” shall mean any provision contained in any document evidencing Indebtedness (other than the Indebtedness evidenced by this Agreement), or obligations in respect of one or more Swap Agreements, of any one or more of Parent and its Subsidiaries, which permits the holder or holders of Indebtedness or obligations in respect of Swap Agreements to accelerate (with the passage of time or giving of notice or both) the maturity thereof, permits any such holder to terminate any such Swap Agreements or otherwise requires Parent or any Subsidiary to purchase any such Indebtedness or obligations in respect of Swap Agreements, prior to the stated maturity thereof and which either (i) is similar to any Default or Automatic Event of Default, or related definitions in Section 1.1, but contains one or more percentages, amounts or formulas that is more restrictive or has a shorter grace period than those set forth herein or is more beneficial to the holders of any such Indebtedness or obligations in respect of Swap Agreements (and such provision shall be deemed an Additional Default only to the extent that it is more restrictive, has a shorter grace period or is more beneficial) or (ii) is different from the subject matter of any Default or Automatic Event of Default or Event of Default, or related definitions in Section 1.1.

“Affiliate” shall mean, with respect to any Person, any other Person: (a) that directly or indirectly controls, or is controlled by, or is under common control with, such Person; (b) that directly or indirectly beneficially owns or holds five percent (5%) or more of any class of voting stock of such Person; (c) that is an officer or director of such Person; (d) of which an Affiliate is an officer or director; or (e) who is related by blood, adoption or marriage to an Affiliate. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” shall mean this Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

“Agreement Currency” has the meaning assigned thereto in Section 10.19.

“Anti-Terrorism Laws” has the meaning assigned thereto in Section 6.21.

“Applicable Borrower” shall mean, with respect to any Loan or other amount owing hereunder or any matter pertaining to such Loan or other amount, whichever of the Borrowers is the primary obligor on such Loan or other amount.

“Applicable Margin” shall mean the per annum rate of (i) 0% with respect to Base Rate Loans and (ii) 1.00% with respect to LIBOR Rate Loans and Daily One Month LIBOR Loans.

“Approved Fund” shall mean any Fund that is administered or managed by (i) the Lender, (ii) an Affiliate of the Lender or (iii) an entity or an Affiliate of an entity that administers or manages the Lender.

“Article XI Terms” has the meaning assigned thereto in Section 10.17.

“Automatic Event of Default” shall mean any one or more of the following:

- (i) Any Borrower or any Significant Subsidiary shall become insolvent or generally not pay, or be unable to pay, or admit in writing its inability to pay, its debts as they mature; or
- (ii) Any Borrower or any Significant Subsidiary shall make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets; or
- (iii) Any Borrower or any Significant Subsidiary shall become the subject of an “order for relief” within the meaning of the Bankruptcy Code, or shall file a petition in bankruptcy, for reorganization or to effect a plan or other arrangement with creditors; or
- (iv) Any Borrower or any Significant Subsidiary shall have a petition or application filed against it in bankruptcy or any similar proceeding, or shall have such a proceeding commenced against it, and such petition, application or proceeding shall remain unstayed or undismissed for a period of sixty (60) days or more, or any Borrower or any Significant Subsidiary shall file an answer to such a petition or application, admitting the material allegations thereof; or
- (v) Any Borrower or any Significant Subsidiary shall apply to a court for the appointment of a receiver or custodian for any of its assets or properties, or shall have a receiver or custodian appointed for any of its assets or properties, with or without consent, and if appointed without consent, such receiver shall not be discharged or dismissed within sixty (60) days after his appointment; or

(vi) Any Borrower or any Significant Subsidiary shall adopt a plan of complete liquidation of its assets.

“Bankruptcy Code” shall mean Title 11 of the United States Code entitled “Bankruptcy,” as now or hereafter in effect, or any successor thereto.

“Base Rate” shall mean, at any time, the highest of (i) the Prime Rate (ii) the Federal Funds Rate plus 0.50% and (iii) except during any period of time during which a notice delivered to Parent under Section 4.8 shall remain in effect, LIBOR (as defined in clause (ii) of the definition thereof) plus 1.00%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or LIBOR.

“Base Rate Loan” shall mean any Loan bearing interest at a rate based upon the Base Rate as provided in Section 4.1(a). All Base Rate Loans shall be denominated in Dollars.

“Borrowers” has the meaning assigned thereto in the introductory paragraph hereto.

“Business Day” shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in London, England and Wales, New York, New York or Charlotte, North Carolina a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on or with respect to, any LIBOR Rate Loan or any Letters of Credit denominated in a Foreign Currency, any day which is a Business Day described in clause (i) and which is also (A) a day for trading by and between banks in Dollars or Euros, as the case may be, deposits in the London interbank market and which shall not be a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in London, England and Wales or New York, New York and (B) in relation to any payment or purchase of Euros, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

“Cash Collateral” shall mean cash or deposit account balances or, if the Lender shall agree, in their sole discretion, other credit support (and the proceeds of all of the foregoing) used to secure L/C Obligations.

“Cash Collateral Account” shall mean an account with the Lender set up exclusively to hold Cash Collateral.

“Change in Control” shall mean (i) a change in the power to direct or cause the direction of management and policies of Parent, either directly or indirectly, through the ownership of voting securities of Parent or by contract or otherwise or (ii) any Person or group (within the meaning of Rule 13d-5, (as in effect on the date hereof, under the Securities Exchange Act of 1934, as amended) shall become the beneficial owner of more than 50% of the outstanding capital stock of Parent entitled to vote for the election of the board of directors or (iii) during any period of twelve consecutive months individuals who at the beginning of such period constituted a majority of the board of directors of Parent (together with new directors whose election by such board or whose nomination for the election by the shareholders of Parent was approved by the majority of the directors still in office who were either directors at the beginning of such period or whose election was previously so approved) shall cease for any reason to constitute a majority of the board of directors of Parent then in office or (iv) any “Change of Control”, as defined in the Prudential Agreement, has occurred, or (v) Parent shall cease to own directly or indirectly 100% of the outstanding equity interests of TD International.

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

“Closing Date” shall mean the date of this Agreement or such later Business Day upon which each condition described in Section 5.1 shall be satisfied or waived in all respects in a manner acceptable to the Lender, in its sole discretion.

“Code” shall mean the Internal Revenue Code of 1986, and the rules and regulations thereunder, each as amended or modified from time to time.

“Commitment Fee” has the meaning assigned thereto in Section 4.3.

“Daily One Month LIBOR” shall mean, for any day, the rate of interest equal to LIBOR then in effect for delivery for a one (1) month period.

“Daily One Month LIBOR Loan” shall mean any Loan bearing interest at a rate based upon Daily One Month LIBOR as provided in Section 4.1(a).

“Default” shall mean any event which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Disputes” shall mean any dispute, claim or controversy arising out of, connected with or relating to this Agreement or any other Loan Document, between or among parties hereto and to the other Loan Documents.

“Dollar Amount” shall mean, at any time, (i) with respect to any amount denominated in Dollars, such amount, and (ii) with respect to any amount expressed in a Foreign Currency, such amount converted to Dollars on the basis of the exchange rate as shown on Reuters World Currency Page for such Foreign Currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Lender upon notice to Parent or, in the event no such service is selected, on the basis of the most favorable spot exchange rate determined by the Lender to be available to it at approximately 11:00 a.m. two (2) Business Days prior to the most recent Revaluation Date.

“Dollars” or “\$” shall mean, unless otherwise qualified, dollars in lawful currency of the United States.

“EBITDA” shall mean the sum of (i) Net Income plus, (ii) to the extent deducted in the calculation of Net Income, (a) interest expense, (b) depreciation and amortization expense, and (c) income tax expense; provided, however, such expenses are acceptable to the Lender in its discretion. For purposes of calculating EBITDA for any period of four consecutive quarters, if during such period any Borrower shall have consummated and closed an acquisition permitted under Section 8.4, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such acquisition occurred on the first day of such period, with adjustments made by Parent and approved by the Lender in its judgment (which approval shall not be unreasonably withheld), all as determined for Parent and its Subsidiaries on a consolidated basis for the four quarters ending on the date of determination, without duplication, and in accordance with U.S. GAAP applied on a consistent basis.

“EMU Legislation” shall mean legislative measures of the Council of European Union for the introduction of, change over to or operation of a single or unified European currency.

“Environmental Claims” shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, written notices of non-compliance or violation, investigations or proceedings relating in any way to (i) any violation (or alleged violation) by Parent or any of its Subsidiaries of any Environmental Law; (ii) any permit issued to Parent or any of its Subsidiaries under any such law; or (iii) otherwise arising under Environmental Laws, (hereafter “Claims”), including,

without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Laws, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Laws” shall mean any Law, including any common law, which relates to or otherwise imposes liability or standards of conduct concerning discharges, emissions, releases or threatened releases of noises, odors or any pollutants, contaminants or hazardous or toxic wastes, substances or materials, into air, water or groundwater, or land, or otherwise relating to the manufacture, processing, generation, distribution, use, treatment, storage, disposal, cleanup, transport or handling of pollutants, contaminants, or hazardous or toxic wastes, substances or materials, including, but not limited to CERCLA as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Toxic Substances Control Act of 1976, as amended, the Federal Water Pollution Control Act Amendments of 1972, the Clean Water Act of 1977, as amended, the Oil Pollution Act of 1990, as amended, any so-called “Superlien” law, and any other similar Federal, state or local statutes.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

“Euro” or “€” shall mean the lawful currency of the Participating Member States of the European Union.

“Eurodollar Reserve Percentage” shall mean, for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/100<sup>th</sup> of 1%) which is in effect for such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

“Event of Default” shall mean any Automatic Event of Default or any Notice Event of Default.

“Excluded Taxes” shall mean any of the following Taxes imposed on or with respect to the Lender or required to be withheld or deducted from a payment to the Lender, Taxes imposed on or measured by overall net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (a) imposed as a result of the Lender being organized under the laws of, or having its principal office or, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (b) that are Other Connection Taxes.

“Extensions of Credit” shall mean, as to the Lender at any time, the making of any Loan or participation in any Letter of Credit by the Lender, as the context requires.

“Facilities” shall mean all real property and improvements now or hereafter owned or occupied by Parent or any of its Subsidiaries in the conduct of their respective business.

“Federal Funds Rate” shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day (or, if such day is not a Business Day, for the immediately preceding Business Day), as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the average of the quotation for such day on such transactions received by the Lender from three Federal Funds brokers of recognized standing selected by the Lender.

“Foreign Currency” shall mean Euros, Sterling and any other currency that is freely transferable and convertible into Dollars in the United States currency market, freely available to the Lender in the London interbank market and approved in writing by the Lender.

“Foreign Currency Loan” shall mean any Loan denominated in a Foreign Currency.

“Foreign Currency Outstandings” shall mean the sum of (i) with respect to Foreign Currency Loans on any date, the aggregate outstanding principal Dollar Amount thereof after giving effect to any borrowings and prepayments or repayments of Foreign Currency Loans occurring on such date plus (ii) with respect to any L/C Obligations denominated in a Foreign Currency on any date, the aggregate outstanding Dollar Amount thereof on such date after giving effect to any Extensions of Credit occurring on such date and any other changes in the aggregate Dollar Amount of such L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

“Foreign Currency Sublimit” shall mean the lesser of (i) \$15,000,000 and (ii) the Revolving Credit Commitment. The Foreign Currency Sublimit is part of, and not in addition to, the Revolving Credit Commitment.

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

“Governmental Authority” shall mean the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Hazardous Materials” shall mean any substances or materials (i) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (ii) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority, (iii) the presence of which require investigation or remediation under any Environmental Law or common law, (iv) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Approval, (v) which are deemed to constitute a nuisance or a trespass which pose a health or safety hazard to Persons or neighboring properties, (vi) which consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance, or (vii) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

“Increased Amount Date” has the meaning assigned thereto in Section 4.14.

“Incremental Loan” has the meaning assigned thereto in Section 4.14.

“Increased Loan Commitment” has the meaning assigned thereto in Section 4.14.

“Indebtedness” shall mean all liabilities or obligations of Parent or any Subsidiary, whether primary or secondary or absolute or contingent: (i) for borrowed money or for the deferred purchase price of property or services (excluding trade obligations incurred in the ordinary course of business, which are not the result of any borrowing); (ii) as lessee under leases that have been or should be capitalized according to U.S. GAAP; (iii) evidenced by notes, bonds, debentures or similar obligations; (iv) under any guaranty or endorsement (other than in connection with the deposit and collection of checks in the ordinary course of business), and other contingent obligations to purchase, provide funds for payment, supply funds to invest in any Person, or otherwise assure a creditor against loss; or (v) secured by any Liens on assets of Parent or any Subsidiary, whether or not the obligations secured have been assumed by Parent or any Subsidiary.

“Indemnified Taxes” shall mean (i) Taxes other than Excluded Taxes and (ii) to the extent not otherwise described in clause (i), Other Taxes.

“Interest Period” has the meaning assigned thereto in Section 4.1(b).

“Investment” shall mean: (i) any transfer or delivery of cash, stock or other property or value by such Person in exchange for Indebtedness, stock or any other security of another Person; (ii) any loan, advance or capital contribution to or in any other Person; (iii) any guaranty, creation or assumption of any liability or obligation of any other Person; and (iv) any investment in any fixed property or fixed assets other than fixed properties and fixed assets acquired and used in the ordinary course of the business of that Person.

“IRS” shall mean the United States Internal Revenue Service, or any successor thereto.

“ISP98” shall mean the International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590.

“Judgment Currency” has the meaning assigned thereto in Section 10.19.

“L/C Commitment” shall mean the lesser of (i) \$1,000,000 and (ii) the Revolving Credit Commitment.

“L/C Obligations” shall mean at any time, an amount equal to the sum of (i) the aggregate undrawn and unexpired amount of the then outstanding Letters of Credit, (ii) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to Section 3.5 and (iii) the aggregate amount of existing or contingent obligations of the Borrowers to the Lender in respect of bank guarantees issued pursuant to Section 3.8.

“Law” shall mean any federal, state, local or other law, rule, regulation or governmental requirement of any kind, and the rules, regulations, written interpretations and orders promulgated thereunder.

“Lender” has the meaning assigned thereto in the introductory paragraph hereof.

“Lender’s Office” shall mean, with respect to any currency, the office of the Lender specified in or determined in accordance with the provisions of Section 10.1(c).

“Lending Office” shall mean the office of the Lender maintaining the Lender’s Extensions of Credit.

“Letter of Credit Application” shall mean an application, in the form specified by the Lender from time to time, requesting the Lender to issue a Letter of Credit.

“Letters of Credit” shall mean the collective reference to letters of credit issued pursuant to Section 3.1.

“LIBOR” shall mean,

(i) for any interest rate calculation with respect to a LIBOR Rate Loan denominated in Dollars or any Permitted Currency other than Euros, the rate of interest per annum determined on the basis of the rate for deposits in the applicable Permitted Currency for a period equal to the applicable Interest Period which appears on Reuters Screen LIBOR01 Page (or other commercially available source providing quotations of such rate as designated by the Lender from time to time) at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of the applicable Interest Period (rounded upward, if necessary, to the nearest 1/100<sup>th</sup> of 1%). If such rate is not available at such time for any reason, then “LIBOR” shall be determined by the Lender to be the arithmetic average of the rate per annum at which deposits in the applicable Permitted Currency would be offered by first class banks in the London interbank market to the Lender at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of the applicable Interest Period for a period equal to such Interest Period;

(ii) for any interest rate calculation with respect to a LIBOR Rate Loan denominated in Euros for any Interest Period, the rate appearing on the Reuters Screen EURIBOR01 Page (it being understood that this rate is the Euro interbank offered rate (known as the “EURIBOR Rate”) sponsored by the Banking Federation of the European Union and the Financial Markets Association) at 11:00 a.m., Brussels time, on the Quotation Day for such Interest Period, as the rate for deposits in Euros with a maturity comparable to such Interest Period;

(iii) for any interest rate calculation with respect to a Base Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for a period equal to one month (commencing on the date of determination of such interest rate) which appears on the Reuters Screen LIBOR01 Page (or other commercially available source providing quotations of such rate as designated by the Lender from time to time) at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day (rounded upward, if necessary, to the nearest 1/100<sup>th</sup> of 1%). If such rate is not available at such time for any reason, then “LIBOR” for such Base Rate Loan shall be determined by the Lender to be the arithmetic average of the rate per annum at which deposits in Dollars would be offered by first class banks in the London interbank market to the Lender at approximately 11:00 a.m. (London time) on such date of determination for a period equal to one month commencing on such date of determination; and

(iv) for any interest rate calculation with respect to a Daily One Month LIBOR Loan, the rate of interest per annum determined by the Lender based on the rate for Dollars for delivery of funds for one (1) month as reported on Reuters Screen LIBOR01 page (or any successor page) at approximately 11:00 a.m., London time, or, for any day not a London Business Day, the immediately preceding London Business Day (or if not so reported, then as determined by the Lender from another recognized source or interbank quotation). For purposes hereof, “London Business Day” shall mean any day that is a day for trading by and between banks in Dollar deposits in the London interbank market.

Each calculation by the Lender of LIBOR shall be conclusive and binding for all purposes, absent manifest error.

“LIBOR Rate” shall mean a rate per annum (rounded upwards, if necessary, to the next higher 1/100<sup>th</sup> of 1%) determined by the Lender pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{1.00\text{-Eurodollar Reserve Percentage}}$$

“LIBOR Rate Loan” shall mean any Loan (other than a Base Rate Loan or a Daily One Month LIBOR Loan) bearing interest at a rate based upon the LIBOR Rate as provided in Section 4.1(a). LIBOR Rate Loans may be denominated in Dollars or in a Foreign Currency. All Loans denominated in a Foreign Currency must be LIBOR Rate Loans.

“Lien” shall mean, with respect to any asset: (i) any mortgage, pledge, lien, charge, security interest or encumbrance of any kind in respect of such asset or (ii) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

“Loan” shall mean any revolving loan (including any Foreign Currency Loan) made to the Applicable Borrower pursuant to Section 2.1 (including any Incremental Loan), and all such revolving loans collectively as the context requires.

“Loan Documents” shall mean, collectively, this Agreement, each Note, the Letter of Credit Applications, the Parent Guaranty and each other document, instrument, certificate and agreement executed and delivered by any Borrower or any of their respective Subsidiaries in favor of or provided to the Lender pursuant to any of the foregoing, all as may be amended, restated, supplemented or otherwise modified from time to time.

“Maturity Date” shall mean the earliest to occur of (i) May 31, 2018, (ii) the date of termination of the entire Revolving Credit Commitment by the Borrowers pursuant to Section 2.5, or (iii) the date of termination of the Revolving Credit Commitment pursuant to Section 9.1(a).

“Net Income” for any period shall mean the gross revenues of Parent and its Subsidiaries for such period less all expenses and other proper charges (including taxes on income), determined in accordance with U.S. GAAP on a consolidated basis after eliminating earnings or losses attributable to outstanding minority interests, but excluding in any event:

- (i) any gains or losses on the sale or other disposition of investments or fixed capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
- (ii) the proceeds of any life insurance policy;
- (iii) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;
- (iv) net earnings and losses of any Person (other than a Subsidiary), substantially all the assets of which have been acquired in any manner by Parent or any Subsidiary, realized by such Person prior to the date of such acquisition;
- (v) net earnings and losses of any Person (other than a Subsidiary) with which Parent or a Subsidiary shall have consolidated or which shall have merged into or with Parent or a Subsidiary prior to the date of such consolidation or merger;
- (vi) net earnings of any Person (other than a Subsidiary) in which Parent or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by Parent or such Subsidiary in the form of cash distributions;
- (vii) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to Parent or any other Subsidiary;
- (viii) earnings resulting from any reappraisal, revaluation or write-up of assets;
- (ix) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;
- (x) any gain arising from the acquisition of any securities of Parent or any Subsidiary; and
- (xi) any reversal of any contingency reserve, which reversal is required to be disclosed in the financial statements of Parent in accordance with U.S. GAAP, except to the extent that provision for such contingency reserve shall have been made from income arising during such period.

“Net Worth” shall mean the total amount of stockholders’ equity of Parent and its consolidated Subsidiaries as determined without duplication and in accordance with U.S. GAAP consistently applied.

“Notice Event of Default” shall mean any one or more of the following:

- (i) any Borrower shall fail: (a) to pay when due any installment of the principal of any Obligations; or (b) to pay when due any interest on any Obligations or any fee, expense or other amount due under this Agreement or any other Loan Document, and any such failure under this clause (b) shall continue unremedied for a period of five (5) Business Days; or
- (ii) there shall be a default in the performance or observance of any of the covenants and agreements contained in Article VIII or Sections 7.1, 7.2, 7.4, 7.6, 7.10, 7.11, 7.13 or 7.14; or
- (iii) there shall be a default in the performance or observance of any of the other covenants, agreements or conditions contained in this Agreement or any other Loan Document, and such default shall have continued for a period of thirty (30) calendar days after written notice from the Lender to Parent specifying such default and requiring it to be remedied; or
- (iv) any representation or warranty made by a Borrower in this Agreement or in any other Loan Document shall prove to have been false in any material respect as of the time when made or given; or
- (v) any final judgment shall be entered against Parent or any Subsidiary which, when aggregated with other final judgments against Parent and its Subsidiaries, exceeds \$1,000,000 in amount, and shall remain outstanding and unsatisfied, unbonded or unstayed after sixty (60) days from the date of entry thereof; provided that no final judgment shall be included in the calculation under this subsection to the extent that the claim underlying such judgment is covered by insurance and defense of such claim has been tendered to and accepted by the insurer without reservation; or
- (vi) (a) any Reportable Event (as defined in ERISA) shall have occurred which constitutes grounds for the termination of any Plan by the PBGC or for the appointment of a trustee to administer any Plan, or any Plan shall be terminated within the meaning of Title IV of ERISA, or a trustee shall be appointed by the appropriate court to administer any Plan, or the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan, or any Borrower or any trade or business which together with such Borrower would be treated as a single employer under Section 4001 of ERISA shall withdraw in whole or in part from a multi-employer Plan, and (b) the aggregate amount of any Borrower’s liability for all such occurrences, whether to a Plan, the PBGC or otherwise, may exceed \$1,000,000, and such liability is not covered for the benefit of any Borrower or its Subsidiaries by insurance; or
- (vii) Parent or any Subsidiary shall: (i) fail to pay any amount of principal or interest when due (whether by scheduled maturity, required prepayment, acceleration or otherwise) under any Indebtedness (other than the Obligations or as provided in (viii) below) in an aggregate amount of \$1,000,000 or more and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Indebtedness; or (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Indebtedness in

an aggregate amount of \$1,000,000 or more when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit acceleration of, with the giving of notice if required, the maturity of such Indebtedness; or

(viii) Parent or any Subsidiary shall: (i) fail to pay any amount of principal or interest when due (whether by scheduled maturity, required prepayment, acceleration or otherwise) under any Indebtedness to the Lender (other than the Obligations) and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Indebtedness; or (ii) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Indebtedness to the Lender when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit acceleration of, with the giving of notice if required, the maturity of such Indebtedness; or

(ix) an “Event of Default” (as defined therein) under the Prudential Agreement has occurred.

“Notice of Account Designation” has the meaning assigned thereto in Section 2.3(b).

“Notice of Borrowing” has the meaning assigned thereto in Section 2.3(a).

“Notice of Conversion/Continuation” has the meaning assigned thereto in Section 4.2.

“Notice of Prepayment” has the meaning assigned thereto in Section 2.4(c).

“Obligations” shall mean, in each case, whether now in existence or hereafter arising: (i) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Loans, (ii) the L/C Obligations, (iii) all other fees and commissions (including attorneys’ fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Borrowers or any of their respective Subsidiaries to the Lender, in each case under any Loan Document, with respect to any Loan or Letter of Credit of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against any Borrower or any Affiliate thereof of any proceeding under any federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding and (iv) all other debts, liabilities, obligations, covenants and agreements of any Borrower contained in any Swap Agreements and (v) any and all other debts, liabilities and obligations of any Borrower to the Lender.

“OFAC” shall mean the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“Officer’s Certificate” shall mean a certificate of the chief financial officer or the treasurer of Parent substantially in the form attached as Exhibit E.

“Other Connection Taxes” shall mean, with respect to the Lender, Taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Tax (other than connections arising from the Lender 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” shall mean all present or future stamp, court, documentary, excise, property, 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.

“Parent” has the meaning assigned thereto in the introductory paragraph hereof.

“Parent Guaranty” shall mean that certain guaranty set forth in Article XI.

“Parent Guaranteed Obligations” shall mean the principal and interest on each Loan to TD International by the Lender under this Agreement, all Reimbursement Obligations with respect to each Letter of Credit issued for the account of TD International, together with all the other obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of TD International to the Lender, now existing or hereafter incurred under, arising out of or in connection with this Agreement or any other Loan Document and the due performance and compliance by TD International with all the terms, conditions and agreements contained in the Loan Documents to which it is a party.

“Participating Member State” shall mean each state so described in any EMU Legislation.

“PATRIOT Act” shall mean the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended.

“PBGC” shall mean Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Currency” shall mean Dollars or any Foreign Currency, or each such currency, as the context requires.

“Permitted Indebtedness” shall mean: (i) the Obligations; (ii) purchase money Indebtedness secured by Purchase Money Liens, which Indebtedness shall not exceed \$1,000,000 per year on a non-cumulative consolidated basis; (iii) unsecured accounts payable and other unsecured obligations of Parent or any Subsidiary incurred in the ordinary course of business of Parent or such Subsidiary and not as a result of any borrowing; (iv) Indebtedness owed by a Borrower to a Subsidiary; (v) Indebtedness of Parent in an aggregate outstanding principal amount not to exceed \$35,000,000 pursuant to the Prudential Agreement; provided that such Indebtedness is unsecured and provided further that any amendments to the Prudential Agreement (other than any amendment (A) with respect to (x) the rate of interest on the Notes (as defined in the Prudential Agreement), (y) any fee payable with respect to the Notes (as defined in the Prudential Agreement) or (z) any other amounts payable under the Prudential Agreement, the Notes (as defined in the Prudential Agreement) or with respect thereto or (B) occurring or entered into as a result of the application of paragraph 6J of the Prudential Agreement) shall require the Lender’s consent, which will not be unreasonably withheld, conditioned or delayed, and (vi) unsecured Indebtedness of Parent or any Subsidiary in an aggregate principal amount not to exceed \$7,000,000 at any time outstanding.

“Permitted Investments” shall mean:

(i) Investments in insured savings accounts and certificates of deposit;

(ii) bankers’ acceptances if issued by a bank organized under the laws of the United States of America or any state having a combined capital and surplus in excess of \$50,000,000 and having a maturity of not more than three months from the date of acquisition;

(iii) Investments in prime commercial paper, rated either P-1 by Moody’s Investors Service or A-1 by Standard & Poor’s Rating Services, or “local rated” commercial paper from Wells Fargo, maturing within one year of the date of acquisition;

(iv) marketable obligations issued or guaranteed by the United States of America or any agency thereof having a maturity of not more than one year from the date of acquisition;

(v) Investments in money market instruments or funds;

(vi) Investments in Subsidiaries and other Investments to the extent permitted under Section 8.4; and

(vii) loans to Subsidiaries.

“Permitted Liens” shall mean:

(i) Liens in favor of the Lender;

(ii) Liens for taxes, assessments, or governmental charges, or levies that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established;

(iii) easements, restrictions, minor title irregularities and similar matters which have no material adverse effect as a practical matter upon the ownership and use of the affected property;

(iv) Liens or deposits in connection with workmen’s compensation, unemployment insurance, social security, ERISA or similar legislation or to secure customs’ duties, public or statutory obligations in lieu of surety, stay or appeal bonds, or to secure performance of contracts or bids (other than contracts for the payment of borrowed money) or deposits required by law as a condition to the transaction of business or other liens or deposits of a like nature made in the ordinary course of business;

(v) Purchase Money Liens securing purchase money Indebtedness which is permitted hereunder; and

(vi) Liens set forth on Schedule 8.2.

“Person” shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

“Plan” shall mean each pension, profit sharing, stock bonus, thrift, savings and employee stock ownership plan established or maintained, or to which contributions have been made, by Parent or any Subsidiary or any trade or business which together with Parent or any Subsidiary would be treated as a single employer under Section 4001 of ERISA.

“Prime Rate” shall mean, at any time, the rate of interest per annum publicly announced from time to time by the Lender as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Lender as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

“Prudential Agreement” shall mean that certain Amended and Restated Note Purchase and Private Shelf Agreement dated as of June 30, 2014, executed by Parent and accepted by Prudential Investment Management, Inc., The Prudential Insurance Company of America, Pruco Life Insurance Company and the other Purchasers (as defined therein) from time to time party thereto, as the same may be amended, supplemented or otherwise modified from time to time, providing for the 2006 Notes (as defined therein) and the Shelf Notes (as defined therein) in an aggregate principal amount of up to \$50,000,000.

“Purchase Money Liens” shall mean Liens securing purchase money Indebtedness incurred in connection with the acquisition of capital assets by Parent or any Subsidiary in the ordinary course of business, provided that such Liens do not extend to or cover assets or properties other than those purchased in connection with the purchase in which such Indebtedness was incurred and that the obligation secured by any such Lien so created shall not exceed one hundred percent (100%) of the cost of the property covered thereby.

“Reimbursement Obligation” shall mean the obligation of Parent to reimburse the Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit.

“Related Parties” shall mean, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Responsible Officer” shall mean, as to any Person, the chief executive officer, president, chief financial officer, treasurer or assistant treasurer of such Person or any other officer of such Person reasonably acceptable to the Lender. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

“Revaluation Date” shall mean (i) with respect to any Foreign Currency Loan, each of the following: (A) the date of making any such Loan, (B) each continuation of any Foreign Currency Loan, (C) the last Business Day of each calendar quarter and (D) such additional dates as the Lender shall determine and (ii) with respect to any Letter of Credit, each of the following: (A) the date of issuance of any Letter of Credit denominated in a Foreign Currency, (B) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (C) each date of any payment by the Lender under any Letter of Credit denominated in a Foreign Currency, (D) the last Business Day of each calendar quarter and (E) such additional dates as the Lender shall determine.

“Revolving Credit Commitment” shall mean the obligation of the Lender to make Loans in an aggregate principal amount at any time outstanding not to exceed \$60,000,000, as such amount may be modified at any time or from time to time pursuant to the terms hereof. Notwithstanding anything to the contrary herein, for the avoidance of any doubt, the Revolving Credit Commitment may be increased up to an additional \$10,000,000 (to a maximum of \$70,000,000) pursuant to Section 4.14.

“Revolving Credit Facility” shall mean the revolving credit facility established pursuant to Article II (including any increase in such revolving credit facility in connection with an Incremental Loan Commitment established pursuant to Section 4.14).

“Revolving Credit Note” shall mean a promissory note made by the Borrowers in favor of the Lender evidencing the Loans made by the Lender, substantially in the form attached as Exhibit A, and any amendments, supplements and modifications thereto, any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

“Revolving Credit Outstandings” shall mean the sum of (i) with respect to Loans on any date, the aggregate outstanding principal Dollar Amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date; plus (ii) with respect to any L/C Obligations on any date, the aggregate outstanding Dollar Amount thereof on such date after giving effect to any Extensions of Credit occurring on such date and any other changes in the aggregate Dollar Amount of the L/C



Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

“Sanctioned Country” shall mean a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>, or as otherwise published from time to time.

“Sanctioned Person” shall mean (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (b) a Person named on the lists maintained by the United Nations Security Council available at [http://www.un.org/sc/committees/list\\_compend.shtml](http://www.un.org/sc/committees/list_compend.shtml), or as otherwise published from time to time, (c) a Person named on the lists maintained by the European Union available at [http://eeas.europa.eu/cfsp/sanctions/consol-list\\_en.htm](http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm), or as otherwise published from time to time, (d) a Person named on the lists maintained by Her Majesty’s Treasury available at [http://www.hm-treasury.gov.uk/fin\\_sanctions\\_index.htm](http://www.hm-treasury.gov.uk/fin_sanctions_index.htm), or as otherwise published from time to time, or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“Significant Subsidiary” shall mean, at any time, (a) any Subsidiary of Parent having (i) assets (after intercompany eliminations) with a value not less than 7.5% of the total value of the consolidated assets of Parent and its Subsidiaries, taken as a whole, or (ii) revenues (after elimination of intercompany revenues) not less than 7.5% of the consolidated revenues of Parent and its Subsidiaries, taken as a whole, in each case for, or as of the end of, the most recently ended four fiscal quarter period, as the case may be, and (b) any Subsidiary of Parent that is a party to a Loan Document.

“Solvent” and “Solvency” shall mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the 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, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the 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.

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

“Subsidiary” shall mean any corporation, limited liability company or other Person, more than fifty percent (50%) of the outstanding stock or other equity interests of which (of any class or classes, however designated, having ordinary voting power for the election of at least a majority of the members of the board of directors or other governing body of such corporation or other Person, other than stock or equity interests having such power only by reason of the happening of a contingency) shall at all time be owned by Borrower directly or through one or more Subsidiaries.

“Swap Agreement” shall mean any agreement governing any transaction now existing or hereafter entered into between any Borrower and the Lender or the Lender’s subsidiaries or affiliates or their successors, which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“Sweep Arrangement” has the meaning assigned thereto in [Section 2.3\(a\)](#).

“Taxes” shall mean 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, fines, additions to tax or penalties applicable thereto.

“TD International” has the meaning assigned thereto in the introductory paragraph hereof.

“Termination Date” has the meaning assigned thereto in [Section 10.17](#).

“Total Funded Debt” shall mean (i) all Indebtedness for borrowed money (including without limitation, Indebtedness evidenced by promissory notes, bonds, debentures and similar interest-bearing instruments and all purchase money Indebtedness), plus (ii) the principal portion of capital lease obligations, plus (iii) the maximum amount which is available to be drawn under Letters of Credit then outstanding, all as determined for Parent and its consolidated Subsidiaries as of the date of determination, without duplication, and in accordance with U.S. GAAP applied on a consistent basis.

“Uniform Customs” shall mean the Uniform Customs and Practice for Documentary Credits (1993 Revision), effective January, 1994 International Chamber of Commerce Publication No. 600.

“U.S.” or “United States” shall mean the United States of America.

“U.S. GAAP” shall mean generally accepted accounting principles in the United States of America as in effect from time to time; provided that determinations in accordance with U.S. GAAP for purposes of [Article VIII](#), including defined terms as used therein, are subject (to the extent provided therein) to [Section 1.3\(b\)](#).

“Wells Fargo” shall mean Wells Fargo Bank, National Association, a national banking association, and its successors.

“Withholding Agent” means the Applicable Borrower and the Lender.

**SECTION 1.2 Other Definitions and Provisions.** With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document: (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (d) the word “will” shall be construed to have the same meaning and effect as the word “shall”, (e) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (f) 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, (g) 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, (h) 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, (i) the term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form, (j) in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including” and (k) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

**SECTION 1.3 Accounting Terms.**

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data and financial statements (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with U.S. GAAP, applied on a consistent basis, as in effect from time to time and consistent with those used in preparing the audited financial statements required by Section 7.4(b), provided, that (i) if, at any time any change in U.S. GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Parent or the Lender shall so request, the Lender and Parent shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in U.S. GAAP; provided, that, until so amended (A) such ratio or requirement shall continue to be computed in accordance with U.S. GAAP prior to such change therein and (B) Parent shall provide to the Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in U.S. GAAP, (ii) to the extent expressly required pursuant to the provisions of this Agreement, certain calculations shall be made on a pro forma basis, and (iii) for purposes of determining compliance with any incurrence or expenditure tests set forth in Articles VII and/or VIII, any amounts so incurred or expended (to the extent incurred or expended in a currency other than Dollars) shall be converted into Dollars on the basis of the exchange rates (as shown on the Reuters World Currency Page for such currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Lender or, in the event no such service is selected, on such other basis as is reasonably satisfactory to the Lender) as in effect on the date of such incurrence or expenditure under any provision of any such Section that has an aggregate Dollar limitation provided for therein (and to the extent the respective incurrence or expenditure test regulates the aggregate amount outstanding at any time and it is expressed in terms of Dollars, all outstanding amounts originally incurred or spent in currencies other than Dollars shall be converted into Dollars on the basis of the exchange rates (as shown on the Reuters World Currency Page for such currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Lender or, in the event no such service is selected, on such other basis as is reasonably satisfactory to the Lender) as in effect on the date of any new incurrence or expenditures made under any provision of any such Section that regulates the Dollar amount outstanding at any time). Notwithstanding the foregoing, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards No. 159 (or any similar accounting principle) permitting a Person to value its financial liabilities or Indebtedness at the fair value thereof.

