

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended **June 30, 2025**
OR

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

For the transition period from _____ to _____

Commission File Number **001-41704**

FORTREA HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

8 Moore Drive Durham, North Carolina

(Address of principal executive offices)

92-2796441

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

27709

(Zip Code)

(Registrant's telephone number, including area code) **(877)-495-0816**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	FTRE	The NASDAQ Stock Market LLC
Rights to Purchase Series A Preferred Stock, par value \$0.001 per share	-	The NASDAQ Stock Market LLC

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

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

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

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

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

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

The registrant had outstanding 90.8 million shares of common stock as of August 4, 2025.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

FORTREA HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

	June 30, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 81.2	\$ 118.5
Accounts receivable and unbilled services, net	739.2	659.5
Prepaid expenses and other	139.6	170.2
Total current assets	960.0	948.2
Property, plant and equipment, net	148.7	156.3
Goodwill, net	965.2	1,710.4
Intangible assets, net	654.3	655.7
Deferred income taxes	5.6	5.2
Other assets, net	101.3	103.4
Total assets	\$ 2,835.1	\$ 3,579.2
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 92.6	\$ 138.2
Accrued expenses and other current liabilities	380.8	369.8
Unearned revenue	381.7	353.3
Current portion of long-term debt	74.8	74.8
Short-term operating lease liabilities	12.4	13.4
Total current liabilities	942.3	949.5
Long-term debt, less current portion	1,100.9	1,049.7
Operating lease liabilities	52.9	60.6
Deferred income taxes and other tax liabilities	112.8	121.7
Other liabilities	37.0	35.3
Total liabilities	2,245.9	2,216.8
Commitments and contingent liabilities (Note 9)		
Equity		
Common stock, 90.8 and 89.7 shares outstanding at June 30, 2025 and December 31, 2024, respectively	0.1	0.1
Additional paid-in capital	2,079.5	2,042.2
Accumulated deficit	(1,334.8)	(397.0)
Accumulated other comprehensive loss	(155.6)	(282.9)
Total equity	589.2	1,362.4
Total liabilities and equity	\$ 2,835.1	\$ 3,579.2

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

FORTREA HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues	\$ 710.3	\$ 662.4	\$ 1,361.6	\$ 1,324.5
Costs and expenses:				
Direct costs, exclusive of depreciation and amortization	576.8	525.3	1,111.6	1,079.5
Selling, general and administrative expenses, exclusive of depreciation and amortization	124.8	156.2	246.6	276.3
Depreciation and amortization	19.6	21.4	39.1	43.3
Goodwill and other asset impairments	309.1	—	797.9	—
Restructuring and other charges	10.3	10.4	16.8	13.7
Total costs and expenses	1,040.6	713.3	2,212.0	1,412.8
Operating loss	(330.3)	(50.9)	(850.4)	(88.3)
Other income (expense):				
Interest expense	(23.3)	(45.2)	(45.6)	(79.5)
Foreign exchange loss	(19.9)	(1.5)	(25.5)	(6.8)
Other, net	2.8	9.0	2.8	10.3
Loss from continuing operations before income taxes	(370.7)	(88.6)	(918.7)	(164.3)
Income tax expense	4.2	10.7	19.1	14.8
Loss from continuing operations	(374.9)	(99.3)	(937.8)	(179.1)
Loss from discontinued operations, net of tax	—	(39.1)	—	(60.3)
Net loss	\$ (374.9)	\$ (138.4)	\$ (937.8)	\$ (239.4)
Earnings (loss) per common share				
Basic and diluted earnings (loss) per share from continuing operations	\$ (4.14)	\$ (1.11)	\$ (10.37)	\$ (2.01)
Basic and diluted earnings (loss) per share from discontinued operations	—	(0.44)	—	(0.68)
Basic and diluted earnings (loss) per share	\$ (4.14)	\$ (1.55)	\$ (10.37)	\$ (2.69)

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

FORTREA HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net loss	\$ (374.9)	\$ (138.4)	\$ (937.8)	\$ (239.4)
Foreign currency translation adjustments	82.8	(7.7)	128.0	(35.4)