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

**SECTION 1.5 References to Agreement and Laws.** Unless otherwise expressly provided herein, (a) references to formation documents, governing documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

**SECTION 1.6 Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to London time (daylight or standard, as applicable) or, with respect to Loans denominated in Dollars, Chicago time (daylight or standard, as applicable); provided, however, that to the extent relating to extensions of credit which are administered by the Lender out of a Lending Office located outside of the United States other than London, times of day shall be deemed to be references to the time of day in the location of the applicable Lending Office.

**SECTION 1.7 Letter of Credit Amounts.** Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Application therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Application and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn, reimbursed and no longer available under such Letter of Credit).

**SECTION 1.8 Foreign Currencies.**

(a) For purposes of this Agreement, references to the applicable outstanding amount of Loans, Revolving Credit Outstandings, Letters of Credit or L/C Obligations (including, without limitation, all Foreign Currency Loans and Foreign Currency Outstandings) shall be deemed to refer to the Dollar Amount thereof.

(b) For purposes of this Agreement, the Dollar Amount of any Foreign Currency Loan or Letter of Credit denominated in a Foreign Currency shall be determined in accordance with the terms of this Agreement in respect of the most recent Revaluation Date. Such Dollar Amount shall become effective as of such Revaluation Date for such Foreign Currency Loan or such Letter of Credit and shall be the Dollar Amount employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur for such Foreign Currency Loan or Letter of Credit.

(c) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Lender may, in consultation with Parent, from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro. Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Lender may, in consultation with Parent, from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

(d) Parent, on behalf of the Applicable Borrower, may from time to time request that LIBOR Rate Loans be made in a currency other than those specifically listed in the definition of "Foreign Currency"; provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. Any such request shall be subject to the approval of the Lender. Any such request shall be made to the Lender not later than 11:00 a.m., twenty (20) Business Days prior to the date of the desired borrowing (or such other time or date as may be agreed by the Lender in its sole discretion). Any failure by the Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by the Lender to permit LIBOR Rate Loans to be made in such requested currency. If the Lender consents to making LIBOR Rate Loans in such requested currency, the Lender shall so notify Parent and such currency shall thereupon be deemed for all purposes to be a Foreign Currency hereunder for purposes of any borrowings of LIBOR Rate Loans.

**SECTION 1.9 Appointment of Parent as Agent.** TD International hereby irrevocably appoints and authorizes Parent (a) to provide the Lender with all notices with respect to Extensions of Credit obtained for the benefit of TD International and all other notices and instructions under this Agreement, (b) to take such action on behalf of TD International as Parent deems appropriate on its behalf to obtain Extensions of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement and (c) to act as its agent for service of process and notices required to be delivered under this Agreement or the other Loan Documents, it being understood and agreed that receipt by Parent of any summons, notice or other similar item shall be deemed effective receipt by TD International.

ARTICLE II

REVOLVING CREDIT FACILITY

**SECTION 2.1 Loans.** Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth herein, the Lender agrees to make Loans to the Applicable Borrower in a Permitted Currency from time to time from the Closing Date through, but not including, the Maturity Date as requested by Parent, on behalf of the Applicable Borrower, in accordance with the terms of Section 2.3; provided, that (a) the Revolving Credit Outstandings shall not exceed the Revolving Credit Commitment, (b) the Foreign Currency Outstandings shall not exceed an amount equal to the Foreign Currency Sublimit

and (c) the aggregate outstanding principal amount of all Loans made to TD International shall not exceed \$15,000,000. Subject to the terms and conditions hereof, the Borrowers may borrow, repay and reborrow Loans hereunder until the Maturity Date.

SECTION 2.2 [Intentionally Omitted].

SECTION 2.3 Procedure for Advances of Loans.

(a) Requests for Borrowing. Parent, on behalf of the Applicable Borrower, shall give the Lender irrevocable prior written notice substantially in the form of Exhibit B (a "Notice of Borrowing") not later than 1:00 p.m. (i) on the same Business Day as each Base Rate Loan, (ii) at least three (3) Business Days before each LIBOR Rate Loan denominated in Dollars, Euros or Sterling and (iii) at least four (4) Business Days before each Loan denominated in any other Foreign Currency, of its intention to borrow, specifying:

- (i) the Applicable Borrower requesting such borrowing;
- (ii) the date of such borrowing, which shall be a Business Day;
- (iii) if such Loan is a Foreign Currency Loan, the applicable Foreign Currency in which such Loan is to be funded;
- (iv) if such Loan is a Loan denominated in Dollars, whether such Loan shall be a LIBOR Rate Loan or a Base Rate Loan;
- (v) if such Loan is a LIBOR Rate Loan, the duration of the Interest Period applicable thereto; and

(vi) the amount of such borrowing, which shall be, (A) with respect to Base Rate Loans in an aggregate principal amount of \$500,000 or a whole multiple of \$500,000 in excess thereof or (B) with respect to LIBOR Rate Loans in an aggregate principal amount of \$500,000 or a whole multiple of \$500,000 in excess thereof (or, in the case of borrowings denominated in a Foreign Currency, in such increments as the Lender may from time to time determine).

If Parent fails to specify a currency in the Notice of Borrowing requesting a Loan, then the Loan so requested shall be made in Dollars. A Notice of Borrowing received after 1:00 p.m. shall be deemed received on the next Business Day.

Notwithstanding any provision herein to the contrary, Parent and the Lender may agree that the Revolving Credit Facility may or may not be used to automatically draw and repay Daily One Month LIBOR Loans (subject to the limitations set forth herein) pursuant to cash management arrangements between Parent and the Lender (the "Sweep Arrangement"). Principal and interest on Daily One Month LIBOR Loans deemed requested pursuant to the Sweep Arrangement shall be paid pursuant to the terms and conditions set forth herein. The borrowing and disbursement provisions set forth in this Section 2.3 and any other provision hereof with respect to the timing or amount of payments on the Daily One Month LIBOR Loans (other than Section 2.4(a)) shall not be applicable to Daily One Month LIBOR Loans.

(b) Disbursement of Loans. Not later than 3:00 p.m. on the proposed borrowing date, the Lender will make such Loan available to the Applicable Borrower (and the Borrowers hereby irrevocably authorize the Lender to disburse the proceeds of each borrowing requested pursuant to this Section) by promptly crediting the amount of such Loan to the applicable deposit account of the Applicable Borrower identified in the Notice of Borrowing or as may be otherwise agreed upon by Parent and the Lender from time to time.

(c) Lending Offices. The Lender may, at its option, make any Loan available to any Borrower by causing any foreign or domestic branch or Affiliate of the Lender to make such Loan; provided that (i) all terms of this Agreement shall apply to any such branch or Affiliate and (ii) the exercise of such option shall not affect the obligation of such Borrower to repay such Loan in accordance with the terms of this Agreement; provided that no action by the Lender pursuant to this subsection shall result in any of the Borrowers incurring incremental obligations under Section 4.10 or Section 4.12 or result in the application of Section 4.8(b).

SECTION 2.4 Repayment and Prepayment of Loans.

(a) Repayment on Termination Date. Each Applicable Borrower hereby agrees to repay the outstanding principal amount of all Loans to such Borrower in the applicable Permitted Currency in full on the Maturity Date, with all accrued but unpaid interest thereon.

(b) Mandatory Prepayments.

(i) Aggregate Revolving Credit Commitment. If, as of the most recent Revaluation Date or at any time (as determined by the Lender under Section 2.4(b)(iii)), based upon the Dollar Amount of all Revolving Credit Outstandings, for any reason the outstanding principal amount of all Loans plus the sum of all outstanding L/C Obligations exceeds the Revolving Credit Commitment, then, in each such case, Parent shall, or shall cause TD International to, as applicable, (A) first, if (and to the extent) necessary to eliminate such amount in excess of the Revolving Credit Commitment, immediately repay outstanding Loans which are Base Rate Loans (and/or reduce any pending requests for a borrowing or continuation or conversion of such Loans submitted in respect of such Loans on such day) in an amount equal to the Dollar Amount of such amount in excess of the Revolving Credit Commitment, (B) second, if (and to the extent) necessary to eliminate such amount in excess of the Revolving Credit Commitment, immediately repay outstanding Loans which are LIBOR Rate Loans denominated in Dollars (and/or reduce any pending requests for a borrowing or continuation or conversion of such Loans submitted in respect of such Loans on such day) in an amount equal to the Dollar Amount of such amount in excess of the Revolving Credit Commitment, (C) third, if (and to the extent) necessary to eliminate such amount in excess of the Revolving Credit Commitment, immediately repay outstanding Foreign Currency Loans (and/or reduce any pending requests for a borrowing or continuation or conversion of such Loans submitted in respect of such Loans on such day) in an amount equal to the Dollar Amount of such amount in excess of the Revolving Credit Commitment and (D) fourth, with respect to any Letters of Credit then outstanding, if (and to the extent) necessary to collateralize such amount in excess of the Revolving Credit Commitment, immediately make a payment of Cash Collateral into a Cash Collateral Account opened by the Lender for its benefit in an amount equal to the Dollar Amount of such amount in excess of the Revolving Credit Commitment (such Cash Collateral to be applied in accordance with Section 9.1(b)).

(ii) If, in any applicable jurisdiction, it becomes unlawful for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain any Loan or Letters of Credit:

(A) that Lender shall promptly notify the Borrowers and the Extension of Credit will be immediately cancelled; and

(B) each Borrower shall repay that Lender's Loans or Letter of Credit disbursements made to or for the account of that Borrower on the last day of the Interest Period for each Loan occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Borrower (being no earlier than the last day of any applicable grace period permitted by law).

(iii) Foreign Currency Sublimit. If, at any time (as determined by the Lender under Section 2.4(b)(v)), based upon the Dollar Amount of all outstanding Foreign Currency Loans, (A) solely because of currency fluctuation, the outstanding principal amount of all Foreign Currency Loans exceeds one hundred five percent (105%) of the Foreign Currency Sublimit or (B) for any other reason, the outstanding principal amount of all Foreign Currency Loans exceeds

the Foreign Currency Sublimit, then, in each such case, the Applicable Borrower shall, if (and to the extent) necessary to eliminate such amount in excess of the Foreign Currency Sublimit, immediately repay outstanding Foreign Currency Loans of the applicable Foreign Currency (and/or reduce any pending requests for a borrowing or continuation or conversion of such Loans submitted in respect of such Loans on such day) by the Dollar Amount of such amount in excess of the Foreign Currency Sublimit.

(iv) Excess L/C Obligations. If, at any time (as determined by the Lender under Section 2.4(b)(v)), based upon the Dollar Amount of all outstanding L/C Obligations, (i) solely because of currency fluctuation, the outstanding principal amount of all L/C Obligations exceeds one hundred and five percent (105%) of the L/C Commitment or (ii) for any other reason, the outstanding principal amount of all L/C Obligations exceeds the L/C Commitment, then, in each such case, Parent shall, with respect to any Letters of Credit then outstanding, make a payment of Cash Collateral into a Cash Collateral Account opened by the Lender for its benefit in an amount equal to the Dollar Amount of such amount in excess of the L/C Commitment (such Cash Collateral to be applied in accordance with Section 9.1(b)).

(v) Compliance and Payments. The Borrowers' compliance with this Section 2.4(b) shall be tested from time to time by the Lender at its sole discretion, but in any event shall be tested on the date on which (A) Parent, on behalf of the Applicable Borrower, requests that the Lender make a Loan or (B) Parent requests that the Lender issue a Letter of Credit. Each such repayment pursuant to this Section 2.4(b) shall be accompanied by any amount required to be paid pursuant to Section 4.9.

(c) Optional Prepayments. The Borrowers may at any time and from time to time prepay Loans, in whole or in part, without penalty, by providing irrevocable prior written notice to the Lender substantially in the form attached as Exhibit C (a "Notice of Prepayment") given not later than 1:00 p.m. (i) on the same Business Day as prepayment of each Base Rate Loan, (ii) at least three (3) Business Days before prepayment of each LIBOR Rate Loan denominated in Dollars, Euros or Sterling and (iii) at least four (4) Business Days before prepayment of each Loan denominated in any other Foreign Currency, specifying (A) the date and amount of prepayment, (B) the applicable Foreign Currency in which any Loan is denominated and (C) with respect to Loans denominated in Dollars, whether the repayment is of LIBOR Rate Loans, Base Rate Loans, or a combination thereof, and, if of a combination thereof, the amount allocable to each. If any such notice is given, the amount specified in such notice shall be due and payable on the date set forth in such notice. Partial prepayments shall be in an aggregate amount of (i) \$500,000 or a whole multiple of \$500,000 in excess thereof with respect to Base Rate Loans or any lesser amount outstanding and (ii) \$500,000 or a whole multiple of \$500,000 in excess thereof with respect to LIBOR Rate Loans or any lesser amount outstanding. A Notice of Prepayment received after 1:00 p.m. shall be deemed received on the next Business Day. Notwithstanding anything to the contrary herein, each such prepayment shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof.

(d) Limitation on Prepayment of LIBOR Rate Loans. Any prepayment of any LIBOR Rate Loan on any day other than on the last day of the Interest Period applicable thereto shall be subject to the terms of Section 4.9 hereof.

#### SECTION 2.5 Permanent Reduction of the Revolving Credit Commitment.

(a) Voluntary Reduction. Parent shall have the right at any time and from time to time, upon at least five (5) Business Days prior written notice to the Lender, to permanently reduce, without premium or penalty, (i) the entire Revolving Credit Commitment at any time or (ii) portions of the Revolving Credit Commitment, from time to time, in an aggregate principal amount not less than \$500,000 or any whole multiple of \$500,000 in excess thereof. All commitment fees accrued with respect to any portion of the Revolving Credit Commitment terminated pursuant hereto shall be paid on the effective date of such termination.

(b) Corresponding Payment. Each permanent reduction permitted pursuant to this Section shall be accompanied by a payment of principal sufficient to reduce the aggregate Revolving Credit Outstandings, after such reduction to the Revolving Credit Commitment as so reduced and if the Revolving Credit Commitment as so reduced is less than the aggregate amount of all outstanding Letters of Credit, Parent shall be required to deposit Cash Collateral in a Cash Collateral Account opened by the Lender in an amount equal to the Dollar Amount of such amount in excess of the Revolving Credit Commitment. Such Cash Collateral shall be applied in accordance with Section 9.1(b). Any reduction of the Revolving Credit Commitment to zero shall be accompanied by payment of all outstanding Loans (and furnishing of Cash Collateral satisfactory to the Lender for all L/C Obligations) and shall result in the termination of the Revolving Credit Commitment and the Revolving Credit Facility. If the reduction of the Revolving Credit Commitment requires the repayment of any LIBOR Rate Loan, such repayment shall be accompanied by any amount required to be paid pursuant to Section 4.9 hereof.

SECTION 2.6 Termination of Revolving Credit Facility. The Revolving Credit Facility and the Revolving Credit Commitments shall terminate on the Maturity Date.

### ARTICLE III

#### LETTER OF CREDIT FACILITY

**SECTION 3.1 L/C Commitment**. Subject to the terms and conditions hereof, the Lender agrees to issue standby letters of credit (the "Letters of Credit") for the account of Parent on any Business Day from the Closing Date through but not including the fifth (5<sup>th</sup>) Business Day prior to the Maturity Date in such form as may be approved from time to time by the Lender; provided, that the Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (a) the L/C Obligations would exceed the L/C Commitment or (b) the Revolving Credit Outstandings would exceed the Revolving Credit Commitment. Each Letter of Credit shall (i) be denominated in Dollars, Euros or Sterling in a minimum amount to be agreed to by the Lender, (ii) be a standby letter of credit issued to support obligations of Parent or any of its Subsidiaries, contingent or otherwise, incurred in the ordinary course of business, (iii) be in a form satisfactory to the Lender, (iv) expire on a date no more than twelve (12) months after the date of issuance or last renewal of such Letter of Credit (subject to automatic renewal for additional one (1) year periods pursuant to the terms of the Letter of Credit Application or other documentation acceptable to the Lender), which date shall be no later than the fifth (5<sup>th</sup>) Business Day prior to the Maturity Date and (v) be subject to the Uniform Customs or ISP98, as set forth in the Letter of Credit Application or as determined by the Lender and, to the extent not inconsistent therewith, the laws of the State of New York. The Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Lender to exceed any limits imposed by, any Law. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires.

**SECTION 3.2 Procedure for Issuance of Letters of Credit**. Parent may from time to time request that the Lender issue a Letter of Credit by delivering to the Lender, at the office of the Lender specified in or determined in accordance with Section 10.1, a Letter of Credit Application therefor, completed to the satisfaction of the Lender, and such other certificates, documents and other papers and information as the Lender may request (which information shall include the Permitted Currency in which such Letter of Credit shall be denominated). Upon receipt of any Letter of Credit Application, the Lender shall process such Letter of Credit Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall, subject to Section 3.1 and Article V, promptly issue the Letter of Credit requested thereby (but in no event shall the Lender be required to issue any Letter of Credit earlier than three (3) Business Days after its receipt of the Letter of Credit Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Lender and Parent. The Lender shall promptly furnish to Parent a copy of such Letter of Credit and promptly notify the Lender of the issuance and upon request by the Lender, furnish to the Lender a copy of such Letter of Credit and the amount of the Lender's participation therein.

#### SECTION 3.3 Commissions and Other Charges.

(a) Letter of Credit Commissions. Parent shall pay to the Lender, for the account of the Lender, a letter of credit commission with respect to each Letter of Credit in the amount equal to the face amount of such Letter of Credit multiplied by the Applicable Margin with respect to Loans that are LIBOR Rate Loans (determined on a per annum basis). Such commission shall be payable quarterly in arrears on the last Business Day of each calendar quarter, on the Maturity Date and thereafter on demand of the Lender.

(b) Other Costs. In addition to the foregoing fees and commissions, Parent shall pay or reimburse the Lender for such normal and customary costs and expenses as are incurred or charged by the Lender in issuing, effecting payment under, amending or otherwise administering any Letter of Credit.

#### SECTION 3.4 [Intentionally Omitted]

SECTION 3.5 Reimbursement Obligations of Parent. In the event of any drawing under any Letter of Credit, Parent agrees to reimburse (either with the proceeds of a Loan as provided for in this Section or with funds from other sources), in same day funds, in Dollars, the Lender on each date on which the Lender notifies Parent of the date and the Dollar Amount of a draft paid under any Letter of Credit for the Dollar Amount of (a) such draft so paid and (b) any amounts referred to in Section 3.3(c) incurred by the Lender in connection with such payment (including, without limitation, any and all costs, fees and other expenses incurred by the Lender in effecting the payment of any Letter of Credit denominated in a Foreign Currency). Unless Parent shall immediately notify the Lender that Parent intends to reimburse the Lender for such drawing from other sources or funds, Parent shall be deemed to have timely given a Notice of Borrowing to the Lender requesting that the Lender make a Loan denominated in Dollars bearing interest at the Base Rate on such date in the Dollar Amount of (a) such draft so paid and (b) any amounts referred to in Section 3.3(c) incurred by the Lender in connection with such payment (including, without limitation, any and all costs, fees and other expenses incurred by the Lender in effecting the payment of any Letter of Credit denominated in a Foreign Currency), and the Lender shall make such requested Loan bearing interest at the Base Rate in such amount, the proceeds of which shall be applied to reimburse the Lender for the amount of the related drawing and costs and expenses. If Parent has elected to pay the amount of such drawing with funds from other sources and shall fail to reimburse the Lender as provided above, the unreimbursed amount of such drawing shall bear interest at the rate which would be payable on any outstanding Base Rate Loans which were then overdue from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full.

SECTION 3.6 Obligations Absolute. Parent's obligations under this Article III (including, without limitation, the Reimbursement Obligation) shall be absolute and unconditional under any and all circumstances and irrespective of any set off, counterclaim or defense to payment which Parent may have or have had against the Lender or any beneficiary of a Letter of Credit or any other Person. Parent also agrees that the Lender and the L/C Participants shall not be responsible for, and Parent's Reimbursement Obligation under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among Parent and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of Parent against any beneficiary of such Letter of Credit or any such transferee. The Lender shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by the Lender's gross negligence or willful misconduct, as determined by a court of competent jurisdiction by final nonappealable judgment. Parent agrees that any action taken or omitted by the Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct shall be binding on Parent and shall not result in any liability of the Lender or any L/C Participant to Parent. The responsibility of the Lender to Parent in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

SECTION 3.7 Effect of Letter of Credit Application. To the extent that any provision of any Letter of Credit Application related to any Letter of Credit is inconsistent with the provisions of this Article III, the provisions of this Article III shall apply.

SECTION 3.8 Bank Guarantees. By agreement of the Lender and the Borrowers and pursuant to such supplemental documentation as the Lender may request, the Borrowers may utilize the L/C Commitment in the form of bank guarantees issued by the Lender as an alternative to utilizing it for the issuance of Letters of Credit.

### ARTICLE IV

#### GENERAL LOAN PROVISIONS

##### SECTION 4.1 Interest.

(a) Interest Rate Options. Subject to the provisions of this Section, at the election of Parent:

(i) Loans (other than Foreign Currency Loans) shall bear interest at (A) the Base Rate plus the Applicable Margin, (B) the LIBOR Rate plus the Applicable Margin or (C) Daily One Month LIBOR plus the Applicable Margin; and

(ii) the Foreign Currency Loans shall bear interest at the LIBOR Rate plus the Applicable Margin.

Parent, on behalf of the Applicable Borrower, shall select the rate of interest and Interest Period, if any, applicable to any Loan (other than a Daily One Month LIBOR Loan) at the time a Notice of Borrowing is given or at the time a Notice of Conversion/Continuation is given pursuant to Section 4.2. Any Loan (other than a Daily One Month LIBOR Loan) or any portion thereof as to which Parent has not duly specified a currency as provided herein shall be deemed a Loan denominated in Dollars. Any Loan (other than a Daily One Month LIBOR Loan) denominated in Dollars or any portion thereof as to which Parent has not duly specified an interest rate as provided herein shall be deemed a Base Rate Loan and any LIBOR Rate Loan or any portion thereof as to which Parent, on behalf of the Applicable Borrower, has not duly specified an Interest Period as provided herein shall be deemed a LIBOR Rate Loan for a one (1) month Interest Period.

(b) Interest Periods. In connection with each LIBOR Rate Loan, Parent, on behalf of the Applicable Borrower, by giving notice at the times described in Section 2.3 or 4.2, as applicable, shall elect an interest period (each, an "Interest Period") to be applicable to such Loan, which Interest Period shall be a period of one (1), three (3) or six (6) months; provided that:

(i) the Interest Period shall commence on the date of advance of or conversion to any LIBOR Rate Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

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

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

(iv) no Interest Period shall extend beyond the Maturity Date, without payment of any amounts pursuant to Section 4.9; and

(v) there shall be no more than eight (8) Interest Periods in effect at any time.

(c) Default Rate. Subject to Section 9.1, (i) immediately upon the occurrence and during the continuance of an Automatic Event of Default or an Event of Default under clause (i) in the definition of "Notice Event of Default", or (ii) at the election of the Lender, upon the occurrence and during the continuance of any other Event of Default:

(A) the Borrowers shall no longer have the option to request Foreign Currency Loans, LIBOR Rate Loans, or Letters of Credit;

(B) all outstanding LIBOR Rate Loans denominated in Dollars shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to LIBOR Rate Loans denominated in Dollars until the end of the applicable Interest Period and thereafter at a rate equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans;

(C) all outstanding LIBOR Rate Loans denominated in a Foreign Currency shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to LIBOR Rate Loans denominated in such Foreign Currency;

(D) all outstanding Base Rate Loans shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans;

(E) all outstanding Daily One Month LIBOR Loans shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Daily One Month LIBOR Loans; and

(F) all other Obligations arising hereunder or under any other Loan Document shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) applicable to such other Obligation (provided, that if no rate for such other Obligation is set forth herein or in such other Loan Document, then such Obligation shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans).

Interest shall continue to accrue on the Obligations after the filing by or against any Borrower of any petition seeking any relief in bankruptcy or under any act or law pertaining to insolvency or debtor relief, whether state, federal or foreign.

(d) Interest Payment and Computation. Interest on each Base Rate Loan and each Daily One Month LIBOR Loan shall be due and payable in arrears on the last Business Day of each calendar month commencing on June 30, 2014; and interest on each LIBOR Rate Loan shall be due and payable on the last day of each Interest Period applicable thereto (and, with respect to any LIBOR Rate Loan where the applicable Interest Period is greater than one (1) month, also the date one (1) month from the beginning of the Interest Period and each one (1) month thereafter); provided, that accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand. All computations of interest for Base Rate Loans based on the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest provided hereunder shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365/366-day year), or, in the case of interest in respect of Loans denominated in a Foreign Currency as to which market practice differs from the foregoing, in accordance with such market practice.

(e) Maximum Rate.

(i) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest under this Agreement charged or collected pursuant to the terms of this Agreement exceed the highest rate permissible under any Law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto.

(ii) In the event that such a court determines that the Lender has charged or received interest hereunder in excess of the highest applicable rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by Law and the Lender shall at its option (A) promptly refund to the Applicable Borrower any interest received by the Lender in excess of the maximum lawful rate or (B) apply such excess to the principal balance of the Obligations on a pro rata basis. It is the intent hereof that the Borrowers not pay or contract to pay, and that the Lender not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by the Borrowers under Law.

SECTION 4.2 Notice and Manner of Conversion or Continuation of Loans. Provided that no Default or Event of Default has occurred and is then continuing, the Borrowers shall have the option to:

(a) convert all or any portion of any outstanding Base Rate Loans in a principal amount equal to \$500,000 or any whole multiple of \$500,000 in excess thereof into one or more LIBOR Rate Loans denominated in Dollars;

(b) upon the expiration of any Interest Period with respect to any LIBOR Rate Loans denominated in Dollars, (i) convert any part of its outstanding LIBOR Rate Loans denominated in Dollars in a principal amount equal to \$500,000 or a whole multiple of \$500,000 in excess thereof into Base Rate Loans or the entire remaining amount thereof or (ii) continue such LIBOR Rate Loans as LIBOR Rate Loans;

(c) upon the expiration of any Interest Period with respect to any LIBOR Rate Loans denominated in a Foreign Currency, continue such LIBOR Rate Loans as LIBOR Rate Loans in such Foreign Currency.

Whenever a Borrower desires to convert or continue Loans as provided above, Parent, on behalf of the Applicable Borrower, shall give the Lender irrevocable prior written notice in the form attached as Exhibit D (a "Notice of Conversion/Continuation") not later than 1:00 p.m. three (3) Business Days before the day on which a proposed conversion or continuation of such Loan denominated in Dollars, Euros or Sterling and four (4) Business Days before the day on which a proposed conversion or continuation of such Loan denominated in any other Foreign Currency is to be effective specifying:

(i) the Loans to be converted or continued, and, in the case of any LIBOR Rate Loan to be converted or continued, the last day of the Interest Period therefor (including the applicable Permitted Currency in which such Loan(s) is (are) denominated);

(ii) the effective date of such conversion or continuation (which shall be a Business Day);

(iii) the principal amount of such Loans to be converted or continued; and

(iv) the Interest Period to be applicable to such converted or continued LIBOR Rate Loan.

SECTION 4.3 Commitment Fee. Commencing on the Closing Date, the Borrowers shall pay to the Lender a non-refundable commitment fee (the "Commitment Fee") at a rate per annum equal to 0.15% on the average daily unused portion of the Revolving Credit Commitment. The Commitment Fee shall be payable in arrears on the last Business Day of each calendar quarter during the term of this Agreement commencing June 30, 2014 and ending on the Revolving Credit Maturity Date.

SECTION 4.4 Manner of Payment.

(a) Loans Denominated in Dollars and Letters of Credit. Each payment by the Applicable Borrower on account of the principal of or interest on any Loan denominated in Dollars or any Letter of Credit or of any fee, commission or other amounts (including the Reimbursement Obligation with respect to any Letter of Credit) payable to the Lender under this Agreement shall be made not later than 1:00 p.m. on the date specified for payment under this Agreement to the Lender at the Lender's Office for the account of the Lender in Dollars (except as set forth below), in immediately available funds and shall be made without any set off, counterclaim or deduction whatsoever. Any payment received after such time but before 2:00 p.m. on such day shall be deemed a payment on such date for the purposes of clause (i) of the definition of "Notice Event of Default", but for all other purposes shall be deemed to have been made on the next succeeding Business Day. Any payment received after 2:00 p.m. shall be deemed to have been made on the next succeeding Business Day for all purposes. Each payment to the Lender of other fees or commissions shall be made in like manner. Subject to Section 4.1(b)(ii) and (iii), if any payment under this Agreement shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day and such extension of time shall in such case be included in computing any interest payable along with such payment.

(b) Loans Denominated in a Foreign Currency. Each payment by the Applicable Borrower on account of the principal of or interest on any Loan denominated in any Foreign Currency payable to the Lender under this Agreement (or any of them) shall be made not later than 1:00 p.m. on the date specified for payment under this Agreement to the Lender at the Lender's Office in the same Foreign Currency in which the Loan was made (except as set forth below), in immediately available funds and shall be made without any set off, counterclaim or deduction whatsoever. Any payment received after such time but before 2:00 p.m. on such day shall be deemed a payment on such date for the purposes of clause (i) of the definition of "Notice Event of Default", but for all other purposes shall be deemed to have been made on the next succeeding Business Day. Any payment received after 2:00 p.m. shall be deemed to have been made on the next succeeding Business Day for all purposes. Subject to Section 4.1(b)(ii), if any payment under this Agreement shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day and such extension of time shall in such case be included in computing any interest payable along with such payment. Without limiting the generality of the foregoing, the Lender may require that any payments due under this Agreement be made in the United States. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in a Foreign Currency, subject to Section 4.10(d), such Borrower shall make such payment in Dollars in the Dollar Amount of such payment.

SECTION 4.5 Evidence of Indebtedness.

(a) Extensions of Credit. The Extensions of Credit made by the Lender shall be evidenced by one or more accounts or records maintained by the Lender in the ordinary course of business. The accounts or records maintained by the Lender shall be conclusive absent manifest error of the amount of the Extensions of Credit made by the Lender to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Applicable Borrower hereunder to pay any amount owing with respect to the Obligations. Upon the request of the Lender, the Borrowers shall execute and deliver to the Lender a Revolving Credit Note which shall evidence the Lender's Loans, as applicable, in addition to such accounts or records. The Lender may attach schedules to its Revolving Credit Notes and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

SECTION 4.6 Intentionally Omitted

SECTION 4.7 Intentionally Omitted

SECTION 4.8 Changed Circumstances.

(a) Circumstances Affecting LIBOR Rate Availability and Foreign Currency Availability. In connection with any request for a LIBOR Rate Loan, a Base Rate Loan as to which the interest rate is determined with reference to LIBOR, a Foreign Currency Loan or a conversion to or continuation thereof, if for any reason (i) the Lender shall determine (which determination shall be conclusive and binding absent manifest error) that deposits are not being offered to banks in the applicable interbank market (including, without limitation, the London interbank Eurodollar market) for the applicable amount and Interest Period of such Loan, (ii) the Lender shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining the LIBOR Rate for the Interest Period with respect to a proposed LIBOR Rate Loan or any Base Rate Loan as to which the interest rate is determined with reference to LIBOR, (iii) a fundamental change has occurred in the foreign exchange or interbank markets with respect to any Foreign Currency (including, without limitation, changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls), (iv) it has become otherwise materially impractical for the Lender to make any Foreign Currency Loans or (v) the Lender shall determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate does not adequately and fairly reflect the cost to it of making or maintaining such Loans during such Interest Period, then the Lender shall promptly give notice thereof to Parent. Thereafter, until the Lender notifies Parent that such circumstances no longer exist, the obligation of the Lender to make LIBOR Rate Loans or a Base Rate Loans as to which the interest rate is determined with reference to LIBOR and the right of the Applicable Borrower to convert any Loan to or continue any Loan as a LIBOR Rate Loan, a Base Rate Loan as to which the interest rate is determined with reference to LIBOR or a Foreign Currency Loan, as applicable, shall be suspended, and:

(A) in the case of LIBOR Rate Loans denominated in Dollars, the Applicable Borrower shall either (1) repay in full (or cause to be repaid in full) the then outstanding principal amount of each such LIBOR Rate Loan, together with accrued interest thereon (subject to Section 4.1(d)), on the last day of the then current Interest Period applicable to such LIBOR Rate Loan or (2) convert the then outstanding principal amount of each such LIBOR Rate Loan to a Base Rate Loan as of the last day of such Interest Period; and

(B) in the case of LIBOR Rate Loans denominated in a Foreign Currency, the Applicable Borrower shall either (1) repay in full (or cause to be repaid in full) the then outstanding principal amount of each such LIBOR Rate Loan, together with accrued interest thereon (subject to Section 4.1(d)), on the last day of the then current Interest Period applicable to such LIBOR Rate Loan or (2) convert the then outstanding principal amount of each such LIBOR Rate Loan to a Base Rate Loan denominated in Dollars as of the last day of such Interest Period;

provided that if any of the Borrowers elects to make such conversion, Parent shall pay to the Lender any and all costs, fees and other expenses, if any, incurred by the Lender in effecting such conversion.

(b) Laws Affecting LIBOR Rate Availability and Foreign Currency Availability. If, after the date hereof, the introduction of, or any change in, any Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lender (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for the Lender (or any of its respective Lending Offices) to honor its obligations whether denominated in Dollars or a Foreign Currency hereunder to make or maintain any LIBOR Rate Loan, any Base Rate Loan as to which the interest rate is determined with reference to LIBOR or any Foreign Currency Loan, the Lender shall promptly give notice thereof to Parent. Thereafter, until the Lender notifies Parent that such circumstances no longer exist, (i) the obligations of the Lender to make LIBOR Rate Loans, Base Rate Loans as to which the interest rate is determined with reference to

LIBOR or Foreign Currency Loans, as applicable, and the right of the Borrowers to convert any Loan or continue any Loan as a LIBOR Rate Loan, a Base Rate Loan as to which the interest rate is determined with reference to LIBOR or a Foreign Currency Loan, as applicable, shall be suspended and thereafter the Borrowers may select only Base Rate Loans as to which the interest rate is not determined with reference to LIBOR and (ii) if the Lender does not lawfully continue to maintain a LIBOR Rate Loan or a Foreign Currency Loan, as applicable, to the end of the then current Interest Period applicable thereto, the applicable Loan shall immediately be converted to a Base Rate Loan as to which the interest rate is not determined with reference to LIBOR for the remainder of such Interest Period; provided that if Parent elects to make such conversion, Parent shall pay to the Lender any and all costs, fees and other expenses incurred by the Lender in effecting such conversion.

SECTION 4.9 Indemnity. Each Borrower hereby indemnifies the Lender against any loss or expense (including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain a LIBOR Rate Loan or from fees payable to terminate the deposits from which such funds were obtained) which may arise or be attributable to the Lender's obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain any Loan to such Borrower (a) as a consequence of any failure by such Borrower to make any payment when due of any amount due hereunder in connection with a LIBOR Rate Loan or a Foreign Currency Loan, as applicable, (b) due to any failure of such Borrower to borrow, continue or convert on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation or (c) due to any payment, prepayment or conversion of any LIBOR Rate Loan or any Foreign Currency Loan, as applicable, on a date other than the last day of the Interest Period therefor. The amount of such loss or expense shall be determined, in the Lender's sole discretion, based upon the assumption that the Lender funded its pro rata percentage of the Revolving Credit Commitment of the LIBOR Rate Loans or the Foreign Currency Loans, as applicable, in the applicable interbank market and using any reasonable attribution or averaging methods which the Lender deems appropriate and practical. A certificate of the Lender setting forth the basis for determining such amount or amounts necessary to compensate the Lender shall be forwarded to Parent and shall be conclusively presumed to be correct save for manifest error.

#### SECTION 4.10 Increased Costs.

(a) Increased Costs Generally. 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 advances, loans or other credit extended by, the Lender (except any reserve requirement reflected in the LIBOR Rate);

(ii) subject the Lender to any Taxes (other than (A) Indemnified Taxes and (B) Taxes described in clause (a) of the definition of Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on the Lender or the London interbank or other applicable market any other condition, cost or expense (other than Taxes) affecting this Agreement, LIBOR Rate Loans or Foreign Currency Loans made by the Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to the Lender of making, converting into or maintaining any LIBOR Rate Loan or Foreign Currency Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to the Lender of issuing or maintaining any Letter of Credit (or of maintaining its obligation to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount) then, upon written request of the Lender, Parent shall promptly pay to any the Lender or the Lender, as the case may be, such additional amount or amounts as will compensate the Lender, as the case may be, for such additional costs incurred or reduction suffered. Notwithstanding the foregoing, this Section 4.10(a) will apply only in the event that the Lender charges such costs generally to the Lender's other similarly situated customers.

(b) Capital Requirements. If the Lender determines that any Change in Law affecting the Lender or any lending office of the Lender or the Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Revolving Credit Commitment of the Lender or the Loans made by the Lender, or the Letters of Credit issued by the Lender, to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time upon written request of the Lender Parent shall promptly pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

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

(d) Exchange Indemnification and Increased Costs. Parent shall, upon demand from the Lender, pay to the Lender, the amount of (i) any loss or cost or increased cost incurred by the Lender, (ii) any reduction in any amount payable to or in the effective return on the capital to the Lender, (iii) any interest or any other return, including principal, foregone by the Lender as a result of the introduction of, change over to or operation of the Euro or (iv) any currency exchange loss that the Lender sustains, in each case of clauses (i) through (iv), as a result of (1) any payment being made by any Borrower in a currency other than that originally extended to such Borrower or (2) the failure of any Borrower to repay a Loan or Letter of Credit Obligation denominated in a currency other than Dollars. A certificate of the Lender setting forth in reasonable detail the basis for determining such additional amount or amounts necessary to compensate the Lender shall be conclusively presumed to be correct save for manifest error.

(e) Delay in Requests. Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that Parent shall not be required to compensate the Lender pursuant to this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that the Lender, as the case may be, notifies Parent of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty day period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 4.11 Regulatory Limitation; Further Assurances. In the event, as a result of increases in the value of Foreign Currencies against the Dollar or for any other reason, the obligation of the Lender to make Loans (taking into account the Dollar Amount of the Obligations and all other indebtedness required to be aggregated under 12 U.S.C.A. §84, as amended, the regulations promulgated thereunder and any other Law) is determined by the Lender to exceed its then applicable legal lending limit under 12 U.S.C.A. §84, as amended, and the regulations promulgated thereunder, or any other Law, the amount of additional Extensions of Credit the Lender shall be obligated to make or issue hereunder shall immediately be reduced to the maximum amount which the Lender may legally advance (as determined by the Lender), and, to the extent necessary under such laws and regulations (as determined by the Lender), and the Borrowers shall reduce, or cause to be reduced, complying to the extent practicable with the remaining provisions hereof, the Obligations outstanding hereunder by an amount sufficient to comply with such maximum amounts.

#### SECTION 4.12 Taxes.

(a) Intentionally Omitted

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrowers 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 the 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 Borrowers 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) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrowers. The Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Lender timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrowers. Each Borrower shall indemnify the Lender, 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 the Lender or required to be withheld or deducted from a payment to the Lender 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 Parent by the Lender, shall be conclusive absent manifest error.

(e) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Borrower to a Governmental Authority, such Borrower shall deliver to the Lender 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 Lender.

(f) [Intentionally Omitted]

(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 4.12 (including by the payment of additional amounts pursuant to this Section 4.12), 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 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 (h) (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 (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) 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 4.12 shall survive the resignation or replacement of the Lender or any assignment of rights by, the Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 4.13 Mitigation Obligations. If the Lender delivers notice to the Borrowers pursuant to Section 4.8(b), or requests compensation under Section 4.10, or requires the Borrowers to pay any additional amount to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 4.12, then, upon the request of Parent, the 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 the Lender, such designation or assignment (i) would make it lawful or possible, as the case may be, to honor its obligations to make or maintain LIBOR Rate Loans or Foreign Currency Loans hereunder or would eliminate or reduce amounts payable pursuant to Section 4.10 or Section 4.12, as the case may be, in the future and (ii) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender.

SECTION 4.14 Incremental Loans. Notwithstanding anything to the contrary herein, at any time prior to the Maturity Date, Parent may by written notice to the Lender on not more than two occasions elect to request the establishment of one or more incremental revolving credit commitments (any such incremental revolving credit commitment, an "Incremental Loan Commitment") to make incremental revolving credit loans (any such incremental revolving credit loans, an "Incremental Loan"); provided that (i) the total aggregate amount for all such Incremental Loan Commitments shall not (as of any date of incurrence thereof) exceed \$10,000,000 and (ii) the total aggregate amount for each Incremental Loan Commitment shall not be less than \$1,000,000 or, if less, the remaining amount permitted pursuant to the foregoing clause (i). Each such notice shall specify the date (each, an "Increased Amount Date") on which Parent proposes that any Incremental Loan Commitment shall be effective, which shall be a date not less than thirty (30) days after the date on which such notice is delivered to the Lender. The Lender may elect or decline, in its sole discretion, to provide such Incremental Loan Commitment. Any Incremental Loan Commitment shall become effective as of such Increased Amount Date; provided that:

(a) the Lender elects to provide such Incremental Loan Commitment;

(b) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to any Incremental Loan Commitment;

(c) each Incremental Loan shall be a "Loan" for all purposes hereof and shall be subject to the same terms and conditions as the Loans and shall be guaranteed with the other Extensions of Credit on a pari passu basis;

(d) such Incremental Loan Commitments shall be effected pursuant to one or more agreements in form and substance satisfactory to the Lender and Parent; and

(e) Parent shall deliver or cause to be delivered any customary legal opinions or other documents (including, without limitation, a resolution duly adopted by the board of directors (or equivalent governing body) of Parent authorizing such Incremental Loan Commitment (for the avoidance of doubt, resolutions duly adopted by the board of directors (or equivalent governing body) of Parent delivered pursuant to Section 5.1(b)(ii) which authorize such Incremental Loan Commitment shall be sufficient so long as such resolutions are certified as of the applicable Increased Amount Date as remaining in full force and effect) reasonably requested by the Lender in connection with any such transaction.

For the avoidance of any doubt, any Incremental Loan Commitment under this Agreement shall increase the Revolving Credit Commitment on a dollar for dollar basis.

## ARTICLE V

### CONDITIONS OF EFFECTIVENESS AND BORROWING

SECTION 5.1 Conditions to Effectiveness and Initial Extensions of Credit. The effectiveness of this Agreement and the obligation of the Lender to make the initial Loan or issue the initial Letter of Credit, if any, are subject to the satisfaction of each of the following conditions:

(a) Executed Loan Documents. This Agreement and a Revolving Credit Note in favor of the Lender, together with any other applicable Loan Documents, shall have been duly authorized, executed and delivered to the Lender by the parties thereto and shall be in full force and effect.

(b) Closing Certificates; Etc. The Lender shall have received each of the following in form and substance reasonably satisfactory to the Lender:

(i) Officer's Certificate. A certificate from a Responsible Officer of Parent to the effect that all representations and warranties of such Person contained in this Agreement and the other Loan Documents are true and correct and that, after giving effect to any Extensions of Credit to be made on the Closing Date, no Default or Event of Default has occurred and is continuing.

(ii) Certificate of Secretary of each Borrower. A certificate of the secretary, assistant secretary, director, officer or other authorized person (each, an "Authorized Officer"), as the case may be, of each Borrower certifying as to the incumbency and genuineness of the signature of each officer of such Borrower or other authorized person executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation or formation of such Borrower and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation or formation, (B) the bylaws or other governing document of such Borrower as in effect on the Closing Date, and (C) resolutions duly adopted by the board of directors (or other governing body) of such Borrower authorizing the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party.

(iii) Certificates of Good Standing. Certificates as of a recent date of the good standing (or the equivalent thereof, if any) of each Borrower under the laws of its jurisdiction of organization and, to the extent requested by the Lender, each other jurisdiction where such Borrower is qualified to do business.

(iv) Opinions of Counsel. Favorable opinions of U.S. and Belgian counsel to the Borrowers addressed to the Lender with respect to the Borrowers, the Loan Documents and such other matters as the Lender shall request and which opinion shall permit reliance by successors and permitted assigns of the Lender.

(c) Governmental and Third Party Approvals. The Borrowers shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Lender) in connection with the transactions contemplated by this Agreement and the other Loan Documents and the other transactions contemplated hereby. Without limiting the foregoing, this Agreement and the transactions contemplated hereby shall be permitted by the M&I Agreement and the Prudential Agreement pursuant to a waiver and/or amendment thereof in form and substance satisfactory to the Lender.

(d) Financial Matters.

(i) Financial Statements. The Lender shall have received (A) the audited consolidated balance sheet of Parent and its Subsidiaries for the three fiscal years most recently ended for which financial statements are available and the related audited statements of income and retained earnings and cash flows for such fiscal years and (B) unaudited consolidated and consolidating balance sheet of Parent and its Subsidiaries for each quarterly period ended after June 30, 2013 for which financial statements are available and related unaudited interim statements of income and retained earnings.

(ii) Payment at Closing. Parent shall have paid all fees, charges and disbursements of counsel to the Lender (directly to such counsel if requested by the Lender) to the extent accrued and unpaid prior to or on the Closing Date and for which a detailed invoice has been delivered to Parent.

(e) Miscellaneous.

(i) PATRIOT Act. Each Borrower shall have provided to the Lender the documentation and other information requested by the Lender in order to comply with requirements of the PATRIOT Act.

(ii) Existing Indebtedness. All existing Indebtedness under (A) that certain Amended and Restated Credit Agreement, dated as of May 13, 2011, by and between Parent and M&I Marshall & Ilsley Bank, as the same has been or may be amended, supplemented or otherwise modified from time to time, and (B) that certain Credit Agreement, dated as of November 19, 2012, by and among the Borrowers and the Lender, in each case, shall be repaid in full (it being understood that such amounts may be paid with the proceeds of Loans made on the Closing Date), all commitments (if any) in respect thereof shall have been terminated and all guarantees therefor and security therefor shall be released, and the Lender shall have received pay-off letters in form and substance satisfactory to it evidencing such repayment, termination and release.

(iii) Prudential Agreement. The Lender shall have received a fully executed copy of an amendment to the Prudential Agreement in form and substance reasonably satisfactory to the Lender.

(iv) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Lender. The Lender shall have received copies of all other documents, certificates and instruments reasonably requested thereby, with respect to the transactions contemplated by this Agreement.

SECTION 5.2 Conditions to All Extensions of Credit. The obligation of the Lender to make any Extensions of Credit (including the initial Extension of Credit), and to issue or extend any Letter of Credit are subject to the satisfaction of the following conditions precedent on the relevant borrowing, continuation, conversion, issuance or extension date:

(a) Continuation of Representations and Warranties. The representations and warranties contained in Article VI shall be true and correct.

(b) No Existing Default. No Default or Event of Default shall have occurred and be continuing (i) on the borrowing date with respect to such Loan or after giving effect to the Loans to be made or (ii) on the issuance or extension date with respect to such Letter of Credit or after giving effect to the issuance or extension of such Letter of Credit on such date.

(c) Notices. The Lender shall have received a Notice of Borrowing or Letter of Credit Application from the Applicable Borrower in accordance with Section 2.3(a) or Section 3.2, as applicable.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES OF THE BORROWERS

In order to induce the Lender to enter into this Agreement and to make the Loans, and issue the Letters of Credit as provided herein, each of the Borrowers (to the extent that the representations, warranties and agreements set forth below in this Article VI expressly apply to such Borrower or any of its Subsidiaries) makes the following representations, warranties and agreements, all of which shall survive the execution and delivery of this Agreement and the Revolving Credit Notes and the making of the Loans and the issuance of the Letters of Credit:

SECTION 6.1 Organization and Qualification; Subsidiaries. Parent and each Subsidiary is a corporation, limited liability company, partnership, trust or other domestic or foreign entity or organizational form duly and validly organized and existing under the Laws of the jurisdiction of its incorporation or formation, as applicable, and has the corporate or other organizational power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business as now conducted or presently contemplated. Parent and each Subsidiary is duly licensed or qualified to do business and is in active status or good standing in all jurisdictions in which failure to do so would have a material adverse effect on its business or financial condition. All of the Subsidiaries of Parent, together with Parent's percentage of ownership of each Subsidiary, are set forth on Schedule 6.1.

SECTION 6.2 Financial Statements. All of the financial statements of Parent and its Subsidiaries heretofore furnished to the Lender by Parent are accurate and complete in all material respects and fairly present the financial condition and the results of operations of Parent and its Subsidiaries for the periods covered thereby and as of the relevant dates thereof, all financial statements were prepared in accordance with U.S. GAAP, subject in the case of interim financial statements to audit and year-end adjustments. There has been no material adverse change in the business, properties or condition (financial or otherwise) of Parent and its Subsidiaries since the date of the latest of such financial statements. Parent has no knowledge of any material liabilities of any nature not disclosed in writing to the Lender.

SECTION 6.3 Authorization; Enforceability. The making, execution, delivery and performance of this Agreement and any other Loan Document, and compliance with their respective terms, have been duly authorized by all necessary corporate or other organizational action of each Borrower. This Agreement and each other Loan Document are the valid and binding obligations of each Borrower, enforceable against such Borrower in accordance with their respective terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws generally affecting the rights of creditors and subject to general equity principles.

SECTION 6.4 Absence of Conflicting Obligations; Defaults. The making, execution, delivery and performance of this Agreement and each other Loan Document, and compliance with their respective terms, do not violate any presently existing provision of Law or the articles or certificate of incorporation or bylaws (or equivalent governing documents) of each Borrower or any agreement material to the business of Parent or any Subsidiary to which Parent or any Subsidiary is a party or by which Parent or any Subsidiary or any of their respective assets is bound. Neither Parent nor any Subsidiary is in default in the payment of the principal of or interest on any of its Indebtedness or in default under any instrument or instruments or agreements under and subject to which any Indebtedness has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time, or with the giving of notice, or both, would constitute an event of default thereunder or an Event of Default under this Agreement.

SECTION 6.5 Taxes. Parent and each Subsidiary has filed all federal, state, foreign and local tax returns which were required to be filed (subject to any valid extensions of the time for filing), the failure to file of which would have a material adverse effect on Parent's or such Subsidiary's business or financial condition, and has paid, or made provision for the payment of, all taxes owed by it, and no tax deficiencies have been assessed or, to Parent's knowledge, proposed against Parent or any Subsidiary.

SECTION 6.6 Absence of Litigation. Except as set forth on Schedule 6.6, neither Parent nor any Subsidiary is a party to, and so far as is known to Parent there is no threat of, any litigation or administrative proceeding which would, if adversely determined, impair the ability of any Borrower to perform its obligations under this Agreement or any other Loan Document, cause any material adverse change in the assets and properties of Parent or any Subsidiary, cause any material impairment of the right to carry on the business of Parent or any Subsidiary, or cause any material adverse effect on the financial condition of Parent or any Subsidiary.

SECTION 6.7 Indebtedness. Neither Parent nor any Subsidiary has incurred any Indebtedness except for Permitted Indebtedness.

SECTION 6.8 Title to Property. Parent and each Subsidiary has good title to, or a valid leasehold interest in, all assets and properties necessary to conduct its business as now conducted or proposed to be conducted, and there are no Liens on any of the assets or properties of Parent or any Subsidiary other than Permitted Liens. Parent and each Subsidiary has all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, reasonably necessary to conduct its business as now conducted or proposed to be conducted, and Parent does not know of any conflict with or violation of any valid rights of others with respect thereto.

SECTION 6.9 ERISA. Parent has no knowledge: (a) that any Plan is in noncompliance in any material respect with the applicable provisions of ERISA or the Internal Revenue Code; (b) of any pending or threatened litigation or governmental proceeding or investigation against or relating to any Plan; (c) of any reasonable basis for any material proceedings, claims or actions against or relating to any Plan; (d) that any Borrower has incurred any "accumulated funding deficiency" within the meaning of Section 302(a)(2) of ERISA in connection with any Plan; or (e) that there has been any Reportable Event or Prohibited Transaction (as such terms are defined in ERISA) with respect to any Plan, the occurrence of which would have a material adverse effect on the business or condition (financial or otherwise) of Parent or any Subsidiary, or both, or that Parent or any Subsidiary, or both, has incurred any liability to the PBGC under Section 4062 of ERISA in connection with any Plan.

SECTION 6.10 Fiscal Year. Each Borrower's fiscal year ends on June 30.

SECTION 6.11 Compliance With Laws. Parent and each Subsidiary is in compliance in all material respects with all Laws applicable to Parent or such Subsidiary, their respective assets or operations, the failure to comply with which could have a material adverse effect on Parent's or such Subsidiary's business or financial condition.

SECTION 6.12 Dump Sites. To Parent's knowledge after reasonable investigation, with respect to any period during which Parent or any Subsidiary has occupied the Facilities and with respect to the time before Parent or any Subsidiary occupied the Facilities, no Person has caused or permitted petroleum products or hazardous substances or other materials to be stored, deposited, treated, recycled or disposed of on, under or at the Facilities, which materials, if known to be present, might require investigation, clean-up, removal or some other remedial action under Environmental Laws except as set forth in Schedule 6.12 hereto, and each Borrower hereby certifies to the Lender that all such petroleum products or hazardous substances or other materials are being stored, deposited, treated, recycled or disposed of in accordance with all applicable Environmental Laws and none of such items or matters shall have a material adverse effect upon the financial condition of Parent or any Subsidiary or any of their assets or properties.

SECTION 6.13 Tanks. There are not now nor, to Parent's knowledge after reasonable investigation, have there ever been tanks, containers or other vessels on, under or at the Facilities that contained petroleum products or hazardous substances or other materials which, if known to be present in soils or ground water, might require investigation, clean-up, removal or some other remedial action under Environmental Laws except for those tanks, containers or other vessels described in Schedule 6.13 hereto, and each Borrower hereby certifies to the Lender that all such tanks, containers or other vessels are being treated or have been treated in accordance with all applicable Environmental Laws and have not caused and shall not cause any material adverse effect upon the financial condition of Parent or any Subsidiary or any of their assets or properties.

SECTION 6.14 Other Environmental Conditions. To the best of Parent's knowledge after reasonable investigation, there are no conditions existing currently or likely to exist during the term of this Agreement that would subject Parent or any Subsidiary to damages, penalties, injunctive relief or clean-up costs under any Environmental Laws, or that might require investigation, clean-up, removal or some other remedial action by Parent or any Subsidiary under Environmental Laws except as set forth in Schedule 6.14 hereto, and each Borrower hereby certifies to the Lender that none of such conditions would cause a material adverse effect upon the financial condition of Parent or any Subsidiary or any of their properties or assets.

SECTION 6.15 Environmental Judgments, Decrees and Orders. No judgment, decree, order or citation related to or arising out of Environmental Laws is applicable to or binds Parent, any Subsidiary, the Facilities or the owner of any of the Facilities except as set forth in Schedule 6.15 hereto and each Borrower hereby certifies to the Lender that none of such matters shall have a material adverse effect upon the financial condition of Parent or any Subsidiary or any of their assets or properties.

SECTION 6.16 Environmental Permits and Licenses. All permits, licenses and approvals required under Environmental Laws necessary for Parent and each Subsidiary to operate the Facilities and to conduct its business as now conducted or proposed to be conducted, which are currently obtainable have been obtained and are in full force and effect.

SECTION 6.17 Use of Proceeds; Margin Stock. The Borrowers shall use the proceeds of the Loans solely for working capital and other general corporate purposes, including, without limitation, to refinance certain existing Indebtedness of the Borrowers. No part of the proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

SECTION 6.18 Investment Company. Neither Borrower is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.19 Accuracy of Information. All information, certificates or statements by the Borrowers given in, or pursuant to, this Agreement (whether in writing, by electronic messaging or otherwise) shall be accurate, true and complete when given.

SECTION 6.20 Offering of Revolving Credit Notes. Neither any Borrower nor any agent acting for any Borrower has offered any Revolving Credit Note or any similar obligation of such Borrower for sale to, or solicited any offers to buy any Revolving Credit Note or any similar obligation of such Borrower from any Person other than the applicable Lender, and neither any Borrower nor any agent acting for any Borrower will take any action that would subject the sale of any Revolving Credit Note to the registration provisions of the Securities Act of 1933, as amended.

SECTION 6.21 Anti-Terrorism Laws; Anti-Money Laundering. Neither Parent nor any of its Subsidiaries or, to their knowledge, any of their Related Parties (a) is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States (50 U.S.C. App. §§ 1 et seq.), (b) is in violation of (i) the Trading with the Enemy Act, (ii) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) or any enabling legislation or executive order relating thereto or (iii) the PATRIOT Act (collectively, the "Anti-Terrorism Laws") or (c) is a Sanctioned Person. No part of the proceeds of any Extension of Credit hereunder will be unlawfully used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country, or in any other manner that will result in any violation by any Person (including the Lender) of any Anti-Terrorism Laws.

SECTION 6.22 Solvency. Each Borrower and each Significant Subsidiary is Solvent.

## ARTICLE VII

### AFFIRMATIVE COVENANTS

Each Borrower (to the extent that the covenants and agreements set forth below in this Article VII expressly apply to such Borrower or any of its Subsidiaries) hereby covenants and agrees that on and after the Closing Date and until the Revolving Credit Commitment and all Letters of Credit have terminated and all other Obligations (other than contingent indemnification obligations not then due) have been paid and satisfied in full in cash and unless otherwise consented to in accordance with Section 10.2:

SECTION 7.1 Payment. Each Borrower shall timely pay or cause to be paid the principal of and interest on its Loans and all other amounts due from it under this Agreement, any other Loan Document and the Letters of Credit.

SECTION 7.2 Corporate Existence; Properties; Ownership. Each Borrower shall, and each Borrower shall cause each Subsidiary to: (a) maintain its corporate or other organizational existence; except that Parent may permit any Subsidiary to merge into it or into a wholly owned Subsidiary; (b) conduct its business substantially as now conducted or as described in any business plans delivered to the Lender prior to the Closing Date; (c) maintain all assets (other than assets no longer used or useful in the conduct of its business) in good repair, working order and condition, ordinary wear and tear excepted; and (d) maintain accurate records and books of account in accordance with U.S. GAAP consistently applied throughout all accounting periods.

SECTION 7.3 Licenses. Each Borrower shall maintain in full force and effect each license, permit and franchise granted or issued by any federal, state or local governmental agency or regulatory authority that is reasonably necessary to or used in such Borrower's or any Subsidiary's business.

SECTION 7.4 Reporting Requirements. Parent shall furnish to the Lender such information respecting the business, assets and financial condition of Parent and its Subsidiaries as the Lender may reasonably request and, without request:

(a) as soon as available, and in any event within forty-five (45) days after the end of the first three fiscal quarters of each fiscal year, (i) a consolidated and consolidating balance sheet of Parent and its consolidated Subsidiaries as of the end of each such fiscal quarter; and (ii) consolidated and consolidating statements of income and surplus of Parent and its consolidated Subsidiaries for each such fiscal quarter, all in reasonable detail and certified as true and correct, subject to audit and normal year-end adjustments, by the vice president of finance or treasurer of Parent; and

(b) as soon as available, and in any event within ninety (90) days after the close of each fiscal year, a copy of the detailed annual audit report for such year and accompanying consolidated financial statements of Parent and its consolidated Subsidiaries prepared in reasonable detail and in accordance with U.S. GAAP and audited by independent certified public accountants of recognized standing selected by Parent, and reasonably satisfactory to the Lender, which audit report shall be unqualified and shall be accompanied by: (i) an unqualified opinion of such accountants, in form and substance reasonably satisfactory to the Lender, to the effect that the same fairly presents the financial condition and the results of operations of Parent and its consolidated Subsidiaries for the periods and as of the relevant dates thereof, and (ii) a certificate of such accountants setting forth their computations as to Parent's compliance with Section 7.13 stating that in the ordinary course of their audit, conducted in accordance with generally accepted auditing practices, they did not become aware of any Event of Default or, if their audit disclosed an Event of Default, a specification of the Event of Default and the actions taken or proposed to be taken by Parent with respect thereto; and

(c) within (i) forty-five (45) days after the end of the first three fiscal quarters of each fiscal year and (ii) ninety (90) days after the close of each fiscal year, an executed Officer's Certificate, in the form of Exhibit E; and

(d) promptly upon its becoming available, furnish to the Lender one copy of each financial statement, report, notice, or proxy statement sent by any Borrower to its shareholders generally and of each regular or periodic report, registration statement or prospectus filed by Parent with any securities exchange or the Securities and Exchange Commission or any successor agency; and

(e) as soon as received, but in any event not later than ten (10) days after receipt, copies of all management letters and other reports submitted to Parent by independent certified public accountants in connection with any examination of the financial statements of Parent and notify the Lender promptly of any change in any accounting method used by Parent in the preparation of the financial statements to be delivered to the Lender pursuant to this Section; and

(f) no later than July 31 of each year, a detailed forecast for the next fiscal year of Parent and its Subsidiaries in a form reasonably satisfactory to the Lender; and

(g) from time to time, such other information or documents (financial or otherwise) with respect to Parent or any of its Subsidiaries as the Lender may reasonably request.

SECTION 7.5 Taxes. Each Borrower shall, and each Borrower shall cause each Subsidiary to, pay all taxes and assessments prior to the date on which penalties attach thereto, except for any tax or assessment which is either not delinquent or which is being contested in good faith and by proper proceedings and against which adequate reserves have been provided.

SECTION 7.6 Inspection of Properties and Records. Each Borrower shall, and each Borrower shall cause each Subsidiary to, permit the Lender or its agents or representatives to visit any of its properties and examine any of its books and records upon reasonable prior notice, at any reasonable time and as often as may be reasonably desired, and Parent shall facilitate each such inspection, audit and examination; provided, however, that nothing in this Agreement shall require any Borrower to disclose, or shall entitle the Lender to examine, copy or otherwise have access to, any Borrower's trade secrets, which such Borrower has informed the Lender are trade secrets of such Borrower, prior to any Event of Default nor thereafter, unless such Borrower and the Lender shall enter into a confidentiality and nondisclosure agreement with respect to such trade secrets which agreement shall have terms reasonably acceptable to such Borrower.

SECTION 7.7 Reference in Financial Statements. Each Borrower shall include, to the extent required by applicable Law, or cause to be included, a reference to this Agreement in all financial statements of such Borrower which are furnished to stockholders, financial reporting services, creditors and prospective creditors.

SECTION 7.8 Compliance with Laws. Each Borrower shall, and each Borrower shall cause each Subsidiary to: (a) comply in all material respects with all applicable Environmental Laws, and orders of regulatory and administrative authorities with respect thereto, and, without limiting the generality of the foregoing, promptly undertake and diligently pursue to completion appropriate and legally authorized containment, investigation and clean-up action in the event of any release of Hazardous Materials on, upon or into any real property owned, operated or within the control of Parent or any Subsidiary; and (b) comply in all material respects with all other Laws applicable to such Borrower, its Subsidiaries, or their respective assets or operations.

SECTION 7.9 Compliance with Agreements. Each Borrower shall, and each Borrower shall cause each Subsidiary to, perform and comply in all respects with the provisions of any agreement (including without limitation any collective bargaining agreement), license, regulatory approval, permit and franchise binding upon Parent or any Subsidiary or their respective assets or properties, if the failure to so perform or comply would have a material adverse effect on the condition (financial or otherwise) of the business, assets or properties of Parent or any Subsidiary.

SECTION 7.10 Notices. Parent shall:

(a) as soon as possible and in any event within five (5) Business Days after Parent's knowledge of the occurrence of any Default or Event of Default, notify the Lender in writing of such Default or Event of Default and set forth the details thereof and the action which is being taken or proposed to be taken by Parent with respect thereto;

(b) promptly notify the Lender of the commencement of any litigation or administrative proceeding that would cause the representation and warranty of any Borrower contained in Section 6.6 to be untrue;

(c) promptly notify the Lender: (i) of the occurrence of any Reportable Event or Prohibited Transaction (as such terms are defined in ERISA) that has occurred with respect to any Plan; and (ii) of the institution by the PBGC or Parent or any Subsidiary of proceedings under Title IV of ERISA to terminate any Plan;

(d) unless prohibited by applicable Law, notify the Lender, and provide copies, immediately upon receipt but in any event not later than ten (10) days after receipt, of any notice, pleading, citation, indictment, complaint, order or decree from any federal, state or local government agency or regulatory body, or any other source, asserting or alleging a circumstance or condition that requires or may require a financial contribution in an amount of \$1,000,000 or more by Parent or any Subsidiary, or both, or an investigation, clean-up, removal, remedial action or other response by or on the part of Parent or any Subsidiary, or both, under Environmental Laws which would cost \$1,000,000 or more or which seeks damages or civil, criminal or punitive penalties in an amount of \$1,000,000 or more from or against Parent or any Subsidiary, or both, for an alleged violation of Environmental Laws; and provide the Lender with written notice of any condition or event which would make the representations and warranties contained in Sections 6.11 through 6.16 inaccurate, as soon as Parent becomes aware of such condition or event;

(e) notify the Lender at least thirty (30) days prior to any change of any Borrower's name or its use of any trade name;

(f) promptly notify the Lender of any damage to, or loss of, any of the assets or properties of any Borrower if the net book value of the damaged or lost asset or property at the time of such damage or loss exceeds \$1,000,000;

(g) promptly notify the Lender of the commencement of any investigation, litigation, or administrative or regulatory proceeding by, or the receipt of any notice, citation, pleading, order, decree or similar document issued by, any federal, state or local governmental agency or regulatory authority that results in, or may result in, the termination or suspension of any license, permit or franchise necessary to any Borrower's business, or that imposes, or may result in the imposition of, a fine or penalty in an amount of \$1,000,000 or more on any Borrower or both; and

(h) promptly notify the Lender of any material adverse change in the business, operations, assets, property, prospects or financial condition of any Borrower.

SECTION 7.11 Insurance. Each Borrower shall, and each Borrower shall cause each Subsidiary to obtain and maintain at its own expense the following insurance, which shall be with insurers satisfactory to the Lender: (a) "all risks" property insurance in amounts not less than the one hundred percent (100%) replacement cost of all buildings, improvements, fixtures, equipment and other real and personal property of such Borrower or such Subsidiary, with a replacement cost agreed amount endorsement; (b) commercial general liability insurance covered under a commercial general liability policy including contractual liability in an amount not less than \$1,000,000 combined single limit for bodily injury, including personal injury, and property damage; (c) product liability insurance in such amounts as is customarily maintained by companies engaged in the same or similar businesses; and (d) worker's compensation insurance in amounts meeting all statutory state and local requirements. The property and commercial general liability policies described above shall require the insurer to provide at least thirty (30) days' prior written notice to the Lender of any material change or cancellation of such policy.

SECTION 7.12 New Subsidiaries; Acquisitions. If any Borrower organizes one or more new Subsidiaries after the Closing Date in compliance with the terms of this Agreement, Parent shall promptly deliver to the Lender an amended Schedule 6.1 listing all of the Subsidiaries of such Borrower, together with such Borrower's percentage of ownership of such Subsidiary. Each Borrower agrees to give prior written notice to the Lender of any such new Subsidiary and of any acquisition permitted under Section 8.4.

SECTION 7.13 Financial Covenants.

(a) Minimum Net Worth. Parent and its consolidated Subsidiaries shall maintain at all times an aggregate Net Worth of at least \$120,018,000 plus 35% of the positive consolidated Net Income for each fiscal quarter from and after December 31, 2013 on a cumulative basis. For purposes of all computations made pursuant to this Section 7.13(a), Parent may exclude from Net Worth adjustments that result from (i) changes to the assumptions used by Parent in determining its pension liabilities or (ii) changes in the market value of plan assets up to an aggregate amount of adjustments equal to \$34,000,000 for purposes of computing Net Worth at any time. This covenant shall be tested quarterly at the end of each fiscal quarter.

Parent shall document such adjustments in the Officer's Certificate delivered by Parent to the Lender pursuant to Section 7.4(c).

(b) Minimum EBITDA. Parent and its consolidated Subsidiaries shall achieve EBITDA of at least \$11,000,000 for the four fiscal quarters of Parent and its consolidated Subsidiaries ending on the date of determination. This covenant shall be tested quarterly at the end of each fiscal quarter, commencing June 30, 2014 and at the end of each fiscal quarter thereafter.

(c) Maximum Total Funded Debt to EBITDA Ratio. Parent and its consolidated Subsidiaries shall not permit the ratio of Total Funded Debt to EBITDA to exceed 3.00 to 1.00, tested at the end of each fiscal quarter of Parent, commencing June 30, 2014, all as determined, in the case of Total Funded Debt, on the date of determination, and in the case of EBITDA, for the preceding four fiscal quarters of Parent and its consolidated Subsidiaries ending on the date of determination. This covenant shall be tested quarterly at the end of each fiscal quarter.

SECTION 7.14 Most Favored Lender. Each Borrower covenants that if, on any date, it enters into, assumes or otherwise becomes bound or obligated under any agreement evidencing, securing, guaranteeing or otherwise relating to any Indebtedness (other than the Indebtedness evidenced by this Agreement) in excess of \$1,000,000, or obligations in excess of \$1,000,000 in respect of one or more Swap Agreements, of any Borrower, that contains, or amends any such agreement to contain, one or more Additional Covenants or Additional Defaults, then on such date the terms of this Agreement shall, without any further action on the part of any Borrower or the Lender, be deemed to be amended automatically to include each Additional Covenant and each Additional Default contained in such agreement. Each Borrower further covenants to promptly execute and deliver at its expense (including the reasonable fees and expenses of counsel for the Lender) an amendment to this Agreement in form and substance satisfactory to the Lender evidencing the amendment of this Agreement to include such Additional Covenants and Additional Defaults, provided that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this Section 7.14, but shall merely be for the convenience of the parties hereto.

ARTICLE VIII

NEGATIVE COVENANTS

Each Borrower (to the extent that the covenants and agreements set forth below in this Article VIII expressly apply to such Borrower or any of its Subsidiaries) hereby covenants and agrees that on and after the Closing Date and until the Revolving Credit Commitment and all Letters of Credit have terminated and all other Obligations (other than contingent indemnification obligations not then due) have been paid and satisfied in full in cash and unless otherwise consented to in accordance with Section 10.2, neither Borrower shall, and neither Borrower shall permit any Subsidiary to:

SECTION 8.1 Loans. Permit the sum of the amount of outstanding Loans to exceed the Revolving Credit Commitment.

SECTION 8.2 Liens. Incur, create, assume or permit to be created or allow to exist any Lien upon or in any of its real estate, assets or properties, except Permitted Liens.

SECTION 8.3 Indebtedness. Incur, create, assume, permit to exist, guarantee, endorse or otherwise become directly or indirectly or contingently responsible or liable for any Indebtedness, except Permitted Indebtedness.

SECTION 8.4 Consolidation or Merger. Consolidate with or merge into any other Person, or permit another Person to merge into it, or acquire substantially all of the assets of any other Person, whether in one or a series of transactions, except that (a) Parent may permit any Subsidiary to merge into it or into a wholly owned Subsidiary, and (b) provided that no Default or Event of Default then exists or would be created thereby, any Borrower may acquire substantially all of the assets or business or stock or other evidences of beneficial ownership of, any Person, provided further that the aggregate consideration paid and liabilities assumed for all such transactions may not exceed \$20,000,000 in any fiscal year, on a non-cumulative basis.

SECTION 8.5 Disposition of Assets. Sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets or properties except, prior to the occurrence of an Event of Default: (a) sales of inventory in the ordinary course of business; (b) sales or other disposition of equipment, provided that such equipment is replaced by equipment of a similar kind and equivalent value; (c) sales or other dispositions of any asset that is no longer used or useful in the business of Parent or any Subsidiary, and (d) other dispositions of assets provided that such assets, in the aggregate for all such dispositions after the Closing Date, (i) represent no more than 5% of the consolidated assets of Parent and its consolidated Subsidiaries and (ii) are responsible for no more than 5% of the consolidated net revenues or of the consolidated net income of Parent and its consolidated Subsidiaries, in both cases as of the end of the fiscal quarter preceding the disposition date.

SECTION 8.6 Investments. Make any new Investment in or to other Persons, except Permitted Investments.

SECTION 8.7 [Intentionally Omitted].

SECTION 8.8 Transactions with Affiliates. Engage in any transaction with an Affiliate on terms materially less favorable to a Borrower than would be available at the time from a Person who is not an Affiliate.

SECTION 8.9 Guarantees. Guarantee the Indebtedness of any Person, except guaranties in favor of the Lender or that guarantee any Indebtedness under the Prudential Agreement.

SECTION 8.10 Change in Control. Permit a Change in Control.

SECTION 8.11 Anti-Terrorism Laws; Anti-Money Laundering. Parent shall procure that it and any of its Subsidiaries will:

(a) not contribute or otherwise make available the proceeds of any Extension of Credit hereunder, directly or indirectly, to any Person for the purpose of financing the activities of any Person which is a Sanctioned Person or currently located in a Sanctioned Country, to the extent such contribution or provision of proceeds would be prohibited by Anti-Terrorism Laws or would otherwise cause any Person to be in breach of Anti-Terrorism Laws;

(b) not fund all or part of any repayment under the Revolving Credit Facility out of proceeds derived from transaction which would be prohibited by Anti-Terrorism Laws or would otherwise cause any Person to be in breach of Anti-Terrorism Laws; and

(c) comply with all applicable Anti-Terrorism Laws.

## ARTICLE IX

### DEFAULT AND REMEDIES

SECTION 9.1 Remedies. Upon the occurrence of an Event of Default, the Lender may, by notice to Parent:

(a) Acceleration; Termination of Revolving Credit Facility.

(i) Terminate the Revolving Credit Commitment and declare the principal of and interest on the Loans and the Reimbursement Obligations at the time outstanding, and all other amounts owed to the Lender under this Agreement or any of the other Loan Documents (including, without limitation, all L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented or shall be entitled to present the documents required thereunder) and all other Obligations, to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by each Borrower, anything in this Agreement or the other Loan Documents to the contrary notwithstanding, and terminate the Revolving Credit Facility and any right of the Borrowers to request borrowings or Letters of Credit thereunder; provided, that upon the occurrence of an Automatic Event of Default, the Revolving Credit Facility shall be automatically terminated and all Obligations shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by each Borrower, anything in this Agreement or in any other Loan Document to the contrary notwithstanding; and

(ii) exercise all of its other rights and remedies under this Agreement, the other Loan Documents and Law, in order to satisfy all of the Obligations.

(b) Letters of Credit. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding paragraph, Parent shall at such time deposit in a Cash Collateral Account opened by the Lender an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such Cash Collateral Account shall be applied by the Lender to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Obligations on a pro rata basis. After all such Letters of Credit shall have expired or been fully drawn upon, the Reimbursement Obligation shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, in such Cash Collateral Account shall promptly be returned to Parent.

(c) Rights of Collection. Exercise on behalf of the Lender all of its other rights and remedies under this Agreement, the other Loan Documents and Law, in order to satisfy all of the Borrowers' Obligations.

SECTION 9.2 Rights and Remedies Cumulative; Non-Waiver; etc. The enumeration of the rights and remedies of the Lender set forth in this Agreement is not intended to be exhaustive and the exercise by the Lender of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the other Loan Documents or that may now or hereafter exist at law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Borrowers and the Lender or their respective agents or employees shall be effective to change, modify or discharge any provision of this Agreement or any of the other Loan Documents or to constitute a waiver of any Event of Default.

SECTION 9.3 Crediting of Payments and Proceeds. In the event that the Obligations have been accelerated pursuant to Section 9.1 or the Lender has exercised any remedy set forth in this Agreement or any other Loan Document, all payments received by the Lender upon the Obligations and all net proceeds from the enforcement of the Obligations shall be applied to the Obligations in such order as the Lender may determine with the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by Law.

## ARTICLE X

### MISCELLANEOUS

SECTION 10.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

If to the Borrowers: Twin Disc, Incorporated  
1328 Racine Street  
Racine, Wisconsin 53403  
Attention: Vice President – Finance  
Telephone No.: (262) 638-4000  
Facsimile No.: (262) 638-4481

If to the Lender: Wells Fargo Bank, National Association  
100 E Wisconsin Ave  
Milwaukee WI 53202  
Attention of: Matthew Simon  
Telephone No.: (414)-224-7174  
E-mail: Matthew.J.Simon@wellsfargo.com

With copies to: Wells Fargo Bank, National Association, London Branch  
1 Plantation Place

30 Fenchurch Street

London EC3M 3BD

Telephone No.: (262) 44 (0) 20 7956 4316

Facsimile No.: 44 (0) 20 7929 4645

E-mail: loanadmin.london@wellsfargo.com

Letters of Credit: If to Wells Fargo with respect to the Wells Fargo Bank, National Association  
401 Linden Street, 1<sup>st</sup> Floor  
Winston-Salem, North Carolina 27101  
Attention: Standby L/C Department  
Telephone No.: (336) 735-3372

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Lender.

Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Lender's Office. The Lender hereby designates its office located at the address set forth above, or any subsequent office which shall have been specified for such purpose by written notice to Parent, as the Lender's Office referred to herein, to which payments due are to be made and at which Loans will be disbursed and Letters of Credit requested.

(d) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 10.2 Amendments, Waivers and Consents. Any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended, consented to or waived if, but only if, such amendment, consent or waiver is in writing and is signed by Parent and the Lender.

#### SECTION 10.3 Expenses; Indemnity.

(a) Costs and Expenses. Parent shall pay (i) all reasonable out of pocket expenses incurred by the Lender and its Affiliates (including the reasonable fees, charges and disbursements of counsel to the Lender, and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Lender, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery 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 the Lender 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 Lender (including the reasonable fees, charges and disbursements of any counsel for the Lender), and shall pay all fees and time charges for attorneys who may be employees of the Lender in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) 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) Indemnification by the Borrowers. Each Borrower shall indemnify the Lender and each Related Party of the Lender (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and shall pay or reimburse any such Indemnitee for, any and all losses, claims (including, without limitation, any Environmental Claims), damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless, each Indemnitee from, and shall pay or reimburse any such Indemnitee for, all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument executed or delivered pursuant hereto or thereto, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Lender 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 any Borrower or any Subsidiary thereof, or any Environmental Claim related in any way to any Borrower or any Subsidiary, (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 any Borrower or any Subsidiary thereof, and regardless of whether any Indemnitee is a party thereto, or (v) any claim (including, without limitation, any Environmental Claims), investigation, litigation or other proceeding (whether or not the Lender is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected with the Loans, this Agreement, any other Loan Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, including without limitation, reasonable attorneys and consultant's fees, 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 the gross negligence or willful misconduct of such Indemnitee.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Law, each of the Borrowers shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument executed or delivered pursuant hereto or thereto, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.



(d) Payments. All amounts due under this Section shall be payable promptly after demand therefor.

SECTION 10.4 Right of Set Off. If an Event of Default shall have occurred and be continuing, the Lender, and each of their respective 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, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender, or any such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under this Agreement or any other Loan Document to the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower may be contingent or unmaturing or are owed to a branch or office of the Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of the Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that the Lender or its Affiliates may have. The Lender agrees to notify Parent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 10.5 Governing Law; Jurisdiction, Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Submission to Jurisdiction. Each of the parties hereto irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts 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, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation 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 in any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Borrower or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of venue of any 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) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Law.

SECTION 10.6 Waiver of Jury Trial.

(a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.7 Reversal of Payments. To the extent any Borrower makes a payment or payments to the Lender which payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been received by the Lender.

SECTION 10.8 Injunctive Relief; Punitive Damages.

(a) Each Borrower recognizes that, in the event such Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Lender. Therefore, each Borrower agrees that the Lender, at the Lender's option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

(b) The Lender and each Borrower hereby agree that no such Person shall have a remedy of punitive or exemplary damages against any other party to a Loan Document and each such Person hereby waives any right or claim to punitive or exemplary damages that they may now have or may arise in the future in connection with any Dispute, whether such Dispute is resolved through arbitration or judicially.

SECTION 10.9 Successors and Assigns; Participations.

(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, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender. The Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement. The Borrowers agree to execute any amendment and/or any other document that may, in the good faith judgment of the Lender, be necessary to effectuate such an assignment, including an amendment to this Agreement to provide for multiple lenders and an administrative agent to act on behalf of such lenders. The 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 the Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may at any time, without the consent of, or notice to, any Borrower, sell participations to any Person in all or a portion of the Lender's rights and/or obligations under this Agreement; provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. The Borrowers agree that each participant shall be entitled to the benefits of Sections 4.8, 4.9, 4.10 and 4.12 (subject to the requirements and limitations therein, including the requirements of Section 4.12(f) (it being understood that the documentation required under Section 4.12(f) shall be delivered to the Lender)) to the same extent as if it were the Lender and had acquired its interest by assignment; provided that such participant (i) agrees to be subject to the

provisions of Section 4.13 as if it were an assignee and (ii) shall not be entitled to receive any greater payment under Sections 4.10 and 4.12, with respect to such participation, than the 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. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 11.4 as though it were the Lender; provided that such participant agrees to be subject to Section 5.6 as though it were the Lender. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 10.3 as though it were the Lender.

**SECTION 10.10 Confidentiality.** The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by, or required to be disclosed to, any rating agency, or regulatory or similar authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with (but only to the extent determined by the applicable party to be necessary or desirable to permit or facilitate) the exercise of any remedies under this Agreement or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, participant or proposed participant, or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrowers and their obligations, (g) with the consent of Parent, (h) to Gold Sheets and other similar bank trade publications, such information to consist of deal terms and other information set forth in the Loan Documents and customarily found in such publications, (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Lender or any of its Affiliates on a nonconfidential basis from a source other than the Borrowers or (j) to governmental regulatory authorities in connection with any regulatory examination of the Lender or in accordance with the Lender's regulatory compliance policy if the Lender deems necessary for the mitigation of claims by those authorities against the Lender or any of its subsidiaries or affiliates. For purposes of this Section, "Information" means all information received from any Borrower or any Subsidiary thereof relating to any Borrower or any Subsidiary thereof or any of their respective businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by any Borrower or any Subsidiary thereof. 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 10.11 Performance of Duties.** Each of the Borrower's obligations under this Agreement and each of the other Loan Documents shall be performed by such Borrower at its sole cost and expense.

**SECTION 10.12 All Powers Coupled with Interest.** All powers of attorney and other authorizations granted to the Lender and any Persons designated by the Lender pursuant to any provisions of this Agreement or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied, any of the Revolving Credit Commitments remain in effect or the Revolving Credit Facility has not been terminated.

**SECTION 10.13 Survival.**

(a) All representations and warranties set forth in Article VI and all representations and warranties contained in any certificate, or any of the Loan Documents (including, but not limited to, any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date (except those that are expressly made as of a specific date), shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Lender or any borrowing hereunder.

(b) Notwithstanding any termination of this Agreement, the indemnities to which the Lender is entitled under the provisions of this Article X and any other provision of this Agreement and the other Loan Documents shall continue in full force and effect and shall protect the Lender against events arising after such termination as well as before.

**SECTION 10.14 Titles and Captions.** Titles and captions of Articles, Sections and subsections in, and the table of contents of, this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

**SECTION 10.15 Severability of Provisions.** Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

**SECTION 10.16 Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterparty hereof. This Agreement and the other Loan Documents 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. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Lender in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof. Except as provided in Section 5.1, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto.

**SECTION 10.17 Term of Agreement.** This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder or under any other Loan Document shall have been indefeasibly and irrevocably paid and satisfied in full and the Revolving Credit Commitment has been terminated (such date, the "Termination Date"); provided, that Article XI and each of the defined terms set forth therein (collectively, the "Article XI Terms") shall remain in effect after the Termination Date until all Obligations shall have been indefeasibly and irrevocably paid and satisfied in full. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Agreement which survives such termination.

**SECTION 10.18 USA PATRIOT Act.** The Lender hereby notifies the Borrowers that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of each Borrower and other information that will allow the Lender to identify such Borrower in accordance with the PATRIOT Act.

**SECTION 10.19 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Lender could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Borrower in respect of any such sum due from it to the Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in the Judgment Currency, the Lender, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Lender from any Borrower in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss. If

the amount of the Agreement Currency so purchased is greater than the sum originally due to the Lender in such currency, the Lender agrees to promptly return the amount of any excess to such Borrower (or to any other Person who may be entitled thereto under applicable law).

SECTION 10.20 Independent Effect. Each Borrower acknowledges and agrees that each covenant contained in Articles VII, VIII, IX or X hereof shall be given independent effect. Accordingly, the Borrowers shall not engage in any transaction or other act otherwise permitted under any covenant contained in Articles VII, VIII, IX or X, before or after giving effect to such transaction or act, if the Borrowers shall or would be in breach of any other covenant contained in Articles VII, VIII, IX or X.

SECTION 10.21 No Fiduciary Duty. The Lender and its Affiliates (collectively, the “Lender Parties”) may have economic interests that conflict with those of the Borrowers and its Affiliates. Each of the Borrowers agrees that nothing in the Agreement or the other Loan Documents will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender Party, on the one hand, and any Borrower or any of its Affiliates, on the other. Each of the Borrowers acknowledges and agrees that (i) the transactions contemplated by this Agreement and the other Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lender Parties, on the one hand, and the Borrowers, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender Party has assumed an advisory or fiduciary responsibility in favor of any Borrower or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender Party has advised, is currently advising or will advise any Borrower or its Affiliates on other matters) or any other obligation to the Borrowers except the obligations expressly set forth in the Loan Documents and (y) each Lender Party is acting solely as principal and not as the fiduciary of any Borrower, its Affiliates or any other Person. Each of the Borrowers acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to the transactions contemplated hereby and the process leading thereto. Each of the Borrowers agrees that it will not claim that any Lender Party has rendered advisory services of any nature or respect, or owes a fiduciary or agency duty or similar duty to the Borrowers, in connection with the Agreement or the other Loan Documents.

## ARTICLE XI

### PARENT’S GUARANTY

SECTION 11.1 Parent’s Guaranty. In order to induce the Lender to enter into this Agreement and to extend credit under this Agreement, and in recognition of the direct benefits to be received by Parent from the proceeds of the Loans and the issuance of the Letters of Credit, Parent hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Parent Guaranteed Obligations to the Lender. If any or all of the Parent Guaranteed Obligations to the Lender becomes due and payable hereunder, Parent unconditionally promises to pay such indebtedness to the Lender, on demand, together with any and all expenses which may be incurred by the Lender in collecting any of the Parent Guaranteed Obligations. This Parent Guaranty is a guaranty of payment and not of collection. This Parent Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. If any claim is ever made upon the Lender for repayment or recovery of any amount or amounts received in payment or on account of any of the Parent Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (ii) any settlement or compromise of any such claim effected by such payee with any such claimant, then and in such event Parent agrees that any such judgment, decree, order, settlement or compromise shall be binding upon Parent, notwithstanding any revocation of this Parent Guaranty or any other instrument evidencing any liability of TD International, and Parent shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee. Each reference to “hereunder” or “hereof” in this Article XI shall refer exclusively to this Article XI.

SECTION 11.2 Bankruptcy. Additionally, Parent unconditionally and irrevocably, guarantees the payment of any and all of the Parent Guaranteed Obligations to the Lender whether or not due or payable by TD International upon the occurrence of any event set forth in the definition of “Automatic Event of Default” with respect to such Person, and unconditionally promises to pay, upon such occurrence, such indebtedness to the Lender, or order, on demand.

SECTION 11.3 Nature of Liability. The liability of Parent hereunder is exclusive and independent of any security for or other guaranty of the Parent Guaranteed Obligations whether executed by Parent, any other guarantor or by any other party, and the liability of Parent hereunder is not affected or impaired by (a) any direction as to application of payment by TD International or any other party (other than any direction from the Lender pursuant to the terms of this Agreement or any other applicable agreement), or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Parent Guaranteed Obligations, or (c) any payment on or in respect of any such other guaranty or undertaking (except to the extent that the Parent Guaranteed Obligations are irrevocably reduced thereby), or (d) any dissolution, termination or increase, decrease or change in personnel by TD International or (e) any payment made to the Lender on the Parent Guaranteed Obligations which the Lender repays to TD International pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and Parent waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, or (f) any action or inaction of the type described in Section 11.5, or (g) the lack of validity or enforceability of any Loan Document or any other instrument relating thereto.

SECTION 11.4 Independent Obligation. No invalidity, irregularity or unenforceability of all or any part of the Parent Guaranteed Obligations or of any security therefor shall affect, impair or be a defense to this Parent Guaranty, and this Parent Guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full in cash of the Parent Guaranteed Obligations. The obligations of Parent hereunder are independent of the obligations of TD International, any other guarantor or any other party, and a separate action or actions may be brought and prosecuted against Parent whether or not action is brought against TD International, any other guarantor or any other party and whether or not TD International, any other guarantor or any other party be joined in any such action or actions. Parent waives, to the full extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by TD International or other circumstance that operates to toll any statute of limitations as to TD International shall operate to toll the statute of limitations as to Parent.

SECTION 11.5 Authorization. Parent, solely in its capacity as guarantor under this Parent Guaranty, authorizes the Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability solely under this Parent Guaranty, from time to time to:

- (a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, any of the Parent Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and this Parent Guaranty made shall apply to the Parent Guaranteed Obligations as so changed, extended, renewed, increased or altered;
- (b) take and hold security for the payment of the Parent Guaranteed Obligations and sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Parent Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;
- (c) exercise or refrain from exercising any rights against TD International or others or otherwise act or refrain from acting;
- (d) release or substitute any one or more endorsers, guarantors, TD International or other obligors;
- (e) settle or compromise any of the Parent Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of TD International to

their respective creditors other than the Lender;

(f) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of TD International to the Lender regardless of what liability or liabilities of TD International remain unpaid;

(g) consent to or waive any breach of, or any act, omission or default under, this Agreement, any other Loan Document or any of the instruments or agreements referred to herein or therein by any Borrower, or otherwise amend, modify or supplement this Agreement, any other Loan Document or any of such other instruments or agreements with any Borrower; and/or

(h) take any other action that would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of Parent from its liabilities under this Parent Guaranty.

SECTION 11.6 Reliance. It is not necessary for the Lender to inquire into the capacity or powers of TD International or the officers, directors, partners or agents acting or purporting to act on its or their behalf, and any Parent Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

SECTION 11.7 Subordination. Any of the indebtedness of TD International now or hereafter owing to Parent is hereby subordinated to the Parent Guaranteed Obligations owing to the Lender; and if the Lender so requests at a time when an Event of Default exists, all such indebtedness of TD International to Parent shall be collected, enforced and received by Parent for the benefit of the Lender and be paid over to the Lender on account of the Parent Guaranteed Obligations of TD International to the Lender, but without affecting or impairing in any manner the liability of Parent under the other provisions of this Parent Guaranty. Prior to the transfer by Parent of any note or negotiable instrument evidencing any of the indebtedness of TD International to Parent, Parent shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, Parent hereby agrees with the Lender that it will not exercise any right of subrogation which it may at any time otherwise have as a result of this Parent Guaranty (whether contractual, under Section 509 of the Bankruptcy Code or otherwise) until all Parent Guaranteed Obligations have been irrevocably paid in full in cash.

SECTION 11.8 Waiver. (a) Parent, solely in its capacity as guarantor under this Parent Guaranty, waives any right (except as shall be required by applicable statute and cannot be waived) to require the Lender to (i) proceed against TD International, any other guarantor or any other party, (ii) proceed against or exhaust any security held from TD International, any other guarantor or any other party or (iii) pursue any other remedy in any Guaranteed Party's power whatsoever. Parent, solely in its capacity as guarantor under this Parent Guaranty, waives any defense to the Parent Guaranteed Obligations based on or arising out of any defense of TD International, any other guarantor or any other party, other than payment in full in cash of the Parent Guaranteed Obligations, based on or arising out of the disability of TD International, any other guarantor or any other party, or the unenforceability of the Parent Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of TD International, other than payment in full in cash of the Parent Guaranteed Obligations. The Lender may, at their election, foreclose on any security held by the Lender or any other Lender by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Lender may have against TD International or any other party, or any security, without affecting or impairing in any way the liability of Parent hereunder except to the extent the Parent Guaranteed Obligations have been paid in full in cash. Parent waives any defense to the Parent Guaranteed Obligations arising out of any such election by the Lender, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Parent against TD International or any other party or any security.

(b) Parent, solely in its capacity as guarantor under this Parent Guaranty, waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Parent Guaranty, and notices of the existence, creation or incurring of new or additional Parent Guaranteed Obligations. Parent, solely in its capacity as guarantor under this Parent Guaranty, assumes all responsibility for being and keeping itself informed of TD International's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Parent Guaranteed Obligations and the nature, scope and extent of the risks which Parent, solely in its capacity as guarantor under this Parent Guaranty, assumes and incurs hereunder, and agrees that the Lender shall have no duty to advise Parent, solely in its capacity as guarantor under this Parent Guaranty, of information known to them regarding such circumstances or risks.

(c) Until such time as the Parent Guaranteed Obligations have been paid in full in cash, Parent, solely in its capacity as guarantor under this Parent Guaranty, hereby waives all rights of subrogation which it may at any time otherwise have as a result of this Parent Guaranty (whether contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Lender against TD International or any other guarantor of the Parent Guaranteed Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from TD International or any other guarantor which it may at any time otherwise have as a result of this Parent Guaranty.

(d) Parent, solely in its capacity as guarantor under this Parent, warrants and agrees that each of the waivers set forth above is made with full knowledge of its significance and consequences and that if any of such waivers are determined to be contrary to any applicable law of public policy, such waivers shall be effective only to the maximum extent permitted by law.

SECTION 11.9 Payments. All payments made by Parent in its capacity as guarantor pursuant to this Article XI shall be made in the respective Permitted Currency in which the Parent Guaranteed Obligations are then due and payable. All payments made by Parent in its capacity as guarantor pursuant to this Article XI will be made without setoff, counterclaim or other defense, and shall be subject to the provisions of Sections 4.4, 4.12, and 10.19.

[Signature pages to follow]

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

**BORROWERS:**

**TWIN DISC, INCORPORATED**, as a Borrower

By:  
Name:  
Title:

**TWIN DISC INTERNATIONAL, S.A.**, as a Borrower

By:  
Name:  
Title:

**LENDER:**

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Lender

By:  
Name:  
Title:

[Signature Page to Credit Agreement]

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**TWIN DISC, INCORPORATED**

**AMENDED AND RESTATED  
NOTE PURCHASE AND PRIVATE SHELF AGREEMENT**

**\$25,000,000**

**6.05% SENIOR NOTES DUE APRIL 10, 2016**

**and**

**\$50,000,000**

**PRIVATE SHELF FACILITY**

\_\_\_\_\_

**Dated as of June 30, 2014**



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(Not Part of Agreement)

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TWIN DISC, INCORPORATED

1328 Racine Street

Racine, Wisconsin 53403

As of June 30, 2014

Prudential Investment Management, Inc. (“**Prudential**”)

Each of the Persons named in

the Purchaser Schedule attached

hereto as holders of 2006 Notes

(the “**Existing Holders**”)

Each other Prudential Affiliate (as hereinafter

defined) which becomes bound by certain

provisions of this Agreement as hereinafter

provided

c/o Prudential Capital Group

Two Prudential Plaza

Suite 5600

Chicago, Illinois 60601

Ladies and Gentlemen:

The undersigned, Twin Disc, Incorporated, a Wisconsin corporation (herein called the “**Company**”), hereby agrees with the Prudential, the Existing Holders and each purchasers named in the Purchaser Schedule attached hereto (together with the Existing Holders, herein called the “**Purchasers**”) as set forth below. Reference is made to paragraph 10 hereof for definitions of capitalized terms used herein and not otherwise defined herein.

**INTRODUCTION**

The Company and the Existing Holders are parties to that certain Note Agreement, dated as of April 10, 2006 as amended from time to time (the “**2006 Agreement**”), under which a Series of senior promissory notes of the Company (the “**2006 Notes**”) are held by the Existing Holders in the original aggregate principal amount of \$25,000,000, of which \$7,142,857.10 aggregate principal amount is now outstanding, dated the date of issue thereof, maturing April 10, 2016, bearing interest on the unpaid balance thereof from the date thereof until the principal thereof shall become due and payable at the rate of 6.05% per annum and on overdue principal, Yield-Maintenance Amount and interest at the rate specified therein, and substantially in the form of Exhibit A-1 attached hereto (after giving effect to the supplemental interest payable with respect thereto). The terms “**2006 Note**” and “**2006 Notes**” as used herein shall include each 2006 Note delivered pursuant to any provision of this Agreement or the 2006 Agreement and each 2006 Note delivered in substitution or exchange for any such 2006 Note pursuant to any such provision.

The Company, Prudential and the Existing Holders desire to amend and restate the 2006 Agreement to read as set forth herein. Accordingly, effective upon the execution and delivery hereof by the Company, Prudential and each Existing Holder upon satisfying the conditions in paragraph 3A, then the Company, Prudential and the Existing Holders agree that (a) the 2006 Agreement shall be amended and restated in its entirety to read as set forth in this Agreement, (b) each of the 2006 Notes shall be deemed amended to reflect that each such 2006 Note is governed by the laws of the State of New York, and (c) each of the 2006 Notes shall be deemed to be outstanding under this Agreement and be entitled to the benefits hereof.

**1. AUTHORIZATION OF ISSUE OF SHELF NOTES.**

The Company will authorize the issue of its additional senior promissory notes (the “**Shelf Notes**”) in the aggregate principal amount of up to \$50,000,000, to be dated the date of issue thereof, to mature, in the case of each Shelf Note so issued, no more than ten and one-half (10.5) years after the date of original issuance thereof, to have an average life, in the case of each Shelf Note so issued, of no more than ten and one-half (10.5) years after the date of original issuance thereof, to bear interest on the unpaid balance thereof from the date thereof at the rate per annum, and to have such other particular terms, as shall be set forth, in the case of each Shelf Note so issued, in the Confirmation of Acceptance with respect to such Shelf Note delivered pursuant to paragraph 2B(6), and to be substantially in the form of Exhibit A-2 attached hereto. The terms “**Shelf Note**” and “**Shelf Notes**” as used herein shall include each Shelf Note delivered pursuant to any provision of this Agreement and each Shelf Note delivered in substitution or exchange for any such Shelf Note pursuant to any such provision. The terms “**Note**” and “**Notes**” as used herein shall include each 2006 Note and each Shelf Note. Notes which have (i) the same final maturity, (ii) the same principal prepayment dates, (iii) the same principal prepayment amounts (as a percentage of the original principal amount of each Note), (iv) the same interest rate, (v) the same interest payment periods and (vi) the same date of issuance (which, in the case of a Note issued in exchange for another Note, shall be deemed for these purposes the date on which such Note’s ultimate predecessor Note was issued), are herein called a “**Series**” of Notes.

**2. PURCHASE AND SALE OF NOTES.**

2A. [Intentionally Omitted].

2B. Purchase and Sale of Shelf Notes.

**2B(1). Facility.** Prudential is willing to consider, in its sole discretion and within limits which may be authorized for purchase by Prudential Affiliates from time to time, the purchase of Shelf Notes pursuant to this Agreement. The willingness of Prudential to consider such purchase of Shelf Notes is herein called the “**Facility**.” At any time, the aggregate principal amount of Shelf Notes stated in paragraph 1, minus the aggregate principal amount of Shelf Notes purchased and sold pursuant to this Agreement prior to such time, minus the aggregate principal amount of Accepted Notes (as hereinafter defined) which have not yet been purchased and sold hereunder prior to such time, is herein called the “**Available Facility Amount**” at such time. NOTWITHSTANDING THE WILLINGNESS OF PRUDENTIAL TO CONSIDER PURCHASES OF SHELF NOTES BY PRUDENTIAL AFFILIATES, THIS AGREEMENT IS ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PRUDENTIAL NOR ANY PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE SHELF NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC PURCHASES OF SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY PRUDENTIAL OR ANY PRUDENTIAL AFFILIATE.

**2B(2). Issuance Period.** Shelf Notes may be issued and sold pursuant to this Agreement until the earlier of (i) the third anniversary of the date of this Agreement (or if the date of such anniversary is not a Business Day, the Business Day next preceding such anniversary), (ii) the 30<sup>th</sup> day after Prudential shall have given to the Company, or the Company shall have given to Prudential, a written notice stating that it elects to terminate the issuance and sale of Shelf Notes pursuant to this Agreement (or if such 30<sup>th</sup> day is not a Business Day, the Business Day next preceding such 30<sup>th</sup> day), (iii) the last Closing Day after which there is no Available Facility Amount, (iv) the termination of the Facility under paragraph 7A of this Agreement, and (v) the acceleration of any Note under paragraph 7A of this Agreement. The period during which Shelf Notes may be issued and sold pursuant to this Agreement is herein called the “**Issuance Period**”.

**2B(3). Periodic Spread Information.** Not later than 9:30 A.M. (New York City local time) on a Business Day during the Issuance Period if there is an Available Facility Amount on such Business Day, the Company may request by telecopier or telephone, and Prudential will, to the extent reasonably practicable, provide to the Company on such Business Day (or, if such request is received after 9:30 A.M. (New York City local time) on such Business Day, on the following Business Day), information (by telecopier or telephone) with respect to various spreads at which Prudential or Prudential Affiliates might be interested in purchasing Shelf Notes of different average lives; provided, however, that the Company may not make such requests more frequently than once in every five (5) Business Days or such other period as shall be mutually agreed to by the Company and Prudential. The amount and content of information so provided shall be in the sole discretion of Prudential but it is the intent of Prudential to provide information which will be of use to the Company in determining whether to initiate procedures for use of the Facility. Information so provided shall not constitute an offer to purchase Shelf Notes, and neither Prudential nor any Prudential Affiliate shall be obligated to purchase Shelf Notes at the spreads specified. Information so provided shall be representative of potential interest only. Prudential may suspend or terminate providing information pursuant to this paragraph 2B(3) for any reason, including its determination that the credit quality of the Company has declined since the date of this Agreement.

**2B(4). Request for Purchase.** The Company may from time to time during the Issuance Period make requests for purchases of Shelf Notes (each such request being herein called a “**Request for Purchase**”). Each Request for Purchase shall be made to Prudential by telecopier or overnight delivery service, and shall (i) specify the aggregate principal amount of Shelf Notes covered thereby, which shall not be less than \$10,000,000 and not be greater than the Available Facility Amount at the time such Request for Purchase is made, (ii) specify the principal amounts, final maturities (which shall be no more than ten and one-half (10.5) years from the date of issuance), average life (which shall be no more than ten and one-half (10.5) years from the date of issuance), principal prepayment dates (if any) and amounts of the Shelf Notes covered thereby, (iii) specify the interest payment periods (which shall be quarterly in arrears), (iv) specify the use of proceeds of such Shelf Notes, (v) specify the proposed day for the closing of the purchase and sale of such Shelf Notes, which shall be a Business Day during the Issuance Period not less than 10 days and not more than 25 days after the making of such Request for Purchase (which can be advanced by mutual agreement of Company and Prudential), (vi) specify the number of the account and the name and address of the depository institution to which the purchase prices of such Shelf Notes are to be transferred on the Closing Day for such purchase and sale, (vii) certify (x) that the representations and warranties contained in paragraph 8 are true on and as of the date of such Request for Purchase, (y) that there exists on the date of such Request for Purchase no Event of Default or Default, and (z) the aggregate outstanding principal amount of the Notes issued hereunder after giving effect to the issuance of the Notes under such Request for Purchase and that the issuance of the Notes under such Request for Purchase is permissible under the Credit Agreement, and (viii) be substantially in the form of Exhibit B attached hereto. Each Request for Purchase shall be in writing and shall be deemed made when received by Prudential.

**2B(5). Rate Quotes.** Not later than five Business Days after the Company shall have given Prudential a Request for Purchase pursuant to paragraph 2B(4), Prudential may, but shall be under no obligation to, provide to the Company by telephone or telecopier, in each case between 9:30 A.M. and 1:30 P.M. New York City local time (or such later time as Prudential may elect) interest rate quotes for the several principal amounts, maturities, interest payment periods and principal prepayment schedules of Shelf Notes specified in such Request for Purchase on the basis of quarterly interest payments to be made in arrears. Each quote shall represent the fixed interest rate per annum payable on the outstanding principal balance of such Shelf Notes at which a Prudential Affiliate or Affiliates would be willing to purchase such Shelf Notes at 100% of the principal amount thereof.

**2B(6). Acceptance.** Within the Acceptance Window with respect to any interest rate quotes provided pursuant to paragraph 2B(5), the Company may, subject to paragraph 2B(7), elect to accept such interest rate quotes as to not less than \$10,000,000 aggregate principal amount of the Shelf Notes specified in the related Request for Purchase. Such election shall be made by an Authorized Officer of the Company notifying Prudential by telephone or telecopier within the Acceptance Window that the Company elects to accept such interest rate quotes, specifying the Shelf Notes (each such Shelf Note being herein called an “**Accepted Note**”) as to which such acceptance (herein called an “**Acceptance**”) relates. The day the Company notifies Prudential of an Acceptance with respect to any Accepted Notes is herein called the “**Acceptance Day**” for such Accepted Notes. Any interest rate quotes as to which Prudential does not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. Subject to paragraph 2B(7) and the other terms and conditions hereof, the Company agrees to sell to a Prudential Affiliate or Affiliates, and Prudential agrees to cause the purchase by a Prudential Affiliate or Affiliates of, the Accepted Notes at 100% of the principal amount of such Notes. As soon as practicable following the Acceptance Day, the Company and each Prudential Affiliate which is to purchase any such Accepted Notes will execute a confirmation of such Acceptance substantially in the form of Exhibit C attached hereto (herein called a “**Confirmation of Acceptance**”). If the Company should fail to execute and return to Prudential within three Business Days following the Company’s receipt thereof a Confirmation of Acceptance with respect to any Accepted Notes, Prudential or any Prudential Affiliate may at its election at any time prior to Prudential’s receipt thereof cancel the closing with respect to such Accepted Notes by so notifying the Company in writing.

**2B(7). Market Disruption.** Notwithstanding the provisions of paragraph 2B(6), if Prudential shall have provided interest rate quotes pursuant to paragraph 2B(5) and thereafter, prior to the time an Acceptance with respect to such quotes shall have been made in accordance with paragraph 2B(6), the domestic market for U.S. Treasury securities or other financial instruments shall have closed or there shall have occurred a general suspension, material limitation, or significant disruption of trading in securities generally on the New York Stock Exchange or in the domestic market for U.S. Treasury securities or other financial instruments, then such interest rate quotes shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. If the Company thereafter notifies Prudential of the Acceptance of any such interest rate quotes, such Acceptance shall be ineffective for all purposes of this Agreement, and Prudential shall promptly (on the same day of such Acceptance, if practical, otherwise on the immediately following Business Day) notify the Company that the provisions of this paragraph 2B(6) are applicable with respect to such Acceptance.

**2B(8). Facility Closings.** Not later than 11:30 A.M. (New York City local time) on the Closing Day for any Accepted Notes, the Company will deliver to each Purchaser listed in the Confirmation of Acceptance relating thereto at the offices of Prudential Capital Group, 180 North Stetson Street, Suite 5600, Chicago, Illinois 60601, Attention: Law Department or at such other place pursuant to the directions of Prudential, the Accepted Notes to be purchased by such Purchaser in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Notes to be purchased on the Closing Day, dated the Closing Day and registered in such Purchaser's name (or in the name of its nominee), against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account specified in the Request for Purchase of such Notes. If the Company fails to tender to any Purchaser the Accepted Notes to be purchased by such Purchaser on the scheduled Closing Day for such Accepted Notes as provided above in this paragraph 2B(8), or any of the conditions specified in paragraph 3 shall not have been fulfilled by the time required on such scheduled Closing Day, the Company shall, prior to 1:00 P.M., New York City local time, on such scheduled Closing Day notify Prudential (which notification shall be deemed received by each Purchaser) in writing whether (i) such closing is to be rescheduled (such rescheduled date to be a Business Day during the Issuance Period not less than one Business Day and not more than 10 Business Days after such scheduled Closing Day (the "**Rescheduled Closing Day**")) and certify to Prudential (which certification shall be for the benefit of each Purchaser) that the Company reasonably believes that it will be able to comply with the conditions set forth in paragraph 3 on such Rescheduled Closing Day and that the Company will pay the Delayed Delivery Fee in accordance with paragraph 2B(9)(iii), or (ii) such closing is to be canceled. In the event that the Company shall fail to give such notice referred to in the preceding sentence, Prudential (on behalf of each Purchaser) may at its election, at any time after 1:00 P.M., New York City local time, on such scheduled Closing Day, notify the Company in writing that such closing is to be canceled. Notwithstanding anything to the contrary appearing in this Agreement, the Company may not elect to reschedule a closing with respect to any given Accepted Notes on more than one occasion, unless Prudential shall have otherwise consented in writing.

**2B(9). Fees.**

**2B(9)(i). Structuring Fee.** In consideration for the time, effort and expense involved in the preparation, negotiation and execution of this Agreement, at the time of the execution and delivery of this Agreement by the Company and Prudential, the Company will pay to Prudential or at the direction of Prudential by wire transfer of immediately available funds a fee (herein called the "**Structuring Fee**") in the amount of \$25,000.00, which amount shall be due payable on September 30, 2014, provided however, that if Company delivers an Acceptance of an interest rate quote on or before September 30, 2014, then Prudential shall waive the Structuring Fee.

**2B(9)(ii). Issuance Fee.** The Company will pay to each Purchaser in immediately available funds a fee (herein called the "**Issuance Fee**") on each Closing Day in an amount equal to 0.10% of the aggregate principal amount of Notes issued to such Purchaser on such Closing Day.

**2B(9)(iii). Delayed Delivery Fee.** If the closing of the purchase and sale of any Accepted Note is delayed for any reason beyond the original Closing Day for such Accepted Note, the Company will pay to each Purchaser which shall have agreed to purchase such Accepted Note (a) on the Cancellation Date or actual closing date of such purchase and sale and (b) if earlier, the next Business Day following 90 days after the Acceptance Day for such Accepted Note and on each Business Day following 90 days after the prior payment hereunder, a fee (herein called the "**Delayed Delivery Fee**") calculated as follows:

$$(BEY - MMY) \times DTS/360 \times PA$$

where "**BEY**" means the Bond Equivalent Yield, i.e., the bond equivalent yield per annum of such Accepted Note; "**MMY**" means Money Market Yield, i.e., the yield per annum on a commercial paper investment of the highest quality selected by Prudential and having a maturity date or dates the same as, or closest to, the Rescheduled Closing Day or Rescheduled Closing Days for such Accepted Note (a new alternative investment being selected by Prudential each time such closing is delayed); "**DTS**" means Days to Settlement, i.e., the number of actual days elapsed from and including the original Closing Day for such Accepted Note (in the case of the first such payment with respect to such Accepted Note) or from and including the date of the next preceding payment (in the case of any subsequent Delayed Delivery Fee payment with respect to such Accepted Note) to but excluding the date of such payment; and "**PA**" means Principal Amount, i.e., the principal amount of the Accepted Note for which such calculation is being made. In no case shall the Delayed Delivery Fee be less than zero. Nothing contained herein shall obligate any Purchaser to purchase any Accepted Note on any day other than the Closing Day for such Accepted Note, as the same may be rescheduled from time to time in compliance with paragraph 2B(8). Purchaser shall provide Company with a certificate setting out the manner of calculation of the Delayed Delivery Fee.

Notwithstanding any provision to the contrary, the Company shall not be required to pay a Delayed Delivery Fee to any Purchaser in the event that such delay results from such Purchaser's failure to pay to the Company the purchase price for such Accepted Note, even though all conditions precedent set forth in paragraph 3B hereof have been satisfied as of the original Closing Day for the Accepted Notes of such Purchaser (other than an opinion from Purchaser's special counsel required under paragraph 3B(2) unless the Company or any Subsidiary shall have failed to comply with any reasonable request of the Purchasers or their counsel to provide information necessary for the Purchaser's special counsel to deliver the opinion required by paragraph 3B(2)). In the event the delay results from a condition precedent in paragraph 3B that is within the control of the Company, and such condition is not satisfied within five (5) Business Days of the original Closing Day, the Company will be required to pay the applicable Delayed Delivery Fee.

**2B(9)(iv). Cancellation Fee.** If the Company at any time notifies Prudential in writing that the Company is canceling the closing of the purchase and sale of any Accepted Note, or if Prudential notifies the Company in writing under the circumstances set forth in the last sentence of paragraph 2B(6) or the penultimate sentence of paragraph 2B(8) that the closing of the purchase and sale of such Accepted Note is to be canceled, or if the closing of the purchase and sale of such Accepted Note is not consummated on or prior to the last day of the Issuance Period (the date of any such notification or the last day of the Issuance Period, as the case may be, being herein called the "**Cancellation Date**"), the Company will pay to each Purchaser which shall have agreed to purchase such Accepted Note on the Cancellation Date in immediately available funds an amount (the "**Cancellation Fee**") calculated as follows:

$$PI \times PA$$

where "**PI**" means Price Increase, i.e., the quotient (expressed in decimals) obtained by dividing (a) the excess of the ask price (as determined by Prudential) of the Hedge Treasury Note(s) on the Cancellation Date over the bid price (as determined by Prudential) of the Hedge Treasury Notes(s) on the Acceptance Day for such Accepted Note by (b) such bid price; and "**PA**" has the meaning ascribed to it in paragraph 2B(9)(iii). The foregoing bid and ask prices shall be as reported by TradeWeb LLC (or, if such data for any reason ceases to be available through TradeWeb LLC, any publicly available source of similar market data). Each price shall be based on a U.S. Treasury security having a par value of \$100.00 and shall be rounded to the second decimal place. In no case shall the Cancellation Fee be less than zero.

### 3. CONDITIONS OF CLOSING.

**3A. Conditions of Restatement.** The amendment and restatement of the 2006 Agreement pursuant to this Agreement shall become effective on the date (the "**Restatement Date**") upon which the following have been satisfied:

**3A(1). Certain Documents.** Prudential and each Existing Holder shall have received original counterparts or, if satisfactory to Prudential and such Existing Holder, certified or other copies of all of the following, each duly executed and delivered by the party or parties thereto, in form and substance satisfactory to Prudential and such Existing Holder, dated the Restatement Date unless otherwise indicated, and, on the Restatement Date, in full force and effect with no event having occurred and being then continuing that would constitute a default thereunder or constitute or provide the basis for the termination thereof:

(i) a Secretary's Certificate signed by the Secretary or Assistant Secretary and one other officer of the Company certifying, among other things (a) as to the name, titles and true signatures of the officers of the Company authorized to sign this Agreement, and the other documents to be delivered in connection with this Agreement, (b) that attached thereto is a true, accurate and complete copy of the certificate of incorporation of the Company, certified by the Secretary of State of the state of organization of the Company as of a recent date, (c) that attached thereto is a true, accurate and complete copy of the by-laws of the Company which were duly adopted and are in effect as of Restatement Date and have been in effect immediately prior to and at all times since the adoption of the resolutions referred to in clause (d) below, (d) that attached thereto is a true, accurate and complete copy of the resolutions of the board of directors or other managing body of the Company, duly adopted at a meeting or by unanimous written consent of such board of directors or other managing body, authorizing the execution, delivery and performance of this Agreement and the other documents to be delivered in connection with this Agreement, and that such resolutions have not been amended, modified, revoked or rescinded, and are in full force and effect and are the only resolutions of the shareholders, partners or members of the Company or of such board of directors or other managing body or any committee thereof relating to the subject matter thereof, (e) that this Agreement and the other documents executed and delivered to such Purchaser by the Company are in the form approved by its Board of Directors or other managing body in the resolutions referred to in clause (d), above, and (f) that no dissolution or liquidation proceedings as to the Company or any Subsidiary have been commenced or are contemplated.

(ii) a certificate of good standing for the Company from the Wisconsin Department of Financial Institutions dated no more than thirty (30) calendar days prior to the Restatement Date; and

(iii) such other certificates, documents and agreements as Prudential and such Existing Holder may reasonably request.

**3A(2). Opinion of Company's Counsel.** Prudential and each Existing Holder shall have received from von Briesen & Roper, s.c., counsel to the Company, a favorable opinion satisfactory to Prudential and such Existing Holder and substantially in the form of Exhibit D-1 attached hereto, and the Company, by its execution hereof, hereby requests and authorizes each such special counsel to render such opinion, and understands and agrees that Prudential and each Existing Holder receiving such an opinion will be relying, and is hereby authorized to rely, on such opinion.

**3A(3). Representations and Warranties; No Default; Satisfaction of Conditions.** The representations and warranties contained in paragraph 8 shall be true on and as of the Restatement Date, both before and immediately after giving effect to the consummation of any transactions contemplated hereby; there shall exist on the Restatement Date no Event of Default or Default, both before and immediately after giving effect to the consummation of any transactions contemplated hereby; the Company shall have performed all agreements and satisfied all conditions required under this Agreement to be performed or satisfied on or before the Restatement Date; and the Company shall have delivered to such Purchaser an Officer's Certificate, dated the Restatement Date, to each such effect.

**3A(4). Payment of Structuring Fee.** The Company shall have paid to Prudential and/or such Existing Holder in immediately available funds any fees due it pursuant to or in connection with this Agreement, including any Structuring Fee due pursuant to paragraph 2B(9)(i).

**3A(5). Credit Agreement .** The Credit Agreement, which shall permit the Company to execute, deliver and perform its respective duties or obligations under this Agreement and the Notes, issue the Shelf Notes and consummate the other transactions contemplated hereby and by the Notes, and having other terms and conditions reasonably satisfactory to Prudential and the Existing Holders, shall have been duly executed and delivered by the Company and the Bank, and shall be in full force and effect. Prudential and the Existing Holders shall have received a copy of the Credit Agreement, all amendments thereto, and all schedules and exhibits thereto, certified by an Officer's Certificate, dated the Restatement Date, as correct and complete.

**3A(6). Fees and Expenses.** Without limiting the provisions of paragraph 11B hereof, the Company shall have paid the reasonable fees, charges and disbursements of any special counsel to Prudential and the Existing Holders referred to in paragraph 3B(2) hereof.

**3A(7). Proceedings.** All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to Prudential and the Existing Holders, and Prudential and the Existing Holders shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request.

**3B. Conditions of Shelf Closing.** Each Purchaser's obligation to purchase and pay for the Shelf Notes to be purchased by such Purchaser hereunder on any Closing Day is subject to the satisfaction, on or before such Closing Day, of the following conditions:

**3B(1). Certain Documents.** Such Purchaser shall have received original counterparts or, if satisfactory to such Purchaser, certified or other copies of all of the following, each duly executed and delivered by the party or parties thereto, in form and substance satisfactory to such Purchaser, dated the date of the applicable Closing Day unless otherwise indicated, and, on the applicable Closing Day, in full force and effect with no event having occurred and being then continuing that would constitute a default thereunder or constitute or provide the basis for the termination thereof:

(i) the Note or Notes to be issued to or purchased by such Purchaser on such Closing Day in the form of Exhibit A-2 attached hereto;

(ii) a Secretary's Certificate signed by the Secretary or Assistant Secretary and one other officer of the Company certifying, among other things (a) as to the name, titles and true signatures of the officers of the Company authorized to sign this Agreement, the Notes being delivered on such Closing Day and the other documents to be delivered in connection with this Agreement, (b) that attached thereto is a true, accurate and complete copy of the certificate of incorporation of the Company, certified by the Secretary of State of the state of organization of the Company as of a recent date, (c) that attached thereto is a true, accurate and complete copy of the by-laws of the Company which were duly adopted and are in effect as of such Closing Day and have been in effect immediately prior to and at all times since the adoption of the resolutions referred to in clause (d) below, (d) that attached thereto is a true, accurate and complete copy of the resolutions of the board of directors or other managing body of the Company, duly adopted at a meeting or by unanimous written consent of such board of directors or other managing body, authorizing the execution, delivery and performance of this Agreement, the Notes being delivered on such Closing Day and the other documents to be delivered in connection with this Agreement, and that such resolutions have not been amended, modified, revoked or rescinded, and are in full force and effect and are the only resolutions of the shareholders, partners or members of the Company or of such board of directors or other managing body or any committee thereof relating to the subject matter thereof, (e) that this Agreement, the Notes being delivered on such Closing Day and the other documents executed and delivered to such Purchaser by the Company are in the form approved by its Board of Directors or other managing body in the resolutions referred to in clause (d), above, and (f) that no dissolution or liquidation proceedings as to the Company or any Subsidiary have been commenced or are contemplated; provided, however, that with respect to any Closing Day subsequent to the Restatement Date, if none of the matters certified to in the certificate delivered by the Company under paragraph 3A(1)(i) or under this clause (ii) on the Restatement Date or any prior Closing Day have changed and the resolutions referred to in sub-clause (d) of paragraph 3A(1)(i) or under this clause (ii) authorize the execution and delivery of the Notes being delivered on such subsequent Closing Day, then the Company may, in lieu of the certificate described above, deliver a Secretary's Certificate signed by its Secretary or Assistant Secretary certifying that there have been no changes to the matters certified to in the certificate delivered by the Company on the Restatement Date or such prior Closing Day, as applicable, under paragraph 3A(1)(i) or under this clause (ii);

(iii) a certificate of good standing for the Company from the Wisconsin Department of Financial Institutions dated no more than thirty (30) calendar days prior to the Closing Day;

(iv) certified copies of Requests for Information or Copies (Form UCC-11) or equivalent reports listing all effective financing statements which name the Company as debtor and which are filed in the Wisconsin Department of Financial Institutions (or such other office which is, under the Uniform Commercial Code as in effect in the applicable jurisdiction, the proper office in which to file a financing statement under Section 9-501(a)(2) of such Uniform Commercial Code), together with copies of such financing statements; and

(v) such other certificates, documents and agreements as such Purchaser may reasonably request.

**3B(2). Opinion of Prudential's Special Counsel.** Such Purchaser shall have received from Avila Rodriguez Hernandez Mena & Ferri LLP or such other counsel who are acting as special counsel for the Purchasers in connection with this transaction, a favorable opinion satisfactory to such Purchaser as to such matters incident to the matters herein contemplated as it may reasonably request.

**3B(3). Opinion of Company's Counsel.** Such Purchaser shall have received from von Briesen & Roper, s.c., counsel to the Company, a favorable opinion satisfactory to such Purchaser and substantially in the form of Exhibit D-2 attached hereto, and the Company, by its execution hereof, hereby requests and authorizes each such special counsel to render such opinion, and understands and agrees that each Purchaser receiving such an opinion will be relying, and is hereby authorized to rely, on such opinion.

**3B(4). Representations and Warranties; No Default; Satisfaction of Conditions.** The representations and warranties contained in paragraph 8 shall be true on and as of such Closing Day, both before and immediately after giving effect to the issuance of the Notes to be issued on such Closing Day and to the consummation of any other transactions contemplated hereby; there shall exist on such Closing Day no Event of Default or Default, both before and immediately after giving effect to the issuance of the Notes to be issued on such Closing Day and the consummation of any other transactions contemplated hereby; the Company shall have performed all agreements and satisfied all conditions required under this Agreement to be performed or satisfied on or before such Closing Day; and the Company shall have delivered to such Purchaser an Officer's Certificate, dated such Closing Day, to each such effect.

**3B(5). Purchase Permitted By Applicable Laws; Approvals.** The purchase of and payment for the Notes to be purchased by such Purchaser on such Closing Day on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject such Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as it may request to establish compliance with this condition. All necessary authorizations, consents, approvals, exceptions or other actions by or notices to or filings with any court or administrative or governmental body or other Person required in connection with the execution, delivery and performance of this Agreement and the Notes to be issued on such Closing Day or the consummation of the transactions contemplated hereby or thereby shall have been issued or made, shall be final and in full force and effect and shall be in form and substance satisfactory to such Purchaser.

**3B(6). Payment of Fees.** The Company shall have paid to Prudential and/or such Purchaser in immediately available funds any fees due it pursuant to or in connection with this Agreement, including any Structuring Fee due pursuant to paragraph 2B(9)(i), any Issuance Fee due pursuant to paragraph 2B(9)(ii) and any Delayed Delivery Fee due pursuant to paragraph 2B(9)(iii).

**3B(7). Material Adverse Change.** No material adverse change in the business, condition (financial or otherwise), operations or prospects of the Company and its Subsidiaries, taken as a whole, since June 30, 2013 shall have occurred or be threatened, as determined by such Purchaser in its sole judgment.

**3B(8). Fees and Expenses.** Without limiting the provisions of paragraph 11B hereof, the Company shall have paid the reasonable fees, charges and disbursements of any special counsel to the Purchasers referred to in paragraph 3B(2) hereof.

**3B(9). Proceedings.** All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to such Purchaser, and such Purchaser shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

**4. PREPAYMENTS.** The Notes shall be subject to prepayment only as specified in this paragraph 4 and upon acceleration pursuant to paragraph 7A.

**4A. Required Prepayments.**

**4A(1). Required Prepayments of 2006 Notes.** Until the 2006 Notes shall be paid in full, the Company shall apply to the prepayment of the Notes, without premium, the sum of \$3,571,428.58 on April 10 in each of the years 2010 to 2015, inclusive, and such principal amounts of the 2006 Notes, together with interest thereon to the prepayment dates, shall become due on such prepayment dates (provided that upon any purchase of the 2006 Notes pursuant to paragraph 4E or 4F the principal amount of each required prepayment of the 2006 Notes becoming due under this paragraph 4A(1) on and after the date of such purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of the 2006 Notes is reduced as a result of such purchase). The remaining outstanding principal amount of the 2006 Notes, together with any accrued and unpaid interest thereon, shall become due on April 10, 2016, the maturity date of the 2006 Notes.

**4A(2). Required Prepayments of Shelf Notes.** Each Series of Shelf Notes shall be subject to required prepayments, if any, set forth in the Notes of such Series (provided that upon any prepayment or purchase of any Series of Shelf Notes pursuant to paragraph 4E or 4F the principal amount of each required prepayment of such Series of Shelf Notes becoming due under this paragraph 4A(2) on and after the date of such prepayment or purchase shall be reduced in the same proportion as the aggregate unpaid principal amount of such Series of Shelf Notes is reduced as the result of such prepayment or purchase).

**4B. Optional Prepayment With Yield-Maintenance Amount.** The Notes of each Series shall be subject to prepayment, in whole at any time or from time to time in part (in integral multiples of \$500,000 and in a minimum amount of \$1,000,000 on any one occurrence), at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each such Notes of such Series, provided, however, that the Company may not prepay the Notes of any Series, in whole or in part pursuant to this paragraph 4B without the written consent of the Required Holders if at the time of such prepayment, or after giving effect thereto, a Default or Event of Default would exist. Any partial prepayment of a Series of Notes pursuant to this paragraph 4B shall be applied in satisfaction of required payments of principal thereof (including the required payment of principal due upon the maturity thereof) in inverse order of their scheduled due dates.

**4C. Notice of Optional Prepayment.** The Company shall give the holder of each Note of a Series to be prepaid pursuant to paragraph 4B irrevocable written notice of such prepayment not less than 10 Business Days prior to the prepayment date (which shall be a Business Day), specifying such prepayment date and the aggregate principal amount of the Notes of such Series, and the Notes of such Series held by such holder, to be prepaid on such date and stating that such prepayment is to be made pursuant to paragraph 4B. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, with respect thereto, shall become due and payable on such prepayment date. The Company shall, on or before the day on which it gives written notice of any prepayment pursuant to paragraph 4B, give telephonic notice of the principal amount of the Notes to be prepaid and the prepayment date to each Significant Holder which shall have designated a recipient of such notices in the Purchaser Schedule attached hereto or the applicable Confirmation of Acceptance or by notice in writing to the Company.

**4D. Partial Payments Pro Rata.** In the case of each prepayment of less than the entire outstanding principal amount of all Notes of a Series pursuant to paragraphs 4A or 4B, the principal amount so prepaid shall be allocated pro rata to all Notes of such Series at the time outstanding in proportion to the respective outstanding principal amounts thereof.

**4E. Offer to Prepay Notes in the Event of a Change of Control.**

**4E(1). Notice of Change of Control.** The Company will, at least 30 days prior to any Change of Control, give written notice of such Change of Control to each holder of the Notes. Such notice shall contain and constitute an offer to prepay the Notes as described in paragraph 4E(3) and shall be



accompanied by the certificate described in paragraph 4E(6).

**4E(2). Notice of Acceptance of Offer under Paragraph 4E(1).** If the Company shall at any time receive an acceptance to an offer to prepay Notes under paragraph 4E(1) from some, but not all, of the holders of the Notes, then the Company will, within two Business Days after the receipt of such acceptance, give written notice of such acceptance to each other holder of the Notes.

**4E(3). Offer to Prepay Notes.** The offer to prepay Notes contemplated by paragraph 4E(1) shall be an offer to prepay, in accordance with and subject to this paragraph 4E, all, but not less than all, of the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) at the time of the occurrence of the Change of Control.

**4E(4). Rejection; Acceptance.** A holder of Notes may accept or reject the offer to prepay made pursuant to this paragraph 4E by causing a notice of such acceptance or rejection to be delivered to the Company prior to the prepayment date. A failure by a holder of Notes to so respond to an offer to prepay made pursuant to this paragraph 4E shall be deemed to constitute an acceptance of such offer by such holder.

**4E(5). Prepayment.** Prepayment of the Notes to be prepaid pursuant to this paragraph 4E shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment and the Yield-Maintenance Amount, if any, with respect thereto. The prepayment shall be made at the time of occurrence of a Change of Control.

**4E(6). Officer's Certificate.** Each offer to prepay the Notes pursuant to this paragraph 4E shall be accompanied by a certificate, executed by a Responsible Officer of the Company and dated the date of such offer, specifying (i) the proposed prepayment date, (ii) that such offer is made pursuant to this paragraph 4E, (iii) the principal amount of each Note offered to be prepaid, (iv) the interest that would be due on each Note offered to be prepaid, accrued to the prepayment date, (v) that the conditions of this paragraph 4E have been fulfilled, and (vi) in reasonable detail, the nature and anticipated date of the Change of Control.

**4F. No Acquisition of Notes.** The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraph 4A or 4B, upon acceptance of an offer to prepay pursuant to paragraph 4E or upon acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquire, directly or indirectly, Notes of any Series held by any holder unless the Company or such Subsidiary or Affiliate shall have offered to prepay or otherwise retire or purchase or otherwise acquire, as the case may be, the same proportion of the aggregate principal amount of Notes of such Series held by each other holder of Notes of such Series at the time outstanding upon the same terms and conditions. Any Notes so prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates shall not be deemed to be outstanding for any purpose under this Agreement.

**5. AFFIRMATIVE COVENANTS.** From and after the date of this Agreement, during the Issuance Period and unless otherwise consented to in accordance with paragraph 11C, which consent shall not be unreasonably withheld, until the entire amount of principal of, interest on and Yield-Maintenance Amount, if any, with respect to, the Notes, and all other amounts of fees and payments due under this Agreement and the Notes are paid in full:

**5A. Payment.** The Company covenants that it shall timely pay or cause to be paid the principal of and interest on the Notes and all other amounts due under this Agreement.

**5B. Corporate Existence; Properties; Ownership.** The Company covenants that it shall, and shall cause each Subsidiary to: (i) maintain its corporate or other organizational existence; except that the Company may permit any Subsidiary to merge into it or into a wholly owned Subsidiary; (ii) conduct its business substantially as now conducted or as described in any business plans delivered to the Purchasers prior to the date of closing; (iii) maintain all assets (other than assets no longer used or useful in the conduct of its business) in good repair, working order and condition, ordinary wear and tear excepted; and (iv) maintain accurate records and books of account in accordance with generally accepted accounting principles consistently applied throughout all accounting periods.

**5C. Licenses.** The Company covenants that it shall maintain in full force and effect each license, permit and franchise granted or issued by any federal, state or local governmental agency or regulatory authority that is reasonably necessary to or used in the Company's or any Subsidiary's business.

**5D. Reporting Requirements.** The Company covenants that it shall furnish to each Significant Holder such information respecting the business, assets and financial condition of the Company and its Subsidiaries as such Significant Holder may reasonably request and, without request:

(i) as soon as available, and in any event within forty-five (45) days after the end of the first three fiscal quarters of each fiscal year, (a) a consolidated and consolidating balance sheet of the Company and its consolidated Subsidiaries as of the end of each such fiscal quarter; and (b) consolidated and consolidating statements of income and surplus of the Company and its consolidated Subsidiaries for each such fiscal quarter, all in reasonable detail and certified as true and correct, subject to audit and normal year-end adjustments, by the vice president of finance or treasurer of the Company; and

(ii) as soon as available, and in any event within ninety (90) days after the close of each fiscal year, a copy of the detailed annual audit report for such year and accompanying consolidated financial statements of the Company and its consolidated Subsidiaries prepared in reasonable detail and in accordance with generally accepted accounting principles and audited by independent certified public accountants of recognized standing selected by the Company, and reasonably satisfactory to the Required Holder(s), which audit report shall be unqualified and shall be accompanied by: (a) an unqualified opinion of such accountants, in form and substance reasonably satisfactory to the Required Holder(s), to the effect that the same fairly presents the financial condition and the results of operations of the Company and its consolidated Subsidiaries for the periods and as of the relevant dates thereof, and (b) a certificate of such accountants setting forth their computations as to the Company's compliance with paragraph 5M of this Agreement stating that in the ordinary course of their audit, conducted in accordance with generally accepted auditing practices, they did not become aware of any Event of Default or, if their audit disclosed an Event of Default, a specification of the Event of Default and the actions taken or proposed to be taken by the Company with respect thereto; and

(iii) within (a) forty-five (45) days after the end of the first three fiscal quarters of each fiscal year and (ii) ninety (90) days after the close of each fiscal year, an executed Compliance Certificate, in the form of Exhibit E attached hereto; and

(iv) promptly upon its becoming available, furnish to such Significant Holder one copy of each financial statement, report, notice, or proxy statement sent by the Company to its shareholders generally and of each regular or periodic report, registration statement or prospectus filed by the Company with any securities exchange or the Securities and Exchange Commission or any successor agency; and

(v) as soon as received, but in any event not later than ten (10) days after receipt, copies of all management letters and other reports submitted to the Company by independent certified public accountants in connection with any examination of the financial statements of the Company and notify such Significant Holder promptly of any change in any accounting method used by the Company in the preparation of the financial statements to be delivered to such Significant Holder pursuant to this paragraph 5D;

(vi) no later than July 31 of each year, a detailed forecast for the next fiscal year of the Company and its Subsidiaries in a form reasonably satisfactory to the Required Holder(s); and

(vii) from time to time, such other information or documents (financial or otherwise) with respect to the Company or any of its Subsidiaries as any Significant Holder may reasonably request.

**5E. Taxes.** The Company covenants that it shall, and the Company shall cause each Subsidiary to, pay all taxes and assessments prior to the date on which penalties attach thereto, except for any tax or assessment which is either not delinquent or which is being contested in good faith and by proper proceedings and against which adequate reserves have been provided.

**5F. Inspection of Properties and Records.** The Company covenants that it shall, and the Company shall cause each Subsidiary to, permit each Significant Holder or its agents or representatives to visit any of its properties and examine any of its books and records upon reasonable prior notice, at any reasonable time and as often as may be reasonably desired, and the Company shall facilitate each such inspection, audit and examination; provided, however, that nothing in this Agreement shall require the Company to disclose, or shall entitle such Significant Holder to examine, copy or otherwise have access to, the Company's trade secrets, which the Company has informed such Significant Holder are trade secrets of the Company, prior to any Event of Default nor thereafter, unless the Company and such Significant Holder shall enter into a confidentiality and nondisclosure agreement with respect to such trade secrets which agreement shall have terms reasonably acceptable to the Company.

**5G. Reference in Financial Statements.** The Company covenants that it shall include, to the extent required by applicable Law, or cause to be included, a reference to this Agreement in all financial statements of the Company which are furnished to stockholders, financial reporting services, creditors and prospective creditors.

**5H. Compliance with Laws.** The Company covenants that it shall, and the Company shall cause each Subsidiary to: (a) comply in all material respects with all applicable Environmental Laws, and orders of regulatory and administrative authorities with respect thereto, and, without limiting the generality of the foregoing, promptly undertake and diligently pursue to completion appropriate and legally authorized containment, investigation and clean-up action in the event of any release of Hazardous Materials on, upon or into any real property owned, operated or within the control of the Company or any Subsidiary; and (b) comply in all material respects with all other Laws applicable to the Company, its Subsidiaries, or their respective assets or operations.

**5I. Compliance with Agreements.** The Company covenants that it shall, and the Company shall cause each Subsidiary to, perform and comply in all respects with the provisions of any agreement (including without limitation any collective bargaining agreement), license, regulatory approval, permit and franchise binding upon the Company or any Subsidiary or their respective assets or properties, if the failure to so perform or comply would have a material adverse effect on the condition (financial or otherwise) of the business, assets or properties of the Company or any Subsidiary.

**5J. Notices.** The Company covenants that it shall:

(i) as soon as possible and in any event within five (5) Business Days after the Company's knowledge of the occurrence of any Default or Event of Default, notify each holder of the Notes in writing of such Default or Event of Default and set forth the details thereof and the action which is being taken or proposed to be taken by the Company with respect thereto;

(ii) promptly notify each holder of the Notes of the commencement of any litigation or administrative proceeding that would cause the representation and warranty of the Company contained in paragraph 8F of this Agreement to be untrue;

(iii) promptly notify each holder of the Notes: (a) of the occurrence of any Reportable Event or Prohibited Transaction (as such terms are defined in ERISA) that has occurred with respect to any Plan; and (b) of the institution by the PBGC or the Company or any Subsidiary of proceedings under Title IV of ERISA to terminate any Plan;

(iv) unless prohibited by applicable Law, notify each holder of the Notes, and provide copies, immediately upon receipt but in any event not later than ten (10) days after receipt, of any notice, pleading, citation, indictment, complaint, order or decree from any federal, state or local government agency or regulatory body, or any other source, asserting or alleging a circumstance or condition that requires or may require a financial contribution in an amount of \$1,000,000 or more by the Company or any Subsidiary, or both, or an investigation, clean-up, removal, remedial action or other response by or on the part of the Company or any Subsidiary, or both, under Environmental Laws which would cost \$1,000,000 or more or which seeks damages or civil, criminal or punitive penalties in an amount of \$1,000,000 or more from or against the Company or any Subsidiary, or both, for an alleged violation of Environmental Laws; and provide each holder of the Notes with written notice of any condition or event which would make the representations and warranties contained in paragraphs 8K through 8P of this Agreement inaccurate, as soon as the Company becomes aware of such condition or event;

(v) notify each holder of the Notes at least thirty (30) days prior to any change of the Company's name or its use of any trade name;

(vi) promptly notify each holder of the Notes of any damage to, or loss of, any of the assets or properties of the Company if the net book value of the damaged or lost asset or property at the time of such damage or loss exceeds \$1,000,000;

(vii) promptly notify each holder of the Notes of the commencement of any investigation, litigation, or administrative or regulatory proceeding by, or the receipt of any notice, citation, pleading, order, decree or similar document issued by, any federal, state or local governmental agency or regulatory authority that results in, or may result in, the termination or suspension of any license, permit or franchise necessary to the Company's business, or that imposes, or may result in the imposition of, a fine or penalty in an amount of \$1,000,000 or more on the Company or both; and

(viii) promptly notify each holder of the Notes of any material adverse change in the business, operations, assets, property, prospects or financial condition of the Company.

**5K. Insurance.** The Company covenants that it shall, and the Company shall cause each Subsidiary to obtain and maintain at its own expense the following insurance, which shall be with insurers satisfactory to the Required Holder(s): (i) "all risks" property insurance in amounts not less than the one hundred percent (100%) replacement cost of all buildings, improvements, fixtures, equipment and other real and personal property of the Company or such Subsidiary, with a replacement cost agreed amount endorsement; (ii) commercial general liability insurance covered under a commercial general liability policy including contractual liability in an amount not less than \$1,000,000 combined single limit for bodily injury, including personal injury, and property damage; (iii) product liability insurance in such amounts as is customarily maintained by companies engaged in the same or similar businesses; and (iv) worker's compensation insurance in amounts meeting all statutory state and local requirements. The property and commercial general liability policies described above shall require the insurer to provide at least thirty (30) days' prior written notice to each Significant Holder of any material change or cancellation of such policy.

**5L. New Subsidiaries; Acquisitions.** If the Company organizes one or more new Subsidiaries after the Restatement Date in compliance with the terms of this Agreement, the Company shall promptly deliver to each holder of the Notes an amended Schedule 8A listing all of the Subsidiaries of the Company, together with the Company's percentage of ownership of such Subsidiary. The Company agrees to give prior written notice to each holder of the Notes of any such new Subsidiary and of any acquisition permitted under paragraph 6C.

**5M. Financial Covenants.** The Company covenants that:

(i) **Minimum Net Worth.** The Company and its consolidated Subsidiaries shall maintain at all times an aggregate Net Worth of at least \$120,018,000 plus 35% of the positive consolidated Net Income for each fiscal quarter from and after December 31, 2013 on a cumulative basis. For purposes of all computations

made pursuant to this paragraph 5M(i), the Company may exclude from Net Worth adjustments that result from (a) changes to the assumptions used by the Company in determining its pension liabilities or (b) changes in the market value of plan assets up to an aggregate amount of adjustments equal to \$34,000,000.

The Company shall document such adjustments in the Compliance Certificate delivered by the Company to each Significant Holder pursuant to paragraph 5D(iii) of this Agreement.

(ii) **Minimum EBITDA.** The Company and its consolidated Subsidiaries shall achieve EBITDA of at least \$11,000,000 for the four fiscal quarters of the Company and its consolidated Subsidiaries ending on the date of determination. This covenant shall be tested quarterly at the end of each fiscal quarter, commencing June 30, 2014 and at the end of each fiscal quarter thereafter.

(iii) **Maximum Total Funded Debt to EBITDA Ratio.** The Company and its consolidated Subsidiaries shall not permit the ratio of Total Funded Debt to EBITDA to exceed 3.00 to 1.00, tested at the end of each fiscal quarter of Company, commencing June 30, 2014, all as determined, in the case of Total Funded Debt, on the date of determination, and in the case of EBITDA, for the preceding four fiscal quarters of the Company and its consolidated Subsidiaries ending on the date of determination. This covenant shall be tested quarterly at the end of each fiscal quarter.

**5N. Information Required by Rule 144A.** The Company covenants that it will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to and in compliance with the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5N, the term "qualified institutional buyer" shall have the meaning specified in Rule 144A under the Securities Act.

**5O. Excess Leverage Fee.** If the ratio of Total Funded Debt to EBITDA, determined, in the case of Total Funded Debt, on the date of determination, and in the case of EBITDA, for the preceding four fiscal quarters of the Company and its consolidated Subsidiaries ending on the date of determination, as of the end of any fiscal quarter ending on or after June 30, 2009 is greater than 2.50 to 1.00, then, in addition to the interest accruing on the 2006 Notes, the Company agrees to pay to each holder of a 2006 Note a fee (the "**Excess Leverage Fee**") on the daily average outstanding principal amount of such 2006 Note during such fiscal quarter at a rate per annum equal to 0.50%. The Excess Leverage Fee with respect to each 2006 Note for any fiscal quarter shall be calculated on the same basis as interest on such 2006 Note is calculated and shall be paid in arrears within forty-five (45) days of the end of such fiscal quarter. The payment of any Excess Leverage Fee shall not constitute a waiver of any Default or Event of Default. If for any reason the Company fails to deliver the financial statements required by paragraph 5D hereof for a fiscal quarter or fiscal year by the date the Excess Leverage Fee, if any, would be payable for such fiscal quarter, then, for the purposes of this paragraph 5O, the ratio of Total Funded Debt to EBITDA for such fiscal quarter or for the last fiscal quarter of such fiscal year, as the case may be, shall be deemed to be greater than 2.50 to 1.00.

**5P. Most Favored Lender.** The Company covenants that if, on any date, it or any other Credit Agreement Borrower enters into, assumes or otherwise becomes bound or obligated under any agreement evidencing, securing, guaranteeing or otherwise relating to any Indebtedness (other than the Indebtedness evidenced by the Notes) in excess of \$1,000,000, or obligations in excess of \$1,000,000 in respect of one or more Swap Agreements, of any one or more of the Company and any other Credit Agreement Borrower, that contains, or amends any such agreement to contain, one or more Additional Covenants or Additional Defaults, then on such date the terms of this Agreement shall, without any further action on the part of the Company or any of the holders of the Notes, be deemed to be amended automatically to include each Additional Covenant and each Additional Default contained in such agreement. The Company further covenants to promptly execute and deliver at its expense (including the reasonable fees and expenses of counsel for the holders of the Notes) an amendment to this Agreement in form and substance satisfactory to the Required Holder(s) evidencing the amendment of this Agreement to include such Additional Covenants and Additional Defaults, provided that the execution and delivery of such amendment shall not be a precondition to the effectiveness of such amendment as provided for in this paragraph 5P, but shall merely be for the convenience of the parties hereto.

**6. NEGATIVE COVENANTS.** From and after the date of this Agreement, during the Issuance Period and unless otherwise consented to in accordance with paragraph 11C, which consent shall not be unreasonably withheld, until the entire amount of principal of, interest on and Yield-Maintenance Amount, if any, with respect to, the Notes, and all other amounts of fees and payments due under this Agreement and the Notes are paid in full:

**6A. Liens.** The Company covenants that it will not, and will not permit any Subsidiary to, incur, create, assume or permit to be created or allow to exist any Lien upon or in any of its real estate, assets or properties, except Permitted Liens.

**6B. Indebtedness.** The Company covenants that it will not, and will not permit any Subsidiary to, incur, create, assume, permit to exist, guarantee, endorse or otherwise become directly or indirectly or contingently responsible or liable for any Indebtedness, except Permitted Indebtedness.

**6C. Consolidation and Merger.** The Company covenants that it will not, and will not permit any Subsidiary to, consolidate with or merge into any other Person, or permit another Person to merge into it, or acquire substantially all of the assets of any other Person, whether in one or a series of transactions, except that (i) the Company may permit any Subsidiary to merge into it or into a wholly owned Subsidiary, and (ii) provided that no Default or Event of Default then exists or would be created thereby, the Company may acquire substantially all of the assets or business or stock or other evidences of beneficial ownership of, any Person, provided further that the aggregate consideration paid and liabilities assumed for all such transactions may not exceed \$20,000,000 in any fiscal year, on a non-cumulative basis.

**6D. Disposition of Assets.** The Company covenants that it will not, and will not permit any Subsidiary to, sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets or properties except, prior to the occurrence of an Event of Default: (i) sales of inventory in the ordinary course of business; (ii) sales or other disposition of equipment, provided that such equipment is replaced by equipment of a similar kind and equivalent value; (iii) sales or other dispositions of any asset that is no longer used or useful in the business of the Company or any Subsidiary, and (iv) other dispositions of assets provided that such assets, in the aggregate for all such dispositions after the Restatement Date, (a) represent no more than 5% of the consolidated assets of the Company and its consolidated Subsidiaries as of the end of the fiscal quarter preceding any such disposition date and (b) are responsible for no more than 5% of the consolidated net revenues or of the consolidated net income of the Company and its consolidated Subsidiaries, for the four consecutive fiscal quarters ending on the last day of the fiscal quarter preceding the disposition date.

**6E. Investments.** The Company covenants that it will not, and will not permit any Subsidiary to, make any Investment in or to other Persons, except Permitted Investments.

**6F.** [Intentionally Omitted].

**6G. Transaction with Affiliates.** The Company covenants that it will not, and will not permit any Subsidiary to, engage in any transaction with an Affiliate on terms materially less favorable to the Company or such Subsidiary than would be available at the time from a Person who is not an Affiliate.

**6H. Guarantees.** The Company covenants that it will not, and will not permit any Subsidiary to, guarantee the Indebtedness of any Person, except guarantees of the Notes or Indebtedness under the Credit Agreement. If any Subsidiary becomes a guarantor, co-obligator or otherwise jointly liable for the obligations of the Company, or of any Credit Agreement Borrower that is a Domestic Subsidiary, under the Credit Agreement, or any Domestic Subsidiary becomes a Credit Agreement Borrower, such Subsidiary will concurrently therewith provide a guarantee of the Notes in form and substance reasonably satisfactory to the Required Holders; such guaranty will be accompanied by a secretary's certificate fulfilling the requirements of paragraph 3A(1)(i) and a favorable opinion of counsel to such Domestic Subsidiary, all in form, content and scope reasonably satisfactory to the Required Holders.

6I. [Intentionally Omitted]

6J. [Intentionally Omitted]

**6K. Terrorism Sanctions Regulations.** The Company will not and will not permit any Controlled Entity to (a) become a Blocked Person or (b) have any investments in or engage in any dealings or transactions with any Blocked Person if such investments, dealings or transactions would cause any holder of a Note to be in violation of, or subject to sanctions under, any laws or regulations that are applicable to such holder.

## 7. EVENTS OF DEFAULT.

**7A. Acceleration.** If any Event of Default shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise), then (a) if such Event of Default is an Event of Default specified in clause (i) of the definition of Notice Event of Default, any holder of any Note (other than the Company or any of its Subsidiaries or Affiliates) may at its option, by notice in writing to the Company, declare all of the Notes held by such holder to be, and all of the Notes held by such holder shall thereupon be and become, immediately due and payable at par together with interest accrued thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (b) if such Event of Default is an Automatic Event of Default, all of the Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and the Facility shall automatically terminate, and (c) if such Event of Default is a Event of Default specified in any of clauses (i) through (ix), inclusive, of the definition of Notice Event of Default, the Required Holder(s) of the Notes of any Series may at its or their option, by notice in writing to the Company, declare all of the Notes of such Series to be, and all of the Notes of such Series shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note of such Series, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, and Prudential may at its option, by notice in writing to the Company, terminate the Facility. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from prepayment by the Company (except as herein specifically provided for) and without the occurrence of an Event of Default and that the provision for payment of Yield-Maintenance Amount by the Company in the event the Notes are prepaid or are accelerated as a result of an Event of Default is intended to provide compensation for the deprivation of such right under such circumstances.

**7B. Rescission of Acceleration.** At any time after any or all of the Notes of any Series shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) of the Notes of such Series may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes of such Series, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes of such Series which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the Default Rate, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes of such Series or this Agreement. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

**7C. Notice of Acceleration or Rescission.** Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

**7D. Other Remedies.** If any Event of Default or Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

## 8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

**8A. Organization and Qualification; Subsidiaries.** The Company and each Subsidiary is a corporation, limited liability company, partnership, trust or other domestic or foreign entity or organizational form duly and validly organized and existing under the Laws of the jurisdiction of its incorporation or formation, as applicable, and has the corporate or other organizational power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business as now conducted or presently contemplated. Each of the Company and each Subsidiary is duly licensed or qualified to do business and is in active status or good standing in all jurisdictions in which failure to do so would have a material adverse effect on its business or financial condition. All of the Subsidiaries of the Company and a designation as to whether such Subsidiary is a Domestic Subsidiary, together with the Company's percentage of ownership of each Subsidiary, are set forth on Schedule 8A.

**8B. Financial Statements.** All of the financial statements of the Company and its Subsidiaries heretofore furnished to any Purchaser by the Company are accurate and complete in all material respects and fairly present the financial condition and the results of operations of the Company and its Subsidiaries for the periods covered thereby and as of the relevant dates thereof, all financial statements were prepared in accordance with generally accepted accounting principles, subject in the case of interim financial statements to audit and year-end adjustments. There has been no material adverse change in the business, properties or condition (financial or otherwise) of the Company and its Subsidiaries since the end of the most recent fiscal year for which audited financial statements had been furnished to Prudential and the Existing Holders at the time of the execution of this Agreement (in the case of making this representation at the time of the Restatement Date), or, in the case of making this representation at the time of submitting a Request for Purchase or the issuance of a Series of Shelf Notes, since the end of the most recent fiscal year for which audited financial statements had been provided to Prudential prior to the time Prudential provided the interest rate quote to the Company pursuant to paragraph 2B(5) with respect to such Series of Shelf Notes. The Company has no knowledge of any material liabilities of any nature not disclosed in writing to Prudential and each Purchaser.

**8C. Authorization; Enforceability.** The making, execution, delivery and performance of this Agreement and the Notes, and compliance with their respective terms, have been duly authorized by all necessary corporate or other organizational action of the Company. This Agreement and the Notes are the valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws generally affecting the rights of creditors and subject to general equity principles.

**8D. Absence of Conflicting Obligations; Defaults.** The making, execution, delivery and performance of this Agreement and the Notes, and compliance with their respective terms, do not violate any presently existing provision of Law or the articles or certificate of incorporation or bylaws (or equivalent governing documents) of the Company or any Subsidiary, or any agreement material to the business of the Company or any Subsidiary to which either the Company or any Subsidiary is a party or by which the Company or any Subsidiary or any of their respective assets is bound. Neither the Company nor any Subsidiary is in default in the payment of the principal of or interest on any of its Indebtedness or in default under any instrument or instruments or agreements under and subject to which any Indebtedness has been issued and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time, or with the giving of notice, or both, would constitute an event of default thereunder or an Event of Default under this Agreement.

**8E. Taxes.** Each of the Company and each Subsidiary has filed all federal, state, foreign and local tax returns which were required to be filed (subject to any valid extensions of the time for filing), the failure to file of which would have a material adverse effect on the Company's or such Subsidiary's business or financial condition, and has paid, or made provision for the payment of, all taxes owed by it, and no tax deficiencies have been assessed or, to the Company's knowledge, proposed against the Company or any Subsidiary.

**8F. Absence of Litigation.** Except as set forth on Schedule 8F, neither the Company nor any Subsidiary is a party to, and so far as is known to the Company there is no threat of, any litigation or administrative proceeding which would, if adversely determined, impair the ability of the Company to perform its obligations under this Agreement or the Notes, cause any material adverse change in the assets and properties of the Company or any Subsidiary, cause any material impairment of the right to carry on the business of the Company or any Subsidiary, or cause any material adverse effect on the financial condition of the Company or any Subsidiary.

**8G. Indebtedness.** Neither the Company nor any Subsidiary has incurred any Indebtedness except for Permitted Indebtedness.

**8H. Title to Property.** Each of the Company and each Subsidiary has good title to, or a valid leasehold interest in, all assets and properties necessary to conduct its business as now conducted or proposed to be conducted, and there are no Liens on any of the assets or properties of the Company or any Subsidiary other than Permitted Liens. Each of the Company and each Subsidiary has all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, reasonably necessary to conduct its business as now conducted or proposed to be conducted, and the Company does not know of any conflict with or violation of any valid rights of others with respect thereto.

**8I. ERISA.** The Company has no knowledge: (a) that any Plan is in noncompliance in any material respect with the applicable provisions of ERISA or the Code; (b) of any pending or threatened litigation or governmental proceeding or investigation against or relating to any Plan; (c) of any reasonable basis for any material proceedings, claims or actions against or relating to any Plan; (d) that the Company has incurred any "accumulated funding deficiency" within the meaning of Section 302(a) (2) of ERISA in connection with any Plan; or (e) that there has been any Reportable Event or Prohibited Transaction (as such terms are defined in ERISA) with respect to any Plan, the occurrence of which would have a material adverse effect on the business or condition (financial or otherwise) of the Company or any Subsidiary, or both, or that the Company or any Subsidiary, or both, has incurred any liability to the PBGC under Section 4062 of ERISA in connection with any Plan. The execution and delivery of this Agreement and the issuance and sale of the Notes will be exempt from, or will not involve any transaction which is subject to, the prohibitions of section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be imposed pursuant to section 4975 of the Code. The representation by the Company in the next preceding sentence is made in reliance upon and subject to the accuracy of each Purchaser's representation in paragraph 9B.

**8J. Fiscal Year.** The Company's fiscal year ends on June 30.

**8K. Compliance With Laws.** Each of the Company and each Subsidiary is in compliance with all Laws applicable to the Company or any Subsidiary, their respective assets or operations, the failure to comply with which could have a material adverse effect on the Company's or such Subsidiary's business or financial condition.

**8L. Dump Sites.** To the Company's knowledge after reasonable investigation, with respect to any period during which the Company or any Subsidiary has occupied the Facilities and with respect to the time before the Company or any Subsidiary occupied the Facilities, no Person has caused or permitted petroleum products or hazardous substances or other materials to be stored, deposited, treated, recycled or disposed of on, under or at the Facilities, which materials, if known to be present, might require investigation, clean-up, removal or some other remedial action under Environmental Laws except as set forth in Schedule 8L hereto, and the Company hereby certifies to each Purchaser that all such petroleum products or hazardous substances or other materials are being stored, deposited, treated, recycled or disposed of in accordance with all applicable Environmental Laws and none of such items or matters shall have a material adverse effect upon the financial condition of the Company or any Subsidiary or any of their assets or properties.

**8M. Tanks.** There are not now nor, to the Company's knowledge after reasonable investigation, have there ever been tanks, containers or other vessels on, under or at the Facilities that contained petroleum products or hazardous substances or other materials which, if known to be present in soils or ground water, might require investigation, clean-up, removal or some other remedial action under Environmental Laws except for those tanks, containers or other vessels described in Schedule 8M hereto, and the Company hereby certifies to each Purchaser that all such tanks, containers or other vessels are being treated or have been treated in accordance with all applicable Environmental Laws and have not caused and shall not cause any material adverse effect upon the financial condition of the Company or any Subsidiary or any of their assets or properties.

**8N. Other Environmental Conditions.** To the best of the Company's knowledge after reasonable investigation, there are no conditions existing currently or likely to exist during the term of this Agreement, during the Issuance Period or prior to the latest maturity date of the Notes that would subject the Company or any Subsidiary to damages, penalties, injunctive relief or clean-up costs under any Environmental Laws, or that might require investigation, clean-up, removal or some other remedial action by the Company or any Subsidiary under Environmental Laws except as set forth in Schedule 8N hereto, and the Company hereby certifies to each Purchaser that none of such conditions would cause a material adverse effect upon the financial condition of the Company or any Subsidiary or any of their properties or assets.

**8O. Environmental Judgments Decrees and Orders.** No judgment, decree, order or citation related to or arising out of Environmental Laws is applicable to or binds the Company, any Subsidiary, the Facilities or the owner of any of the Facilities except as set forth in Schedule 8O hereto and the Company hereby certifies to each Purchaser that none of such matters shall have a material adverse effect upon the financial condition of the Company or any Subsidiary or any of their assets or properties.

**8P. Environmental Permits and Licenses.** All permits, licenses and approvals required under Environmental Laws necessary for each of the Company and each Subsidiary to operate the Facilities and to conduct its business as now conducted or proposed to be conducted, which are currently obtainable have been obtained and are in full force and effect.

**8Q. Use of Proceeds.** The proceeds of any Shelf Notes will be used as specified in the Request for Purchase applicable thereto. Neither the Company nor any Subsidiary owns or has any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System (herein called "margin stock"). None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any Indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute the sale or purchase of any Notes a "purpose credit" within the meaning of such Regulation U. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or any Note to violate Regulation T, Regulation U or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect

**8R. Investment Company.** Neither the Company nor any of its Subsidiaries is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Energy Policy Act of 2005, as amended, or (iii) a "public utility" within the meaning of the Federal Power Act, as amended.

**8S. Accuracy of Information; Disclosure.** All information, certificates, documents or statements by the Company given in, or pursuant to, this Agreement (whether in writing, by electronic messaging or otherwise) to Prudential or any Purchaser by or on behalf of the Company were, are and shall be accurate, true and complete when given and none of such information, certificates, documents or statements contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact or facts peculiar to the Company or any of its Subsidiaries which materially adversely affects or in the future may (so far as the Company can now reasonably foresee), individually or in the aggregate, reasonably be expected to materially adversely affect the business, property or assets, or financial condition of the Company or any of its Subsidiaries and which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to Prudential and each Purchaser by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated hereby, or that has been disclosed in a public filing with the Securities and Exchange Commission or a press release prior to the date hereof. Any financial

projections delivered to Prudential or any Purchaser on or prior to the date hereof are reasonable based on the assumptions stated therein and the best information available to the officers of the Company.

**8T. Offering of Notes.** Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than Institutional Investors, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

**8U. Rule 144A.** The Notes are not of the same class as securities of the Company, if any, listed on a national securities exchange, registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system.

**8V. Foreign Assets Control Regulations, Etc.**

(a) Neither the Company nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither the Company nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to the Company's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and Anti-Corruption Laws.

**8W. Hostile Tender Offers.** None of the proceeds of the sale of any Shelf Notes will be used to finance a Hostile Tender Offer.

**8X. Solvency.** The Company and each Significant Subsidiary shall be Solvent.

**9. REPRESENTATIONS OF EACH PURCHASER.** Each Purchaser represents as follows:

**9A. Nature of Purchase.** Such Purchaser is not acquiring the Notes to be purchased by it hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of such Purchaser's property shall at all times be and remain within its control.

**9B. Source of Funds.** Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a "Source") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the NAIC (the "NAIC Annual Statement")) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "QPAM Exemption")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the "INHAM Exemption")) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more

interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this paragraph 9B, the terms “**employee benefit plan**,” “**governmental plan**,” and “**separate account**” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

**10. DEFINITIONS; ACCOUNTING MATTERS.** For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

**10A. Yield-Maintenance Terms.**

“**Called Principal**” shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraph 4B or paragraph 4E or is declared to be or otherwise becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

“**Discounted Value**” shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on such Note is payable, if interest is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

“**Reinvestment Yield**” means, with respect to the Called Principal of any Note, the sum of the (x) 0.50% plus (y) the yield to maturity implied by the “Ask Yield(s)” reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (“**Reported**”) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “**Reinvestment Yield**” means, with respect to the Called Principal of any Note, the sum of (x) 0.50% plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“**Remaining Average Life**” shall mean, with respect to the Called Principal of any Note, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

“**Settlement Date**” shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4B or paragraph 4E or is declared to be or otherwise becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

“**Yield-Maintenance Amount**” shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

**10B. Other Terms.**

“**2006 Agreement**” shall have the meaning given in the introductory paragraph hereof

“**2006 Notes**” shall have the meaning given in the introductory paragraph hereof.

“**Acceptance**” shall have the meaning given in paragraph 2B(6) hereof.

“**Acceptance Day**” shall have the meaning given in paragraph 2B(6) hereof.

“**Acceptance Window**” shall mean, with respect to any interest rate quotes provided by Prudential pursuant to paragraph 2B(5), the time period designated by Prudential as the time period during which the Company may elect to accept such interest rate quotes. If no such time period is designated by Prudential with respect to any such interest rate quotes, then the Acceptance Window for such interest rate quotes will be 2 minutes after the time Prudential shall have provided such interest rate quotes to the Company.

“**Accepted Note**” shall have the meaning given in paragraph 2B(6) hereof.

“**Additional Covenant**” shall mean any affirmative or negative covenant or similar restriction applicable to the Company or any Subsidiary (regardless of whether such provision is labeled or otherwise characterized as a covenant) the subject matter of which either (i) is similar to that of any covenant in paragraph 5 or 6 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive than those set forth

herein or more beneficial to the holders of any Indebtedness (other than the Indebtedness evidenced by the Notes), or obligations in respect of one or more Swap Agreements, of any one or more of the Company and its Subsidiaries (and such covenant or similar restriction shall be deemed an Additional Covenant only to the extent that it is more restrictive or more beneficial) or (ii) is different from the subject matter of any covenants in paragraph 5 or 6 of this Agreement, or related definitions in paragraph 10 of this Agreement.

**“Additional Default”** shall mean any provision contained in any document evidencing Indebtedness (other than the Indebtedness evidenced by the Notes), or obligations in respect of one or more Swap Agreements, of any one or more of the Company and its Subsidiaries, which permits the holder or holders of Indebtedness or obligations in respect of Swap Agreements to accelerate (with the passage of time or giving of notice or both) the maturity thereof, permits any such holder to terminate any such Swap Agreements or otherwise requires the Company or any Subsidiary to purchase any such Indebtedness or obligations in respect of Swap Agreements, prior to the stated maturity thereof and which either (i) is similar to any Default or Event of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement, but contains one or more percentages, amounts or formulas that is more restrictive or has a shorter grace period than those set forth herein or is more beneficial to the holders of any such Indebtedness or obligations in respect of Swap Agreements (and such provision shall be deemed an Additional Default only to the extent that it is more restrictive, has a shorter grace period or is more beneficial) or (ii) is different from the subject matter of any Default or Event of Default contained in paragraph 7 of this Agreement, or related definitions in paragraph 10 of this Agreement.

**“Affiliate”** shall mean (i) with respect to any Person: (a) that directly or indirectly controls, or is controlled by, or is under common control with, the Company or any Subsidiary; (b) that directly or indirectly beneficially owns or holds five percent (5%) or more of any class of voting stock of the Company or any Subsidiary; (c) five percent (5%) or more of the voting stock of which Person is directly or indirectly beneficially owned or held by the Company or any Subsidiary; (d) that is an officer or director of the Company or any Subsidiary; (e) of which an Affiliate is an officer or director; or (f) who is related by blood, adoption or marriage to an Affiliate, and (ii) with respect to Prudential, shall include any managed account, investment fund or other vehicle for which Prudential or any Affiliate of Prudential acts as investment advisor or portfolio manager. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

**“Anti-Corruption Laws”** means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

**“Anti-Money Laundering Laws”** means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act) and the USA PATRIOT Act.

**Authorized Officer** shall mean (i) in the case of the Company, its chief executive officer, its chief financial officer, its treasurer, any vice president of the Company designated as an “Authorized Officer” of the Company in the Information Schedule attached hereto or any vice president of the Company designated as an “Authorized Officer” of the Company for the purpose of this Agreement in an Officer’s Certificate executed by the Company’s chief executive officer or chief financial officer and delivered to Prudential, and (ii) in the case of Prudential, any officer of Prudential designated as its “Authorized Officer” in the Information Schedule or any officer of Prudential designated as its “Authorized Officer” for the purpose of this Agreement in a certificate executed by one of its Authorized Officers. Any action taken under this Agreement on behalf of the Company by any individual who on or after the date of this Agreement shall have been an Authorized Officer of the Company and whom Prudential in good faith believes to be an Authorized Officer of the Company at the time of such action shall be binding on the Company even though such individual shall have ceased to be an Authorized Officer of the Company, and any action taken under this Agreement on behalf of Prudential by any individual who on or after the date of this Agreement shall have been an Authorized Officer of Prudential and whom the Company in good faith believes to be an Authorized Officer of Prudential at the time of such action shall be binding on Prudential even though such individual shall have ceased to be an Authorized Officer of Prudential.

**“Automatic Event of Default”** shall mean any one or more of the following:

(i) The Company or any Significant Subsidiary shall become insolvent or generally not pay, or be unable to pay, or admit in writing its inability to pay, its debts as they mature; or

(ii) The Company or any Significant Subsidiary shall make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets; or

(iii) The Company or any Significant Subsidiary shall become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code, or shall file a petition in bankruptcy, for reorganization or to effect a plan or other arrangement with creditors; or

(iv) The Company or any Significant Subsidiary shall have a petition or application filed against it in bankruptcy or any similar proceeding, or shall have such a proceeding commenced against it, and such petition, application or proceeding shall remain unstayed or undismissed for a period of sixty (60) days or more, or the Company or any Significant Subsidiary shall file an answer to such a petition or application, admitting the material allegations thereof; or

(v) The Company or any Significant Subsidiary shall apply to a court for the appointment of a receiver or custodian for any of its assets or properties, or shall have a receiver or custodian appointed for any of its assets or properties, with or without consent, and if appointed without consent, such receiver shall not be discharged or dismissed within sixty (60) days after his appointment; or

(vi) The Company or any Significant Subsidiary shall adopt a plan of complete liquidation of its assets.

**“Available Facility Amount”** shall have the meaning given in paragraph 2B(1) hereof.

**“Bank”** shall mean Wells Fargo, National Association, a national banking association.

**“Blocked Person”** means (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (ii) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (iii) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (i) or (ii).

**“Business Day”** shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which commercial banks in New York City are required or authorized by law or other government action to be closed and (iii) for purposes of paragraph 2B(3) or 2B(4) hereof only, a day on which Prudential is not open for business.

**“Cancellation Date”** shall have the meaning given in paragraph 2B(9)(iv) hereof.

**“Cancellation Fee”** shall have the meaning given in paragraph 2B(9)(iv) hereof.



**“Change of Control”** shall mean (a) a change in the power to direct or cause the direction of management and policies of the Company, either directly or indirectly, through the ownership of voting securities of the Company or by contract or otherwise or (b) any Person or group (within the meaning of Rule 13d-5, (as in effect on the date hereof, under the Securities Exchange Act of 1934, as amended) shall become the beneficial owner of more than 50% of the outstanding capital stock of the Company entitled to vote for the election of the board of directors or (c) during any period of twelve consecutive months individuals who at the beginning of such period constituted a majority of the board of directors of the Company (together with new directors whose election by such board or whose nomination for the election by the shareholders of the Company was approved by the majority of the directors still in office who were either directors at the beginning of such period or whose election was previously so approved) shall cease for any reason to constitute a majority of the board of directors of the Company then in office or (d) any “Change in Control,” as defined in the Credit Agreement, has occurred.

**“Closing Day”** shall mean, with respect to any Accepted Note, the Business Day specified for the closing of the purchase and sale of such Accepted Note in the Confirmation of Acceptance for such Accepted Note, provided that (i) if the Company and the Purchaser which is obligated to purchase such Accepted Note agree on an earlier Business Day for such closing, the “Closing Day” for such Accepted Note shall be such earlier Business Day, and (ii) if the closing of the purchase and sale of such Accepted Note is rescheduled pursuant to paragraph 2B(8), the Closing Day for such Accepted Note, for all purposes of this Agreement except references to “original Closing Day” in paragraph 2B(9)(iii), shall mean the Rescheduled Closing Day with respect to such Accepted Note.

**“Code”** shall mean the Internal Revenue Code of 1986, and the rules and regulations thereunder, each as amended or modified from time to time.

**“Company”** shall mean Twin Disc, Incorporated, a corporation organized and existing under the laws of the State of Wisconsin.

**“Confirmation of Acceptance”** shall have the meaning given in paragraph 2B(6) hereof.

**“Controlled Entity”** shall mean (i) any of the Subsidiaries of the Company and any of their or the Company’s respective Affiliates under their respective Control and (ii) if the Company has a parent company, such parent company and its Affiliates under such parent’s Control. As used in this definition, “Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.”

**“Credit Agreement”** shall mean the Credit Agreement, dated as of June 30, 2014 by and among the Company, Twin Disc International, S.A., a Belgian corporation, and Bank, and as amended, restated, supplemented or otherwise modified from time to time.

**“Credit Agreement Borrower”** shall mean each “Borrower” under and as defined in the Credit Agreement.

**“Default”** shall mean any event which would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

**“Default Rate”** shall mean a rate per annum from time to time equal to the greater of (i) 8.05%, or (ii) 2% over the rate of interest publicly announced by JPMorgan Chase Bank, National Association from time to time in New York City as its Prime Rate.

**“Delayed Delivery Fee”** shall have the meaning given in paragraph 2B(9)(iii) hereof.

**“Domestic Subsidiary”** shall mean any Subsidiary of the Company incorporated under the laws of any state in the United States.

**“EBITDA”** shall mean the sum of (i) Net Income plus (ii) to the extent deducted in the calculation of Net Income, (a) interest expense, (b) depreciation and amortization expense, and (c) income tax expense; provided, however, such expenses are acceptable to the Required Holder(s) in their discretion. For purposes of calculating EBITDA for any period of four consecutive quarters, if during such period the Company or any Subsidiary shall have consummated and closed an acquisition permitted under paragraph 6C, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such acquisition occurred on the first day of such period, with adjustments made by the Company and approved by the Required Holder(s) in their judgment (which approval shall not be unreasonably withheld), all as determined for the Company and its Subsidiaries on a consolidated basis for the four fiscal quarters ending on the date of determination, without duplication, and in accordance with generally accepted accounting principles applied on a consistent basis.

**“Environmental Laws”** means any Law, including any common law, which relates to or otherwise imposes liability or standards of conduct concerning discharges, emissions, releases or threatened releases of noises, odors or any pollutants, contaminants or hazardous or toxic wastes, substances or materials, into air, water or groundwater, or land, or otherwise relating to the manufacture, processing, generation, distribution, use, treatment, storage, disposal, cleanup, transport or handling of pollutants, contaminants, or hazardous or toxic wastes, substances or materials, including, but not limited to CERCLA as amended, the Resource Conservation and Recovery Act of 1976, as amended, the Toxic Substances Control Act of 1976, as amended, the Federal Water Pollution Control Act Amendments of 1972, the Clean Water Act of 1977, as amended, the Oil Pollution Act of 1990, as amended, any so-called “Superlien” law, and any other similar Federal, state or local statutes.

**“ERISA”** shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

**“Event of Default”** shall mean any Automatic Event of Default or any Notice Event of Default.

**“Excess Leverage Fee”** shall have the meaning given in paragraph 5O.

**“Exchange Act”** shall mean the Securities Exchange Act of 1934, as amended.

**“Existing Holders”** shall mean each of the existing holders of a 2006 Note as of the date of this Agreement that are listed on the attached Purchaser Schedule.

**“Facility”** shall have the meaning given in paragraph 2B(1) hereof.

**“Governmental Authority”** shall mean the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

**“Governmental Official”** means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

**“Hazardous Materials”** shall mean any substances or materials (i) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (ii) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority, (iii) the presence of which require investigation or remediation under any Environmental Law or common law, (iv) the discharge or emission or release of which requires a permit or license under any Environmental Law or other approval by any Governmental Authority, (v) which are deemed to constitute a nuisance or a trespass which pose a health or safety

hazard to Persons or neighboring properties, (vi) which consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance, or (vii) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.”

“**Hostile Tender Offer**” shall mean, with respect to the use of proceeds of any Note, any offer to purchase, or any purchase of, shares of capital stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases of such shares, equity interests, securities or rights representing less than 5% of the equity interests or beneficial ownership of such corporation or other entity for portfolio investment purposes, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity prior to the date on which the Company makes the Request for Purchase of such Note.

“**including**” shall mean, unless the context clearly requires otherwise, “including without limitation”, whether or not so stated.

“**Indebtedness**” shall mean all liabilities or obligations of the Company or any Subsidiary, whether primary or secondary or absolute or contingent: (i) for borrowed money or for the deferred purchase price of property or services (excluding trade obligations incurred in the ordinary course of business, which are not the result of any borrowing); (ii) as lessee under leases that have been or should be capitalized according to generally accepted accounting principles; (iii) evidenced by notes, bonds, debentures or similar obligations; (iv) under any guaranty or endorsement (other than in connection with the deposit and collection of checks in the ordinary course of business), and other contingent obligations to purchase, provide funds for payment, supply funds to invest in any Person, or otherwise assure a creditor against loss; or (v) secured by any Liens on assets of either the Company or any Subsidiary, whether or not the obligations secured have been assumed by the Company or any Subsidiary.

“**INHAM Exemption**” shall have the meaning given in paragraph 9B(e) hereof.

“**Institutional Investor**” shall mean any insurance company, commercial, investment or merchant bank, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker or dealer, “qualified institutional buyer” (as such term is defined under Rule 144A promulgated under the Securities Act) or “accredited investor” (as such term is defined in Regulation D promulgated under the Securities Act).

“**Investment**” shall mean: (i) any transfer or delivery of cash, stock or other property or value by such Person in exchange for Indebtedness, stock or any other security of another Person; (ii) any loan, advance or capital contribution to or in any other Person; (iii) any guaranty, creation or assumption of any liability or obligation of any other Person; and (iv) any investment in any fixed property or fixed assets other than fixed properties and fixed assets acquired and used in the ordinary course of the business of that Person.

“**Issuance Fee**” shall have the meaning given in paragraph 2B(9)(ii) hereof.

“**Issuance Period**” shall have the meaning given in paragraph 2B(2) hereof.

“**Law**” shall mean any federal, state, local or other law, rule, regulation or governmental requirement of any kind, and the rules, regulations, written interpretations and orders promulgated thereunder.

“**Lien**” shall mean, with respect to any asset: (i) any mortgage, pledge, lien, charge, security interest or encumbrance of any kind in respect of such asset; or (ii) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

“**NAIC Annual Statement**” shall have the meaning given in paragraph 9B(a) hereof.

“**Net Income**” for any period shall mean the gross revenues of the Company and its Subsidiaries for such period less all expenses and other proper charges (including taxes on income), determined in accordance with generally accepted accounting principles on a consolidated basis after eliminating earnings or losses attributable to outstanding minority interests, but excluding in any event:

- (i) any gains or losses on the sale or other disposition of investments or fixed capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;
- (ii) the proceeds of any life insurance policy;
- (iii) net earnings and losses of any Subsidiary accrued prior to the date it became a Subsidiary;
- (iv) net earnings and losses of any Person (other than a Subsidiary), substantially all the assets of which have been acquired in any manner by the Company or any Subsidiary, realized by such Person prior to the date of such acquisition;
- (v) net earnings and losses of any Person (other than a Subsidiary) with which the Company or a Subsidiary shall have consolidated or which shall have merged into or with the Company or a Subsidiary prior to the date of such consolidation or merger,
- (vi) net earnings of any Person (other than a Subsidiary) in which the Company or any Subsidiary has an ownership interest unless such net earnings shall have actually been received by the Company or such Subsidiary in the form of cash distributions;
- (vii) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of dividends to the Company or any other Subsidiary;
- (viii) earnings resulting from any reappraisal, revaluation or write-up of assets;
- (ix) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary;
- (x) any gain arising from the acquisition of any securities of the Company or any Subsidiary; and
- (xi) any reversal of any contingency reserve, which reversal is required to be disclosed in the financial statements of the Company in accordance with generally accepted accounting principles, except to the extent that provision for such contingency reserve shall have been made from income arising during such period.

“**Net Worth**” shall mean the total amount of stockholders’ equity of the Company and its consolidated Subsidiaries as determined without duplication and in accordance with generally accepted accounting principles consistently applied.

“**Notes**” shall have the meaning given in paragraph 1 hereof.

**“Notice Event of Default”** shall mean any one or more of the following:

(i) The Company shall fail: (a) to pay when due any principal of any Note; (b) to pay when due any interest on, or Yield-Maintenance Amount with respect to, any Note or any fee (including without limitation any Excess Leverage Fee), expense or other amount due under this Agreement or any Note, and any such failure under this clause (b) shall continue for a period of five (5) Business Days; or

(ii) there shall be a default in the performance or observance of any of the covenants and agreements contained in paragraph 6 or paragraph 5A, 5B, 5D, 5F, 5J, 5K, 5M or 5P of this Agreement; or

(iii) there shall be a default in the performance or observance of any of the other covenants, agreements or conditions contained in this Agreement or the Notes, and such default shall have continued for a period of thirty (30) calendar days after written notice from any holder of the Notes to the Company specifying such default and requiring it to be remedied; or

(iv) any representation or warranty made by the Company in this Agreement or in any document or financial statement delivered pursuant to this Agreement shall prove to have been false in any material respect as of the time when made or given; or

(v) any final judgment shall be entered against the Company or any Subsidiary which, when aggregated with other final judgments against the Company and its Subsidiaries, exceeds \$1,000,000 in amount, and shall remain outstanding and unsatisfied, unbonded or unstayed after sixty (60) days from the date of entry thereof; provided that no final judgment shall be included in the calculation under this subsection to the extent that the claim underlying such judgment is covered by insurance and defense of such claim has been tendered to and accepted by the insurer without reservation; or

(vi) (a) any Reportable Event (as defined in ERISA) shall have occurred which constitutes grounds for the termination of any Plan by the PBGC or for the appointment of a trustee to administer any Plan, or any Plan shall be terminated within the meaning of Title IV of ERISA, or a trustee shall be appointed by the appropriate court to administer any Plan, or the PBGC shall institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan, or the Company or any trade or business which together with the Company would be treated as a single employer under Section 4001 of ERISA shall withdraw in whole or in part from a multi-employer Plan, and (b) the aggregate amount of the Company’s liability for all such occurrences, whether to a Plan, the PBGC or otherwise, may exceed \$1,000,000, and such liability is not covered for the benefit of the Company or its Subsidiaries by insurance; or

(vii) the Company or any Subsidiary shall: (a) fail to pay any amount of principal or interest when due (whether by scheduled maturity, required prepayment, acceleration or otherwise) under any Indebtedness (other than the Notes or as provided in (viii) below) in an aggregate amount of \$1,000,000 or more and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Indebtedness; or (b) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Indebtedness in an aggregate amount of \$1,000,000 or more when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit acceleration of, with the giving of notice if required, the maturity of such Indebtedness; or

(viii) the Company or any Subsidiary shall: (a) fail to pay any amount of principal or interest when due (whether by scheduled maturity, required prepayment, acceleration or otherwise) under any Indebtedness to any holder of the Notes (other than the Notes) and such failure shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to such Indebtedness; or (b) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Indebtedness to such holder of the Notes when required to be performed or observed, and such failure shall not be waived and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit acceleration of, with the giving of notice if required, the maturity of such Indebtedness; or

(ix) an “Event of Default” under the Credit Agreement has occurred.

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

**“OFAC Sanctions Program”** shall mean any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.ustreas.gov/offices/enforcement/ofac/programs/>.

**“Officer’s Certificate”** shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

**“PBGC”** shall mean the Pension Benefit Guaranty Corporation, or any successor or replacement entity thereto under ERISA.

**“Permitted Indebtedness”** shall mean: (i) the Notes, (ii) Indebtedness under the Credit Agreement, the outstanding principal amount of which shall not exceed \$60,000,000 at any time other than as a result of currency fluctuations, provided that such Indebtedness is unsecured and provided further that the outstanding principal amount of such Indebtedness of all Subsidiaries which are Credit Agreement Borrowers shall not in the aggregate exceed \$15,000,000 (which sub-limit shall be included in calculating such \$60,000,000 limit of Indebtedness under the Credit Agreement); (iii) purchase money Indebtedness secured by Purchase Money Liens, which Indebtedness shall not exceed \$1,000,000 per year on a non-cumulative consolidated basis; (iv) unsecured accounts payable and other unsecured obligations of the Company or any Subsidiary incurred in the ordinary course of business of the Company or any Subsidiary and not as a result of any borrowing; (v) Indebtedness owed by the Company to a Subsidiary; and (vi) any other unsecured Indebtedness of the Company or any Subsidiary (i.e., Indebtedness not described in (i) through (v) above) in an aggregate principal amount not to exceed \$7,000,000 at any time outstanding.

**“Permitted Investments”** shall mean:

(i) Investments in insured savings accounts and certificates of deposit;

(ii) bankers’ acceptances if issued by a bank organized under the laws of the United States of America or any state therein having a combined capital and surplus in excess of \$50,000,000 and having a maturity of not more than three months from the date of acquisition;

(iii) Investments in prime commercial paper, rated either P-1 by Moody’s Investors Service or A-1 by Standard & Poor’s Rating Services, or “local rated” commercial paper from the Bank, maturing within one year of the date of acquisition;

(iv) marketable obligations issued or guaranteed by the United States of America or any agency thereof having a maturity of not more than one year from the date of acquisition;

(v) Investments in money market instruments or funds;

(vi) Investments in Subsidiaries and other Investments to the extent permitted by paragraph 6C of this Agreement; and

(vii) Loans to Subsidiaries.

**“Permitted Liens”** shall mean:

(i) Liens in favor of the holders of the Notes;

(ii) Liens for taxes, assessments, or governmental charges, or levies that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established;

(iii) easements, restrictions, minor title irregularities and similar matters which have no material adverse effect as a practical matter upon the ownership and use of the affected property;

(iv) Liens or deposits in connection with workmen’s compensation, unemployment insurance, social security, ERISA or similar legislation or to secure customs’ duties, public or statutory obligations in lieu of surety, stay or appeal bonds, or to secure performance of contracts or bids (other than contracts for the payment of borrowed money) or deposits required by law as a condition to the transaction of business or other liens or deposits of a like nature made in the ordinary course of business;

(v) Purchase Money Liens securing purchase money Indebtedness which is permitted hereunder; and

(vi) Liens existing on the Restatement Date as set forth on Schedule 10B.

**“Person”** shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

**“Plan”** shall mean each pension, profit sharing, stock bonus, thrift, savings and employee stock ownership plan established or maintained, or to which contributions have been made, by the Company or any Subsidiary or any trade or business which together with the Company or any Subsidiary would be treated as a single employer under Section 4001 of ERISA.

**“Prudential”** shall mean Prudential Investment Management, Inc.

**“Prudential Affiliate”** shall mean any Affiliate of Prudential.

**“PTE”** shall have the meaning given in paragraph 9B(a) hereof.

**“Purchase Money Liens”** shall mean Liens securing purchase money Indebtedness incurred in connection with the acquisition of capital assets by the Company or any Subsidiary in the ordinary course of business, provided that such Liens do not extend to or cover assets or properties other than those purchased in connection with the purchase in which such Indebtedness was incurred and that the obligation secured by any such Lien so created shall not exceed one hundred percent (100%) of the cost of the property covered thereby.

**“Purchasers”** shall have the meaning given in the introductory paragraph hereof.

**“QPAM Exemption”** shall have the meaning given in paragraph 9B(d) hereof.

**“Request for Purchase”** shall have the meaning given in paragraph 2B(4) hereof.

**“Required Holder(s)”** shall mean the holder or holders of more than 50% of the aggregate principal amount of the Notes from time to time outstanding.

**“Rescheduled Closing Day”** shall have the meaning given in paragraph 2B(8) hereof.

**“Responsible Officer”** shall mean the chief executive officer, chief operating officer, chief financial officer or chief accounting officer of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

**“Restatement Date”** shall have the meaning given in paragraph 3A hereof.

**“Securities Act”** shall mean the Securities Act of 1933, as amended.

**“Senior Financial Officer”** means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

**“Series”** shall have the meaning given in paragraph 1 hereof.

**“Shelf Notes”** shall have the meaning given in paragraph 1 hereof.

**“Significant Holder”** shall mean (i) Prudential, (ii) each Purchaser, so long as such Purchaser or any of its Affiliates shall hold (or be committed under this Agreement to purchase) any Note, or (iii) any other Person which, together with its Affiliates, is the holder of at least 5% of the aggregate principal amount of the Notes or, if the term is expressly used with respect to a Series of Notes, of such Series of Notes, in each case from time to time outstanding.

**“Significant Subsidiary”** shall mean, at any time, (a) any Subsidiary of the Company having (i) assets (after intercompany eliminations) with a value not less than 7.5% of the total value of the consolidated assets of the Company and its Subsidiaries, taken as a whole, or (ii) revenues (after elimination of intercompany revenues) not less than 7.5% of the consolidated revenues of the Company and its Subsidiaries, taken as a whole, in each case for, or as of the end of, the most recently ended four fiscal quarter period, as the case may be, and (b) any Subsidiary of the Company that is a party to a “Loan Document” as defined in the Credit Agreement and (c) any Subsidiary of the Company that is a party to a Transaction Document.

**“Solvent”** and **“Solvency”** mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the 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, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the 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.

“Source” shall have the meaning given in paragraph 9B hereof.

“State Sanctions List” means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

“Structuring Fee” shall have the meaning given in paragraph 2B(9)(i) hereof.

“Subsidiary” shall mean any corporation, limited liability company or other Person, more than fifty percent (50%) of the outstanding stock or other equity interests of which (of any class or classes, however designated, having ordinary voting power for the election of at least a majority of the members of the board of directors or other equivalent governing body of such corporation or other Person, other than stock or equity interests having such power only by reason of the happening of a contingency) shall at all time be owned by the Company directly or through one or more Subsidiaries.

“Swap Agreement” shall mean any agreement governing any transaction now existing or hereafter entered into between the Company and the Bank or any of the Bank’s subsidiaries or affiliates or their successors, which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“Total Funded Debt” shall mean (i) all Indebtedness for borrowed money (including without limitation, Indebtedness evidenced by promissory notes, bonds, debentures and similar interest-bearing instruments and all purchase money Indebtedness), plus (ii) the principal portion of capital lease obligations, plus (iii) the maximum amount which is available to be drawn under letters of credit then outstanding, all as determined for the Company and its consolidated Subsidiaries as of the date of determination, without duplication, and in accordance with generally accepted accounting principles applied on a consistent basis.

“Transferee” shall mean any direct or indirect transferee of all or any part of any Note purchased by any Purchaser under this Agreement.

“Transaction Documents” shall mean collectively, this Agreement, the Notes and any guaranty provided under Section 6H herein, pursuant to any of the foregoing, all as may be amended, restated, supplemented or otherwise modified from time to time.

“USA PATRIOT Act” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

“U.S. Economic Sanctions Laws” means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

**10C. Accounting and Legal Principles, Terms and Determinations.** All references in this Agreement to “generally accepted accounting principles” shall be deemed to refer to generally accepted accounting principles in effect in the United States at the time of application thereof provided, that (i) if, at any time any change in generally accepted accounting principles in effect in the United States would affect the computation of any financial ratio or requirement set forth in this Agreement, and either the Company or Prudential shall so request, Prudential and Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in the generally accepted accounting principles in effect in the United States; provided, that, until so amended (A) such ratio or requirement shall continue to be computed in accordance with generally accepted accounting principles in effect in the United States prior to such change therein and (B) Company shall provide to each Significant Holder financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in generally accepted accounting principles in effect in the United States. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles, applied on a basis consistent with the most recent audited consolidated financial statements of the Company and its Subsidiaries delivered pursuant to clause (ii) of paragraph 5D or, if no such statements have been so delivered, the most recent audited financial statements referred to in paragraph 8B. Any reference herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced. Notwithstanding the foregoing or any other provision of this Agreement providing for any amount to be determined in accordance with generally accepted accounting principles for purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness (other than contingent obligations of the type described in clause (iv) of the definition of Indebtedness) using fair value (as permitted by Accounting Standards, Codification 825-10-25, formerly known as Statement of Financial Accounting Standards No. 159 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made; provided that in the event the Company makes any such election, the Company shall provide the Significant Holders with financial statements or other documents required under this Agreement or as reasonably requested hereunder by any Significant Holder, setting forth a reconciliation between calculations of such covenants made before and after giving effect to such election.

## **11. MISCELLANEOUS.**

**11A. Note Payments.** The Company agrees that, so long as any Purchaser shall hold any Note, it will make payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 12:00 noon, New York City time, on the date due) to (i) such Purchaser’s account or accounts as specified in the Purchaser Schedule attached hereto in the case of any 2006 Note, (ii) such Purchaser’s account or accounts specified in the Confirmation of Acceptance with respect to such Note in the case of any Shelf Note or (iii) or such other account or accounts in the United States as such Purchaser may from time to time designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Note, such Purchaser will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as each Purchaser has made in this paragraph 11A. No holder shall be required to present or surrender any Note or make any notation thereon, except that upon the written request of the Company made concurrently with or reasonably promptly after the payment or prepayment in full of any Note, the applicable holder shall surrender such Note for cancellation, reasonably promptly after such request, to the Company at its principal office.

**11B. Expenses.** Whether or not the transactions contemplated hereby shall be consummated, the Company shall pay, and save Prudential, each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including:

(i) (a) all stamp and documentary taxes and similar charges, (b) costs of obtaining a private placement number from Standard and Poor’s Ratings Group for the Notes and (c) fees and expenses of brokers, agents, dealers, investment banks or other intermediaries or placement agents, in each case as a result of the execution and delivery of this Agreement or the issuance of the Notes;

(ii) document production and duplication charges and the fees and expenses of any special counsel engaged by such Purchaser or such Transferee in connection with (a) this Agreement and the transactions contemplated hereby and (b) any subsequent proposed waiver, amendment or modification of, or proposed consent under, this Agreement, whether or not such proposed waiver, amendment, modification or consent shall be effected or granted;

(iii) the costs and expenses, including attorneys' and financial advisory fees, incurred by such Purchaser or such Transferee in enforcing (or determining whether or how to enforce) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the transactions contemplated hereby or by reason of your or such Transferee's having acquired any Note, including without limitation costs and expenses incurred in any workout, restructuring or renegotiation proceeding or bankruptcy case; and

(iv) any judgment, liability, claim, order, decree, cost, fee, expense, action or obligation resulting from the consummation of the transactions contemplated hereby, including the use of the proceeds of the Notes by the Company.

The Company also will promptly pay or reimburse each Purchaser or holder of a Note (upon demand, in accordance with each such Purchaser's or holder's written instruction) for all fees and costs paid or payable by such Purchaser or holder to the Capital Markets & Investment Analysis Office of the National Association of Insurance Commissioners in connection with the initial filing of this Agreement and all related documents and financial information, and all subsequent annual and interim filings of documents and financial information related to this Agreement, with such Capital Markets & Investment Analysis Office or any successor organization acceding to the authority thereof.

The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by any Purchaser or Transferee and the payment of any Note.

**11C. Consent to Amendments.** This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) except that, (i) with the written consent of the holders of all Notes of a particular Series, and, if an Event of Default shall have occurred and be continuing, of the holders of all Notes of all Series at the time outstanding (and not without such written consents), the Notes of such Series may be amended or the provisions thereof waived to change the maturity thereof, to change or affect the principal thereof, or to change or affect the rate, method of computation or time of payment of interest on or any Yield-Maintenance Amount payable with respect to the Notes of such Series, (ii) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to or waiver of the provisions of this Agreement shall change or affect the provisions of paragraph 7A or this paragraph 11C insofar as such provisions relate to proportions of the principal amount of the Notes of any Series, or the rights of any individual holder of Notes, required with respect to any declaration of Notes to be due and payable or with respect to any consent, amendment, waiver or declaration, (iii) with the written consent of Prudential (and not without the written consent of Prudential) the provisions of paragraph 2B may be amended or waived (except insofar as any such amendment or waiver would affect any rights or obligations with respect to the purchase and sale of Notes which shall have become Accepted Notes prior to such amendment or waiver), and (iv) with the written consent of all of the Purchasers which shall have become obligated to purchase Accepted Notes of any Series (and not without the written consent of all such Purchasers), any of the provisions of paragraphs 2B and 3 may be amended or waived insofar as such amendment or waiver would affect only rights or obligations with respect to the purchase and sale of the Accepted Notes of such Series or the terms and provisions of such Accepted Notes. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of any Note. Without limiting the generality of the foregoing, no negotiations or discussions in which Prudential or any holder of any Note may engage regarding any possible amendments, consents or waivers with respect to this Agreement shall constitute a waiver of any Default or Event of Default, any term of this Agreement or any rights of Prudential or any such holder under this Agreement. As used herein and in the Notes, the term "this Agreement" and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

**11D. Form, Registration, Transfer and Exchange of Notes; Lost Notes.** The Notes are issuable as registered notes without coupons in denominations of at least \$100,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by \$100,000 or (ii) enable the registration of transfer by a holder of its entire holding of Notes; provided, however, that no such minimum denomination shall apply to Notes issued upon transfer by any holder of the Notes to Prudential or any of Prudential's Affiliates or to any other entity or group of Affiliates with respect to which the Notes so issued or transferred shall be managed by a single entity. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's unsecured indemnity agreement, or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

**11E. Persons Deemed Owners; Participations.** Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any such Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the holder of any Note may from time to time grant participations in all or any part of such Note to any Person on such terms and conditions as may be determined by such holder in its sole and absolute discretion.

**11F. Survival of Representations and Warranties; Entire Agreement.** All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or any Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding among the Purchasers and the Company with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter.

**11G. Successors and Assigns.** All covenants and other agreements in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

**11H. Independence of Covenants.** All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not (i) avoid the occurrence of a Default or Event of Default if such action is taken or such condition exists or (ii) in any way prejudice an attempt by the holder of any Note to prohibit through equitable action or otherwise the taking of any action by the Company or any Subsidiary which would result in a Default or Event of Default.

**11I. Notices.** All written communications provided for hereunder (other than communications provided for under paragraph 2) shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to Prudential or any Purchaser, addressed to Prudential or such Purchaser at the address specified for such communications in the Purchaser Schedule attached hereto (in the case of Prudential or the 2006 Notes) or the Purchaser Schedule attached to the applicable Confirmation of Acceptance (in the case of any Purchaser of any Shelf Note), or at such other address as Prudential or such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at Twin Disc, Incorporated, 1328 Racine Street, Racine, Wisconsin, 53403, Attention: Vice President – Finance, Chief Financial Officer and Secretary, or at such other address as the Company shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Note, be delivered by any other means either to the Company at its address

specified above or to any officer of the Company. Any communication pursuant to paragraph 2 shall be made by the method specified for such communication in paragraph 2, and shall be effective to create any rights or obligations under this Agreement only if, in the case of a telephone communication, an Authorized Officer of the party conveying the information and of the party receiving the information are parties to the telephone call, and in the case of a telecopier communication, the communication is signed by an Authorized Officer of the party conveying the information, addressed to the attention of an Authorized Officer of the party receiving the information, and in fact received at the telecopier terminal the number of which is listed for the party receiving the communication in the Information Schedule or at such other telecopier terminal as the party receiving the information shall have specified in writing to the party sending such information.

**11J. Payments Due on Non-Business Days.** Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or Yield-Maintenance Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day.

**11K. Satisfaction Requirement.** If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to any Purchaser, to any holder of Notes or to the Required Holder(s), the determination of such satisfaction shall be made by such Purchaser, such holder or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

**11L. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES UNDER THIS AGREEMENT OR IN CONNECTION WITH ANY CLAIMS OR DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER SOUNDING IN CONTRACT OR TORT) SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS AGREEMENT TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).**

**11M. SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.** ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE NOTES MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN NEW YORK COUNTY, NEW YORK, OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY, PRUDENTIAL AND EACH PURCHASER EACH HEREBY IRREVOCABLY ACCEPTS, UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING. THE COMPANY, PRUDENTIAL AND EACH PURCHASER EACH FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS PROVIDED IN PARAGRAPH 11I, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT. THE COMPANY, PRUDENTIAL AND EACH PURCHASER EACH AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON SUCH JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY HOLDER OF A NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION. THE COMPANY, PRUDENTIAL AND EACH PURCHASER EACH IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN ANY OF THE AFORESAID COURTS AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE COMPANY, PRUDENTIAL OR ANY PURCHASER HAS OR MAY HEREAFTER ACQUIRE IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OF NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION, EXECUTION OR OTHERWISE WITH RESPECT TO ITSELF OR ITS PROPERTY), SUCH PERSON HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT. THE COMPANY, PRUDENTIAL AND EACH PURCHASER EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY (INCLUDING IN CONNECTION WITH ANY CLAIMS OR DISPUTES RELATING THERETO, WHETHER SOUNDING IN CONTRACT OR TORT).

**11N. Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**11O. Descriptive Headings; Advice of Counsel; Interpretation.** The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. Each party to this Agreement represents to the other parties to this Agreement that such party has been represented by counsel in connection with this Agreement and the Notes, that such party has discussed this Agreement and the Notes with its counsel and that any and all issues with respect to this Agreement and the Notes have been resolved as set forth herein. No provision of this Agreement or the Notes shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, drafted or dictated such provision.

**11P. Counterparts; Facsimile Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

**11Q. Severalty of Obligations.** The sales of Notes to the Purchasers are to be several sales, and the obligations of Prudential or the Purchasers under this Agreement are several obligations. No failure by Prudential or any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and neither Prudential nor any Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other Person hereunder.

**11R. Independent Investigation.** Each Purchaser represents to and agrees with each other Purchaser that it has made its own independent investigation of the condition (financial and otherwise), prospects and affairs of the Company and its Subsidiaries in connection with its purchase of the Notes hereunder and has made and shall continue to make its own appraisal of the creditworthiness of the Company. No holder of Notes shall have any duties or responsibility to any other holder of Notes, either initially or on a continuing basis, to make any such investigation or appraisal or to provide any credit or other information with respect thereto. No holder of Notes is acting as agent or in any other fiduciary capacity on behalf of any other holder of Notes.

**11S. Directly or Indirectly.** Where any provision in this Agreement refers to actions to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

**11T. Transaction References.** The Company agrees that Prudential Capital Group may (a) refer to its role in establishing the Facility, as well as the identity of the Company, the 2006 Notes and the maximum aggregate principal amount of the Notes and the date on which the Facility was established, on its internet site or in marketing materials, press releases, published "tombstone" announcements or any other print or electronic medium and (b) display the Company's corporate logo in conjunction with any such reference.

**11U. Binding Agreement.** When this Agreement is executed and delivered by the Company, Prudential and each of the Existing Holders, it shall become a binding agreement between the Company, Prudential and each of the Existing Holders. This Agreement shall also inure to the benefit of each Purchaser which shall have executed and delivered a Confirmation of Acceptance and each such Purchaser shall be bound by this Agreement to the extent provided in such Confirmation of Acceptance.

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SIGNATURES ON THE FOLLOWING PAGE.]

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Very truly yours,

**TWIN DISC, INCORPORATED**

By:

Name:

Title:

The foregoing Agreement  
is hereby accepted as of the  
date first above written

**PRUDENTIAL INVESTMENT  
MANAGEMENT, INC.  
THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA**

By: \_\_\_\_\_  
Vice President

**PRUCO LIFE INSURANCE COMPANY**

By: \_\_\_\_\_  
Assistant Vice President

**PRUCO LIFE INSURANCE COMPANY OF  
NEW JERSEY**

By: \_\_\_\_\_  
Assistant Vice President

**SECURITY BENEFIT LIFE INSURANCE  
COMPANY, INC.**

By: Prudential Private Placement Investors,  
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By: \_\_\_\_\_  
Vice President

**PRUDENTIAL ANNUITIES LIFE  
ASSURANCE CORPORATION**

By: Prudential Investment Management, Inc.  
(as Investment Manager)

By: \_\_\_\_\_

Vice President

**MUTUAL OF OMAHA INSURANCE  
COMPANY**

By: Prudential Private Placement Investors,  
L.P. (as Investment Advisor)

By: Prudential Private Placement Investors, Inc.  
(as its General Partner)

By: \_\_\_\_\_  
Vice President

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## INFORMATION SCHEDULE

### Authorized Officers for Prudential and Prudential Affiliates

P. Scott von Fischer  
Managing Director  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4225  
Facsimile: (312) 540-4222

Paul G. Price  
Managing Director  
Central Credit  
Prudential Capital Group  
Four Gateway Center  
100 Mulberry Street  
Newark, New Jersey 07102

Telephone: (973) 802-9819  
Facsimile: (973) 802-2333

Tan Vu  
Managing Director  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-5437  
Facsimile: (312) 540-4222

Joshua Shipley  
Vice President  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4220  
Facsimile: (313) 540-4222

Charles J. Senner  
Director  
Prudential Capital Group  
4 Gateway Center  
Newark, New Jersey 07102-4062

Telephone: (973) 802-6660  
Facsimile: (973) 624-6432

David Quackenbush  
Vice President  
Prudential Capital Group  
Two Prudential Plaza  
Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4228  
Facsimile: (312) 540-4222

Marie L. Fioramonti  
Managing Director  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4233  
Facsimile: (312) 540-4222  
William S. Engelking  
Managing Director  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4214  
Facsimile: (312) 540-4222

Dianna D. Carr  
Senior Vice President  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4224  
Facsimile: (312) 540-4222

James J. McCrane  
Senior Vice President  
Prudential Capital Group  
4 Gateway Center  
Newark, New Jersey 07102-4062

Telephone: (973) 802-4222  
Facsimile: (973) 624-6432  
Anthony Coletta  
Senior Vice President  
Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Telephone: (312) 540-4226  
Facsimile: (312) 540-4222

### Authorized Officers for the Company

**PURCHASER SCHEDULE**

**PRUDENTIAL INVESTMENT MANAGEMENT, INC.**

(1) All payments to Prudential shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank  
New York, New York  
ABA No.: 021-000-021  
Account No.: 304232491  
Account Name: PIM Inc. - PCG

(2) Address for all notices relating to payments:

Prudential Investment Management, Inc.  
c/o The Prudential Insurance Company of America  
Investment Operations Group  
Gateway Center Two, 10th Floor  
100 Mulberry Street  
Newark, New Jersey 07102-4077

Attention: Manager

(3) Address for all other communications and notices:

Prudential Investment Management, Inc.  
c/o Prudential Capital Group  
Two Prudential Plaza, Suite 5600  
Chicago, Illinois 60601

Attention: Managing Director, Corporate Finance

(4) Recipient of telephonic prepayment notices:

Manager, Trade Management Group  
Telephone: (973) 367-3141  
Facsimile: (800) 224-2278

(5) Tax Identification No.: 22-2540245

PURCHASER SCHEDULE  
Twin Disc, Incorporated  
**6.05% 2006 Senior Notes due April 10, 2016**

|   | <b>Original<br/>Aggregate Principal<br/>Amount of 2006<br/>Notes Held</b> | <b>Note<br/>Denomination(s)</b> |
|---|---|---------------------------------|
| <b>THE PRUDENTIAL INSURANCE COMPANY OF AMERICA</b>  | <b>\$6,370,000.00</b>   | <b>\$6,370,000.00</b>           |
| (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:<br><br>Account Name: The Prudential - Privest Portfolio<br>Account No.: P86189 (please do not include spaces)<br><br>JPMorgan Chase Bank<br>New York, NY<br>ABA No.: 021-000-021<br><br>Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, Security No. INV10735, PPN 901476A#8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made. |   |                                 |
| (2) Address for all notices relating to payments:<br><br>The Prudential Insurance Company of America<br>c/o Investment Operations Group<br>Gateway Center Two, 10th Floor<br>100 Mulberry Street<br>Newark, NJ 07102-4077<br><br>Attention: Manager, Billings and Collections   |   |                                 |
| (3) Address for all other communications and notices:<br><br>The Prudential Insurance Company of America<br>c/o Prudential Capital Group<br>Two Prudential Plaza<br>180 North Stetson, Suite 5600<br>Chicago, IL 60601-6716<br><br>Attention: Managing Director, Corporate Finance  |   |                                 |
| (4) Recipient of telephonic prepayment notices:<br><br>Manager, Trade Management Group<br><br>Telephone: (973) 367-3141<br>Facsimile: (888) 889-3832  |   |                                 |
| (5) Address for Delivery of Notes:<br><br>Send physical security by nationwide overnight delivery service to:<br><br>Prudential Capital Group<br>Two Prudential Plaza<br>180 North Stetson, Suite 5600<br>Chicago, IL 60601-6716<br><br>Attention: Armando M. Gamboa<br>Telephone: (312) 540-4203   |   |                                 |
| (6) Tax Identification No.: 22-1211670  |   |                                 |

**Original  
Aggregate Principal  
Amount of 2006  
Notes Held**

**Note  
Denomination(s)**

**PRUCO LIFE INSURANCE COMPANY**

**\$10,000,000.00**

**\$10,000,000.00**

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank  
New York, NY  
ABA No.: 021-000-021  
Account No.: P86192 (please do not include spaces)  
Account Name: Pruco Life Private Placement

Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, Security No. INV10735, PPN 901476A#8", and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.

- (2) Address for all notices relating to payments:

Pruco Life Insurance Company  
c/o The Prudential Insurance Company of America  
c/o Investment Operations Group  
Gateway Center Two, 10th Floor  
100 Mulberry Street  
Newark, NJ 07102-4077

Attention: Manager, Billings and Collections

- (3) Address for all other communications and notices:

Pruco Life Insurance Company  
c/o Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Managing Director, Corporate Finance

- (4) Recipient of telephonic prepayment notices:

Manager, Trade Management Group

Telephone: (973) 367-3141  
Facsimile: (888) 889-3832

- (5) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Armando M. Gamboa  
Telephone: (312) 540-4203

- (6) Tax Identification No.: 22-1944557

**Original  
Aggregate Principal  
Amount of 2006  
Notes Held**

**Note  
Denomination(s)**

**PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY**

**\$1,300,000.00**

**\$1,300,000.00**

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank  
New York, NY  
ABA No.: 021-000-021  
Account No.: P86202 (please do not include spaces)  
Account Name: Pruco Life of New Jersey Private Placement

Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, Security No. INV10735, PPN 901476A#8", and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.

- (2) Address for all notices relating to payments:

Pruco Life Insurance Company of New Jersey  
c/o The Prudential Insurance Company of America  
c/o Investment Operations Group  
Gateway Center Two, 10th Floor  
100 Mulberry Street  
Newark, NJ 07102-4077

Attention: Manager, Billings and Collections

- (3) Address for all other communications and notices:

Pruco Life Insurance Company of New Jersey  
c/o Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Managing Director, Corporate Finance

- (4) Recipient of telephonic prepayment notices:

Manager, Trade Management Group

Telephone: (973) 367-3141  
Facsimile: (888) 889-3832

- (5) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Armando M. Gamboa  
Telephone: (312) 540-4203

- (6) Tax Identification No.: 22-2426091

**Original  
Aggregate Principal  
Amount of 2006  
Notes Held**

**Note  
Denomination(s)**

**PRUDENTIAL ANNUITIES LIFE  
ASSURANCE CORPORATION**

**\$1,200,000.00**

**\$1,200,000.00**

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank  
New York, NY  
ABA No.: 021-000-021  
Account No.: P86259 (please do not include spaces)  
Account Name: American Skandia Life - Private Placements

Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, Security No. INV10735, PPN 901476A#8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.

- (2) Address for all notices relating to payments:

The Prudential Insurance Company of America  
c/o Investment Operations Group  
Gateway Center Two, 10th Floor  
100 Mulberry Street  
Newark, NJ 07102-4077

Attention: Manager, Billings and Collections

- (3) Address for all other communications and notices:

The Prudential Insurance Company of America  
c/o Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Managing Director, Corporate Finance

- (4) Recipient of telephonic prepayment notices:

Manager, Trade Management Group

Telephone: (973) 367-3141  
Facsimile: (888) 889-3832

- (5) Address for Delivery of Notes:

Send physical security by nationwide overnight delivery service to:

Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Armando M. Gamboa  
Telephone: (312) 540-4203

- (6) Tax Identification No.: 06-1241288



**Original  
Aggregate Principal  
Amount of 2006  
Notes Held**

**Note  
Denomination(s)**

**MUTUAL OF OMAHA INSURANCE COMPANY**

**\$3,115,000.00**

**\$3,115,000.00**

- (1) All principal, interest and Yield-Maintenance Amount payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank  
ABA No.: 021-000-021  
Private Income Processing  
For Credit to account: 900-9000200  
For further credit to Company Name: Mutual of Omaha Insurance  
Company  
For further credit to Account Number: G09587

Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, PPN 901476A#8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.

- (2) All payments, other than principal, interest or Yield-Maintenance Amount, on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

JPMorgan Chase Bank  
ABA No.: 021-000-021  
Account No.: G09587  
Account Name: Mutual of Omaha Insurance Co.

Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, PPN 901476A#8" and the due date and application (e.g., type of fee) of the payment being made.

- (3) Address for all notices relating to payments:

JPMorgan Chase Bank  
14201 Dallas Parkway - 13th Floor  
Dallas, TX 75254-2917

Attention: Income Processing - G. Ruiz  
a/c: G09587

- (4) Address for all other communications and notices:

Prudential Private Placement Investors, L.P.  
c/o Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Managing Director, Corporate Finance

- (5) Address for Delivery of Notes:

- (a) Send physical security by nationwide overnight delivery service to:

JPMorgan Chase Bank  
Chase Metrotech Center, 3<sup>rd</sup> Floor  
Brooklyn, NY 11245-0001

Please include in the cover letter accompanying the Notes a reference to the Purchaser's account number (Mutual of Omaha Insurance Company; Account Number: G09587).

- (b) Send copy by nationwide overnight delivery service to:

Prudential Capital Group  
Gateway Center 2  
100 Mulberry, 10<sup>th</sup> Floor  
Newark, NJ 07102

Attention: Trade Management, Manager  
Telephone: (973) 367-3141

- (6) Tax Identification No.: 47-0246511



**Original  
Aggregate Principal  
Amount of 2006  
Notes Held**

**Note  
Denomination(s)**

**SECURITY BENEFIT LIFE INSURANCE COMPANY, INC.**

**\$3,015,000.00**

**\$3,015,000.00**

Notes/Certificates to be registered in the name of:  
**UMBTRU&CO**

- (1) All payments on account of Notes held by such purchaser shall be made by wire transfer of immediately available funds for credit to:

UMB Bank N.A.  
ABA No.: 101000695  
Account Name: Trust Operations  
Account No.: 9870161974  
Reference: Security Benefit Life Ins. Co. Acct. #126139.1

Each such wire transfer shall set forth the name of the Company, a reference to "6.05% 2006 Senior Notes due April 10, 2016, PPN 901476A#8" and the due date and application (as among principal, interest and Yield-Maintenance Amount) of the payment being made.

- (2) All notices of payments and written confirmations of such wire transfers:

UMB Bank  
928 Grand Blvd., 10th Floor  
Kansas City, MO 64106

Attention: Mike Ortiz

- (3) Address for all other communications and notices:

Prudential Private Placement Investors, L.P.  
c/o Prudential Capital Group  
Two Prudential Plaza  
180 North Stetson, Suite 5600  
Chicago, IL 60601-6716

Attention: Managing Director, Corporate Finance

- (4) Address for Delivery of Notes:

- (a) Send physical security by nationwide overnight delivery service to:

United Missouri Bank  
DTC/NY WINDOW  
Account: 2450 UMB Bank  
FFC: Security Benefit-Private Placement, Account Number: 690308200  
55 Water Street  
Concourse Level  
New York, NY 10041

- (b) Send copy by nationwide overnight delivery service to:

Prudential Capital Group  
Gateway Center 2  
100 Mulberry, 10<sup>th</sup> Floor  
Newark, NJ 07102

Attention: Trade Management, Manager  
Telephone: (973) 367-3141

- (5) Tax Identification No.: 43-6295832

## [FORM OF 2006 NOTE]

## TWIN DISC, INCORPORATED

## 6.05% SENIOR NOTE DUE APRIL 10, 2016

No. \_\_\_\_\_ April 10, 2006

\$ \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned, **TWIN DISC, INCORPORATED**, a corporation organized and existing under the laws of the State of Wisconsin (herein called the "Company"), hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS on April 10, 2016, with interest (computed on the basis of a 360-day year--30-day month) (a) on the unpaid balance thereof at the rate of 6.05% per annum (or, during any period when an Event of Default shall be in existence, at the election of the Required Holder(s) at the Default Rate (as defined below)) from the date hereof, payable quarterly on the 10th day of July, October, January and April in each year, commencing with the July, October, January or April next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of Yield-Maintenance Amount and, to the extent permitted by applicable law, any overdue payment of interest, payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. The "Default Rate" shall mean a rate per annum from time to time equal to the greater of (i) 8.05% or (ii) 2.0% over the rate of interest publicly announced by JPMorgan Chase Bank from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of JPMorgan Chase Bank in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to an Amended and Restated Note Purchase and Private Shelf Agreement, dated as of June 30, 2014 (herein called the "Agreement"), between the Company, on the one hand, and Prudential Investment Management, Inc., the Existing Holders (as defined in the Agreement) and each Prudential Affiliate which becomes party thereto, on the other hand, and is entitled to the benefits thereof. This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

The Company agrees to make required prepayments of principal on the dates and in the amounts specified in the Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

The Company and any and all endorsers, guarantors and sureties severally waive grace, demand, presentment for payment, notice of dishonor or default, notice of intent to accelerate, notice of acceleration (except to the extent required in the Agreement), protest and diligence in collecting in connection with this Note, whether now or hereafter required by applicable law.

In case an Event of Default shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

Capitalized terms used herein which are defined in the Agreement and not otherwise defined herein shall have the meanings as defined in the Agreement.

**THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS NOTE TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH THE LAWS OF ANY OTHER JURISDICTION).**

TWIN DISC, INCORPORATED

By:

Title:

**[FORM OF SHELF NOTE]****TWIN DISC, INCORPORATED**

\_\_\_% SENIOR SERIES \_\_\_ NOTE DUE \_\_\_\_\_

No. \_\_\_

ORIGINAL PRINCIPAL AMOUNT:

ORIGINAL ISSUE DATE:

INTEREST RATE:

INTEREST PAYMENT DATES:

FINAL MATURITY DATE:

PRINCIPAL PREPAYMENT DATES AND AMOUNTS:

FOR VALUE RECEIVED, the undersigned, TWIN DISC, INCORPORATED, a corporation organized and existing under the laws of the State of Wisconsin (herein called the "Company"), hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS [on the Final Maturity Date specified above (or so much thereof as shall not have been prepaid)] [, payable on the Principal Prepayment Dates and in the amounts specified above, and on the Final Maturity Date specified above in an amount equal to the unpaid balance of the principal hereof,] with interest (computed on the basis of a 360-day year-30-day month) (a) on the unpaid balance thereof at the Interest Rate per annum specified above, from the date hereof, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of Yield Maintenance Amount and, to the extent permitted by applicable law, any overdue payment of interest, and during any period when an Event of Default shall be in existence, at the election of the Required Holder(s) of this Series of Notes on such unpaid balance, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the Default Rate. The "Default Rate" shall mean a rate per annum from time to time equal to the greater of (i) 2.00% over the Interest Rate specified above or (ii) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, National Association from time to time in New York City as its Prime Rate.

Payments of principal of, interest on and any Yield Maintenance Amount payable with respect to this Note are to be made at the main office of JPMorgan Chase Bank, National Association in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of a series of Senior Notes (herein called the "Notes") issued pursuant to an Amended and Restated Note Purchase and Private Shelf Agreement, dated as of June 30, 2014 (herein called the "Agreement"), between the Company, on the one hand, and Prudential Investment Management, Inc., the Existing Holders (as defined in the Agreement) and each Prudential Affiliate which becomes party thereto, on the other hand, and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

[The Company agrees to make required prepayments of principal on the dates and in the amounts specified above or in the Agreement.] This Note is [also] subject to [optional] prepayment, in whole or from time to time in part, on the terms specified in the Agreement, but not otherwise.

In case an Event of Default shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

Capitalized terms used herein which are defined in the Agreement and not otherwise defined herein shall have the meanings as defined in the Agreement.

**THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAW OF SUCH STATE (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS NOTE TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH THE LAWS OF ANY OTHER JURISDICTION).**

**TWIN DISC, INCORPORATED**

By:

Title:



**[FORM OF REQUEST FOR PURCHASE]**

[On Company Letterhead]

[Date]

Reference is made to the Amended and Restated Note Purchase and Private Shelf Agreement (the "Agreement"), dated as of June 30, 2014 between Twin Disc, Incorporated (the "Company"), on the one hand, and Prudential Investment Management, Inc. ("Prudential"), the Existing Holders (as defined therein) and each Prudential Affiliate which is named as or becomes party thereto, on the other hand. Capitalized terms used and not otherwise defined herein shall have the respective meanings specified in the Agreement. Pursuant to Paragraph 2B(4) of the Agreement, the Company hereby makes the following Request for Purchase:

1. Aggregate principal amount of the Shelf Notes covered hereby (the "Notes"): \$ \_\_\_\_\_<sup>1</sup>
2. Individual specifications of the Notes:

| Principal Amount | Final Maturity Date | Average Life | Principal Prepayment Dates | Principal Prepayment Amounts | Interest Prepayment Periods (Quarterly, in arrears) |
|------------------|---------------------|--------------|----------------------------|------------------------------|---|
|------------------|---------------------|--------------|----------------------------|------------------------------|---|

3. Use of proceeds of the Notes:
4. Proposed day for the closing of the purchase and sale of the Notes:
5. The purchase price of the Notes is to be transferred to:
 

|                       |                |
|-----------------------|----------------|
| Name, Address         | Number of      |
| and ABA Routing       |                |
| <u>Number of Bank</u> | <u>Account</u> |
6. The Company certifies (a) that the representations and warranties contained in paragraph 8 of the Agreement are true on and as of the date of this Request for Purchase, (b) that there exists on the date of this Request for Purchase no Event of Default or Default and (c) after giving effect to the issuance of the Notes hereunder, the aggregate outstanding principal amount of all Notes issued under the Agreement is \$ \_\_\_\_\_ and the issuance of the Notes hereunder is permissible under the Credit Agreement.

Dated:  
**TWIN DISC, INCORPORATED**

By:  
Authorized Officer

<sup>1</sup> Minimum principal amount of \$10,000,000.

[FORM OF CONFIRMATION OF ACCEPTANCE]

TWIN DISC, INCOPORATED

Reference is made to the Amended and Restated Note Purchase and Private Shelf Agreement (the "Agreement"), dated as of June 30, 2014 between Twin Disc, Incorporated (the "Company"), on the one hand and Prudential Investment Management, Inc. ("Prudential"), the Existing Holders (as defined therein) and each Prudential Affiliate which is named as or becomes party thereto, on the other hand. All terms used and not otherwise defined herein shall have the respective meanings specified in the Agreement.

Prudential or the Prudential Affiliate which is named below as a Purchaser of Shelf Notes hereby confirms the representations as to such Shelf Notes set forth in paragraph 9 of the Agreement, and agrees to be bound by the provisions of paragraphs 2B(6) and 2B(8) of the Agreement relating to the purchase and sale of such Notes and by the provisions of the second penultimate sentence of paragraph 11A of the Agreement.

Pursuant to paragraph 2B(6) of the Agreement, an Acceptance with respect to the following Accepted Notes is hereby confirmed:

I. Aggregate Principal Amount of Accepted Notes: \_\_\_\_\_.

- (A)
  - (a) Name of Purchaser:
  - (b) Principal amount:
  - (c) Final maturity date:
  - (d) Principal prepayment dates and amounts:
  - (e) Interest Prepayment Periods (quarterly, in arrears)
  - (f) Interest rate:
  - (g) Payment and notice instructions: As set forth on attached Purchaser Schedule.
- (B)
  - (a) Name of Purchaser:
  - (b) Principal amount:
  - (c) Final maturity date:
  - (d) Principal prepayment dates and amounts:
  - (e) Interest Prepayment Periods (quarterly, in arrears)
  - (f) Interest rate:
  - (g)(g) Payment and notice instructions: As set forth on attached Purchaser Schedule.
- [(C), (D)] same information as above.]

II. Closing Day:

Dated:

TWIN DISC, INCORPORATED

By:

Name:

Title:

[PRUDENTIAL INVESTMENT MANAGEMENT, INC.]

By:

Name:

Title: Vice President

[PRUDENTIAL AFFILIATE]

By:

Name:





**[FORM OF OPINION OF COMPANY'S COUNSEL FOR NOTE PURCHASE AGREEMENT (RESTATEMENT ONLY)]**

[Letterhead of von Briesen &amp; Roper, s.c.]

June 30, 2014

Prudential Investment Management, Inc.  
 Each Existing Holder  
 c/o Prudential Capital Group

Two Prudential Plaza

Chicago, Illinois 60601

Ladies and Gentlemen:

We have acted as counsel for Twin Disc, Incorporated (the "Company") in connection with the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of June 30, 2014, among the Company, on the one hand, and Prudential Investment Management, Inc., the Existing Holders (as defined therein) and each Prudential Affiliate which is named as or may become a party thereto, on the other hand, (the "Note Purchase Agreement"). All terms used herein that are defined in the Note Purchase Agreement have the respective meanings specified in the Note Purchase Agreement. This letter is being delivered to you in satisfaction of the condition set forth in paragraph 3A(2) of the Note Purchase Agreement and with the understanding that you are entering into the Note Purchase Agreement in reliance on the opinions expressed herein.

In rendering the opinions and confirmations set forth herein, we have examined originals or copies of:

- (i) the Articles of Incorporation of the Company ("Articles of Incorporation");
- (ii) the Bylaws of the Company, as amended ("Bylaws");
- (iii) certain resolutions of the Board of Directors of the Company;
- (iv) a Certificate of Status for the Company dated June 26, 2014, and issued by the Department of Financial Institutions for the State of Wisconsin
- (v) the Note Purchase Agreement; and
- (vi) Credit Agreement, dated as of June 30, 2014 by and among the Company, Twin Disc International, S.A., a Belgian corporation, and Wells Fargo, National Association.

In addition, we have examined such certificates of public officials, certificates of officers of the Company and copies certified to our satisfaction of corporate documents and records of the Company and of other papers as we have deemed relevant and necessary as a basis for our opinion hereinafter set forth. We have without independent investigation relied solely upon such certificates of public officials and of officers of the Company and the representations and warranties contained in the Note Purchase Agreement with respect to the accuracy of all factual matters contained therein; nothing, however, has come to our attention which, to our knowledge, would cause us to believe that any such factual matters are untrue.

For purposes of this opinion, we have assumed, with your permission: that all items submitted to us as originals are authentic and all signatures thereon are genuine; all items submitted to us as copies conform to the originals; all items submitted to us as unexecuted drafts have been submitted to us in final form and have been or shall be executed substantially in the form provided and without revision to the obligations of the Company contained therein; all natural persons, including persons acting on behalf of the business entity, are legally competent; each such item has been duly executed and delivered by each party (other than the Company), has been duly authorized by each party (other than the Company) and constitutes each party's (other than Company's) legal, valid and binding obligations; and there are no agreements, course of dealing, usage of trade, or other arrangements between any of the parties that would alter the agreements set forth in the Note Purchase Agreement or the opinions set forth herein.

Based on and subject to the assumptions, limitations, qualifications, and exclusions stated herein, it is our opinion that:

1. The Company is a corporation organized and validly existing in good standing under the laws of the State of Wisconsin. To our knowledge, the Company is duly qualified to transact business and is in good standing in each jurisdiction where the ownership of property by it or the nature of the business conducted thereby makes such qualification necessary. To our knowledge, the Company has all requisite corporate power to conduct its business as currently conducted and as currently proposed to be conducted.

2. The Company has all requisite corporate power to execute, deliver and perform its obligations under the Note Purchase Agreement. The Note Purchase Agreement has been duly authorized by all requisite corporate action on the part of the Company and duly executed and delivered by authorized officers of the Company, and is a valid obligation of the Company, legally binding upon and enforceable against the Company in accordance with its terms.

3. The execution and delivery of the Note Purchase Agreement and fulfillment of and compliance with the provisions of the Note Purchase Agreement does not conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company, or require any authorization, consent, approval, exemption or other action by or notice to or filing with any court, administrative or governmental body or other Person pursuant to, the articles or by-laws of the Company, any applicable law (including any securities or Blue Sky law), statute, rule or regulation or, to our knowledge and without having made due inquiry with respect thereto, any agreement (including, without limitation, the Credit Agreement), instrument, order, judgment or decree to which the Company is a party or otherwise subject.

4. The Company is not (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended, (b) a "holding company" of a "public utility company" of an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Energy Policy Act of 2005, as amended, or (c) a "public utility" within the meaning of the Federal Power Act, as amended.

5. To our knowledge, except to the extent disclosed by the Company in the Note Purchase Agreement and Schedules thereto, there are no actions, suits or proceedings pending or threatened against or affecting the Company or any of its Subsidiaries or any property of the Company or any of its Subsidiaries in any court or before any arbitrator of any kind or before or by any governmental authority either (i) with respect to the Note Purchase Agreement or the 2006 Notes or (ii) that, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries, taken as a whole.

The opinions set forth above are subject to the following qualifications, limitations, exclusions, and assumptions:

Our opinions are subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance or transfer, equitable subordination, reorganization, moratorium, bulk transfer or similar laws affecting creditors' rights generally and to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law) and by limitations on the availability of specific performance, injunctive relief or other equitable remedies and by public policy considerations which, among other things, limit or restrict any agreement of Company in the Note Purchase Agreement relating to indemnification, contribution or exculpation of costs, expenses or liabilities incurred by you in connection with the transactions contemplated by such documents. Certain of the provisions and remedies provided for in the Note Purchase Agreement may be further limited or rendered unenforceable to applicable law, but in our opinion such law does not make the remedies afforded by the Note Purchase Agreement inadequate for the practical realization of the principal benefits intended to be provided (except as otherwise limited by this opinion and except for the economic consequences of any judicial, administrative or other procedural delay which may result from such laws).

Our opinion set forth in Paragraph 1, above, is based solely upon the Certificate of Status from the Wisconsin Department of Financial Institutions, a true and correct copy of which is attached hereto as Exhibit A.

We express no opinion as to any of the following to the extent relevant to the Note Purchase Agreement:

- i. The enforceability of any provision in the Note Purchase Agreement making irrevocable a power of attorney, whether or not coupled with an interest;
- ii. The enforceability of any provision in the Note Purchase Agreement prohibiting the non-written modification of such Note Purchase Agreement;
- iii. As to whether or not the Company is in compliance with any financial covenants, representations or warranties contained in the Note Purchase Agreement (except to the extent the subject matter of such representation or warranty is expressly addressed in this opinion letter);
- iv. The enforceability of any provision in the Note Purchase Agreement waiving the right to a jury trial, the objection of improper venue, unknown rights or defenses or any agreement granting subject matter and personal jurisdiction in any court;
- v. The enforceability of any provision requiring the payment of attorneys' fees and expenses, in an amount in excess of reasonable attorneys' fees and expenses actually incurred;
- vi. The enforceability of any provision purporting to shorten any statute of limitations, or waiving in advance any defense with respect to any statute of limitations;
- vii. The enforceability of any provision of the Note Purchase Agreement granting the secured party or obligee the unilateral right or discretion to determine standards or requirements for performance not expressly enumerated in the Note Purchase Agreement, or to establish standards or requirements that are not commercially (or manifestly) reasonable;
- viii. Any waivers of rights of setoff, or any agreement to setoff debts that are not liquidated and payable;
- ix. Any provision providing for the right to injunctive relief without a showing of irreparable harm or injury; and
- x. The enforceability of any material adverse effect (or Material Adverse Effect) standard.

Wherever we indicate that our opinion with respect to the existence or absence of fact is "to our knowledge" or the like, our opinion is, with your permission, based solely on the current awareness of facts of the attorneys currently with our firm who have represented the Company in connection with the transactions contemplated by the Note Purchase Agreement.

We note that the Note Purchase Agreement purports to be governed by the laws of the State of New York. We are members of the Bar of the State of Wisconsin, and the opinions expressed herein are based upon and limited exclusively to the laws of that State and the Federal laws of the United States of America. We have not undertaken any research for purposes of determining, and we express no opinion concerning, the laws or jurisdiction of any other state, whether one or more, whose laws and requirements apply to the Company or the Existing Holders or of any of the transactions set forth in the Note Purchase Agreement. For the purpose of our opinion herein, we have assumed, with your permission and without any investigation that the laws of the State of New York are identical in all respects to the laws of the State of Wisconsin.

For purposes of this opinion, "delivery" means the provision of executed documents by an officer of the Company (or its duly authorized agent) as executed by such officer pursuant to instructions provided by the Company. We do not render any opinion on the delivery of any documents by any other party the delivery of which is a condition precedent to the effectiveness of the Note Purchase Agreement and the completion of delivery by the Company thereunder.

We express no opinion that the Note Purchase Agreement specifies a choice of law that is enforceable.

The opinions expressed herein shall be effective only as of the effective date of this letter. We do not assume responsibility for updating this letter as to any date subsequent to the date of this letter, and assume no responsibility for advising you of any changes with respect to any matters described in this letter that may occur subsequent to the date of this letter or from the discovery subsequent to the date of this letter of information not previously known to us pertaining to events occurring prior to the date of this letter.

This opinion is furnished to you solely in connection with the transaction described above and may not be relied upon by anyone other than you and the Existing Holders as of the date of this letter and any Transferees and may be relied upon only in connection with this transaction. This opinion may not be used or relied upon by or copied, published or communicated to any other party for any purpose whatsoever without our prior written approval in each instance, except as may be required by any court or other governmental or regulatory authority (including the National Association of Insurance Commissioners) or in connection with any litigation or other proceeding to which this opinion letter may be relevant.

Very truly yours,



**[FORM OF OPINION OF COMPANY'S COUNSEL FOR SHELF NOTES]**

[Letterhead of von Briesen &amp; Roper, s.c.]

June 30, 2014

Prudential Investment Management, Inc.  
 Each Purchaser  
 c/o Prudential Capital Group

Two Prudential Plaza

Chicago, Illinois 60601

Ladies and Gentlemen:

We have acted as counsel for Twin Disc, Incorporated (the "Company") in connection with the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of June 30, 2014, among the Company, on the one hand, and Prudential Investment Management, Inc., the Existing Holders (as defined therein) and each Prudential Affiliate which is named as or may become a party thereto, on the other hand, (the "Note Purchase Agreement"), pursuant to which the Company has issued to you today the Series \_\_\_ Senior Notes due \_\_\_\_\_, 20\_\_ (the "Shelf Notes") of the Company in the aggregate principal amount of \$\_\_\_\_\_]. All terms used herein that are defined in the Note Purchase Agreement have the respective meanings specified in the Note Purchase Agreement. This letter is being delivered to you in satisfaction of the condition set forth in paragraph 3B(3) of the Note Purchase Agreement and with the understanding that you are purchasing the Shelf Notes in reliance on the opinions expressed herein.

In rendering the opinions and confirmations set forth herein, we have examined originals or copies of:

- (i) the Articles of Incorporation of the Company ("Articles of Incorporation");
- (ii) the Bylaws of the Company, as amended ("Bylaws");
- (iii) certain resolutions of the Board of Directors of the Company;
- (iv) a Certificate of Status for the Company dated \_\_\_\_\_, 20\_\_, and issued by the Department of Financial Institutions for the State of Wisconsin
- (v) the Note Purchase Agreement and the Shelf Note (the "Operative Documents"); and
- (vi) Credit Agreement, dated as of June 30, 2014 by and among the Company, Twin Disc International, S.A., a Belgian corporation, and Wells Fargo, National Association.

In addition, we have examined such certificates of public officials, certificates of officers of the Company and copies certified to our satisfaction of corporate documents and records of the Company and of other papers as we have deemed relevant and necessary as a basis for our opinion hereinafter set forth. We have without independent investigation relied solely upon such certificates of public officials and of officers of the Company and the representations and warranties contained in the Operative Documents with respect to the accuracy of all factual matters contained therein; nothing, however, has come to our attention which, to our knowledge, would cause us to believe that any such factual matters are untrue. With respect to the opinion expressed in paragraph 3 below, we have also relied upon the representation made by each of you in paragraph 9A of the Note Purchase Agreement.

For purposes of this opinion, we have assumed, with your permission: that all items submitted to us as originals are authentic and all signatures thereon are genuine; all items submitted to us as copies conform to the originals; all items submitted to us as unexecuted drafts have been submitted to us in final form and have been or shall be executed substantially in the form provided and without revision to the obligations of the Company contained therein; all natural persons, including persons acting on behalf of the business entity, are legally competent; each such item has been duly executed and delivered by each party (other than the Company), has been duly authorized by each party (other than the Company) and constitutes each party's (other than Company's) legal, valid and binding obligations; and there are no agreements, course of dealing, usage of trade, or other arrangements between any of the parties that would alter the agreements set forth in the Note Purchase Agreement or the opinions set forth herein.

Based on and subject to the assumptions, limitations, qualifications, and exclusions stated herein, it is our opinion that:

1. The Company is a corporation organized and validly existing in good standing under the laws of the State of Wisconsin. To our knowledge, the Company is duly qualified to transact business and is in good standing in each jurisdiction where the ownership of property by it or the nature of the business conducted thereby makes such qualification necessary. To our knowledge, the Company has all requisite corporate power to conduct its business as currently conducted and as currently proposed to be conducted.

2. The Company has all requisite corporate power to execute, deliver and perform its obligations under the Note Purchase Agreement and the Shelf Notes. The Note Purchase Agreement and the Shelf Notes have been duly authorized by all requisite corporate action on the part of the Company and duly executed and delivered by authorized officers of the Company, and are valid obligations of the Company, legally binding upon and enforceable against the Company in accordance with their respective terms.

3. It is not necessary in connection with the offering, issuance, sale and delivery of the Shelf Notes under the circumstances contemplated by the Note Purchase Agreement to register the Shelf Notes under the Securities Act or to qualify an indenture in respect of the Shelf Notes under the Trust Indenture Act of 1939, as amended.

4. The extension, arranging and obtaining of the credit represented by the Notes do not result in any violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

5. The execution and delivery of the Note Purchase Agreement and the Shelf Notes, the offering, issuance and sale of the Shelf Notes and fulfillment of and compliance with the respective provisions of the Note Purchase Agreement and the Shelf Notes do not conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company, or require any authorization, consent, approval, exemption or other action by or notice to or filing with any court, administrative or governmental body or other Person (other than routine filings after the date hereof with the Securities and Exchange Commission and/or state Blue Sky authorities) pursuant to, the articles or by-laws of the Company, any

applicable law (including any securities or Blue Sky law), statute, rule or regulation or, to our knowledge and without having made due inquiry with respect thereto, any agreement (including, without limitation, the Credit Agreement), instrument, order, judgment or decree to which the Company is a party or otherwise subject.

6. The Company is not (a) an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, or an “investment adviser” within the meaning of the Investment Advisers Act of 1940, as amended, (b) a “holding company” of a “public utility company” of an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company”, within the meaning of the Energy Policy Act of 2005, as amended, or (c) a “public utility” within the meaning of the Federal Power Act, as amended.

7. To our knowledge, except to the extent disclosed by the Company in the Operative Documents and Schedules thereto, there are no actions, suits or proceedings pending or threatened against or affecting the Company or any of its Subsidiaries or any property of the Company or any of its Subsidiaries in any court or before any arbitrator of any kind or before or by any governmental authority either (i) with respect to the Note Purchase Agreement or the Notes or (ii) that, individually or in the aggregate, could reasonably be expected to have a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries, taken as a whole.

The opinions set forth above are subject to the following qualifications, limitations, exclusions, and assumptions:

Our opinions are subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance or transfer, equitable subordination, reorganization, moratorium, bulk transfer or similar laws affecting creditors’ rights generally and to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law) and by limitations on the availability of specific performance, injunctive relief or other equitable remedies and by public policy considerations which, among other things, limit or restrict any agreement of Company in the Note Purchase Agreement relating to indemnification, contribution or exculpation of costs, expenses or liabilities incurred by you in connection with the transactions contemplated by such documents. Certain of the provisions and remedies provided for in the Operative Documents may be further limited or rendered unenforceable to applicable law, but in our opinion such law does not make the remedies afforded by the Operative Documents inadequate for the practical realization of the principal benefits intended to be provided (except as otherwise limited by this opinion and except for the economic consequences of any judicial, administrative or other procedural delay which may result from such laws).

Our opinion set forth in Paragraph 1, above, is based solely upon the Certificate of Status from the Wisconsin Department of Financial Institutions, a true and correct copy of which is attached hereto as Exhibit A.

We express no opinion as to any of the following to the extent relevant to the Operative Documents:

- i. The enforceability of any provision in the Operative Documents making irrevocable a power of attorney, whether or not coupled with an interest;
- ii. The enforceability of any provision in the Operative Documents prohibiting the non-written modification of such Operative Documents;
- iii. As to whether or not the Company is in compliance with any financial covenants, representations or warranties contained in the Operative Documents (except to the extent the subject matter of such representation or warranty is expressly addressed in this opinion letter);
- iv. The enforceability of any provision in the Operative Documents waiving the right to a jury trial, the objection of improper venue, unknown rights or defenses or any agreement granting subject matter and personal jurisdiction in any court;
- v. The enforceability of any provision requiring the payment of attorneys’ fees and expenses, in an amount in excess of reasonable attorneys’ fees and expenses actually incurred;
- vi. The enforceability of any provision purporting to shorten any statute of limitations, or waiving in advance any defense with respect to any statute of limitations;
- vii. The enforceability of any provision of the Operative Documents granting the secured party or obligee the unilateral right or discretion to determine standards or requirements for performance not expressly enumerated in the Operative Documents, or to establish standards or requirements that are not commercially (or manifestly) reasonable;
- viii. Any waivers of rights of setoff, or any agreement to setoff debts that are not liquidated and payable;
- ix. Any provision providing for the right to injunctive relief without a showing of irreparable harm or injury; and
- x. The enforceability of any material adverse effect (or Material Adverse Effect) standard.

Wherever we indicate that our opinion with respect to the existence or absence of fact is “to our knowledge” or the like, our opinion is, with your permission, based solely on the current awareness of facts of the attorneys currently with our firm who have represented the Company in connection with the transactions contemplated by the Operative Documents.

We note that the Operative Documents purport to be governed by the laws of the State of New York. We are members of the Bar of the State of Wisconsin, and the opinions expressed herein are based upon and limited exclusively to the laws of that State and the Federal laws of the United States of America. We have not undertaken any research for purposes of determining, and we express no opinion concerning, the laws or jurisdiction of any other state, whether one or more, whose laws and requirements apply to the Company or the Purchasers or of any of the transactions set forth in the Operative Documents. For the purpose of our opinion herein, we have assumed, with your permission and without any investigation that the laws of the State of New York are identical to those of the State of Wisconsin.

For purposes of this opinion, “delivery” means the provision of executed documents by an officer of the Company (or its duly authorized agent) as executed by such officer pursuant to instructions provided by the Company. We do not render any opinion on the delivery of any documents by any other party the delivery of which is a condition precedent to the effectiveness of the Operative Documents and the completion of delivery by the Company thereunder.

We express no opinion that the Note Purchase Agreement specifies a choice of law that is enforceable.

The opinions expressed herein shall be effective only as of the effective date of this letter. We do not assume responsibility for updating this letter as to any date subsequent to the date of this letter, and assume no responsibility for advising you of any changes with respect to any matters described in this letter that may occur subsequent to the date of this letter or from the discovery subsequent to the date of this letter of information not previously known to us pertaining to events occurring prior to the date of this letter.

This opinion is furnished to you solely in connection with the transaction described above and may not be relied upon by anyone other than you and the Existing Holders as of the date of this letter and any Transferees, and may be relied upon only in connection with this transaction. This opinion may not be used or relied upon by or copied, published or communicated to any other party for any purpose whatsoever without our prior written approval in each instance, except as may be required by any court

or other governmental or regulatory authority (including the National Association of Insurance Commissioners) or in connection with any litigation or other proceeding to which this opinion letter may be relevant.

Very truly yours,

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[FORM OF COMPLIANCE CERTIFICATE]

COMPLIANCE CERTIFICATE

[Each Purchaser]
c/o Prudential Capital Group

Two Prudential Plaza

Chicago, Illinois 60601

Re: Twin Disc, Incorporated

Gentlemen:

This Compliance Certificate is delivered to you pursuant to the terms of an Amended and Restated Note Purchase and Private Shelf Agreement dated as of June 30, 2014 (the "Note Purchase Agreement") among Twin Disc, Incorporated (the "Company"), on the one hand, and Prudential Investment Management, Inc., the Existing Holders (as defined therein) and each Prudential Affiliate which is named as or may become a party thereto, on the other hand. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Note Purchase Agreement.

The undersigned hereby represents and warrants on behalf of the Company (and not in his individual capacity) to each of you that:

- 1. The undersigned is an officer of the Company and is duly authorized to execute and deliver this Compliance Certificate.
2. The representations and warranties of the Company contained in the Note Purchase Agreement are true and accurate in all material respects on and as of the date of this Compliance Certificate.
3. No Default or Event of Default under the Note Purchase Agreement has occurred and is continuing.
4. Enclosed with this certificate are the financial statements described in paragraph 5D(i) [or: 5D(ii)] of the Note Purchase Agreement for the quarter [or: year] ended \_\_\_\_, 20\_\_ (the "Financials"). To the best of our knowledge, the Financials were prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, the financial condition and results of operations of the Company and its Subsidiaries as of the date of, and for the period covered by, the Financials, subject to audit and normal year-end adjustments.
5. As determined pursuant to the Note Purchase Agreement and based on the consolidated Financials for the Company and all consolidated Subsidiaries:

A. the Total Funded Debt to EBITDA Ratio

as of \_\_\_\_, 20\_\_ is: \_\_\_\_:1.0

the maximum Total Funded Debt to

EBITDA Ratio covenant is: 3.00 : 1.0

B. the Net Worth as of \_\_\_\_, 20\_\_ is: \$ \_\_\_\_

the Net Worth covenant is: \$120,018,000 plus 35% of the positive consolidated Net Income for each fiscal quarter from and after December 31, 2013 on a cumulative basis

[any adjustment for pension liabilities permitted by paragraph 5M(i)(b) is \$ \_\_\_\_]

C. the EBITDA as of

\_\_\_\_, 20\_\_ is: \$ \_\_\_\_

the minimum EBITDA covenant is: \$11,000,000

Dated: \_\_\_\_, 201\_\_.

TWIN DISC, INCORPORATED

By:
Its: Vice President-Finance, Chief Financial Officer and Secretary

2 If a Default or an Event of Default exists, specify (a) the facts and circumstances of such Default or Event of Default, and (b) the actions that the Company has taken, is taking or proposes to take to remedy such Default or Event of Default.

3 For the certificate delivered with the annual financial statements, delete the phrase "subject to audit and normal year-end adjustments."





**COMPANY'S SUBSIDIARIES AND THE COMPANY'S  
PERCENTAGE OWNERSHIP OF EACH**

|     | <u>SUBSIDIARY</u>  | <u>DOMESTIC SUBSIDIARY</u> | <u>COMPANY'S OWNERSHIP</u>  |
|-----|--|----------------------------|---|
| 1.  | Twin Disc International, S.A.<br>(a Belgian corporation)                     | No                         | 100%  |
| 2.  | Twin Disc S.r.l.<br>(an Italian corporation)                                 | No                         | 100%  |
|     | a. Vetus Italia S.r.l.<br>(an Italian corporation)                           | No                         | 100% Owned by Twin Disc S.r.l.  |
| 3.  | Twin Disc (Pacific) Pty. Ltd.<br>(an Australian corporation)                 | No                         | 100%  |
| 4.  | Twin Disc (Far East) Ltd.<br>(a Delaware corporation operating in singapore) | Yes                        | 100%  |
| 5.  | Twin Disc (Far East) Pte. Ltd.<br>(a Singapore corporation)                  | No                         | 9,004,731 Shares Owned by Twin Disc (Far East) Ltd. 1 Share Owned by Parent   |
| 6.  | Twin Disc Power Transmission Private Ltd.<br>(an India corporation)          | No                         | 1,100,500 Shares Owned by Twin Disc (Far East) Pte. Ltd.<br>9,900 Shares Owned by Parent<br>100 Shares Owned by Twin Disc International, S.A. |
| 7.  | Mill Log Equipment Co., Inc.<br>(an Oregon corporation)                      | Yes                        | 100%  |
|     | a. Mill Log Wilson Equipment<br>(a Canadian corporation)                     | No                         | 100% Owned by Mill Log Equipment Co., Inc.  |
|     | b. Mill Log Marine<br>(an Oregon corporation)                                | Yes                        | 100% Owned by Mill Log Equipment Co., Inc.  |
| 8.  | Twin Disc Southeast Inc.<br>(a Florida corporation)                          | Yes                        | 100%  |
| 9.  | Twin Disc Nico Co., Ltd<br>(a Japanese corporation)                          | No                         | 66% Owned by Parent<br>34% Owned by Hitachi   |
| 10. | Twin Disc Japan<br>(a Japanese corporation)                                  | No                         | 100%  |
| 11. | Rolla SP Propellers SA<br>(a Switzerland corporation)                        | No                         | 100%  |

**LITIGATION**

None.

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**DUMP SITES**

**Plant 3 Broach Pit.** The Company has identified oil and VOC contamination of soil and groundwater immediately beneath the building identified as Plant 3. This contamination is believed to be attributable to operation of the broach prior to December of 1995. The Company is engaged in ongoing site investigation and remediation under the auspices of the Wisconsin Department of Natural Resources (“WDNR”), principally involving free product recovery and monitoring.

**Plant 3 Coolant Release.** The Company has identified VOC contamination of soil at Plant 3 relating to an historical coolant release. The Company is engaged in ongoing site monitoring on a quarterly basis, under the auspices of the WDNR. The Company has determined the extent and degree of vapor intrusion at the site and is actively remediating.

**Plant 3 Soil Contamination.** The Company recently identified limited petroleum contamination of soils adjacent to Plant 3 believed to be related to an historical release. Contaminated soil was removed, except for a small amount of inaccessible soil along the foundation wall. The Company is engaged in further site investigation under the auspices of the WDNR to determine what if any further investigation is warranted as to the extent and degree of any vapor intrusion at the site. This site meets the criteria for classification as a NR 700.09 “Simple Site” and Twin Disc, Inc. has received “No Further Action” Status under NR 708.09. The case is considered closed by the WDNR.

SCHEDULE 8M

TANKS

The Company has several aboveground storage tanks (ASTs) at its Plant 1 location. The ASTs are located in the waste storage room and contain waste coolant/washing solution, waste oil, and a series of tanks utilized for the make-up of fresh coolant.

The Company has approximately 22 ASTs at its Plant 3 site, ranging in size from 450 gallons up to approximately 2,250 gallons. Included in these 22 tanks are nine 600-gallon storage tanks utilized for the storage of bulk liquids. These nine ASTs contain:

|       |                            |
|-------|----------------------------|
| M1 -  | DTE 25 Lube Oil            |
| M2 -  | Omnicon Cutting Oil        |
| M3 -  | Metcut G Cutting Fluid     |
| M4 -  | Delvac 10W Engine Oil      |
| M5 -  | Velocite 6 Hydraulic Fluid |
| M6 -  | MobilMet Nu Cutting Oil    |
| M1B - | DTE 25 Lube Oil            |
| M2B - | Omnicon Cutting Oil        |
| M3B - | Metcut G Cutting Fluid     |

The remaining Plant 3 ASTs contain waste coolant/washing solution, waste oil, and a series of tanks utilized for the make-up of fresh coolant.

The Company also maintains a 2,425-gallon diesel fuel tank located at its research and development facility.

SCHEDULE 8N

**OTHER ENVIRONMENTAL CONDITIONS**

None.

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SCHEDULE 80

ENVIRONMENTAL JUDGMENTS, DECREES, AND ORDERS

None.

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**EXISTING LIENS**

None.

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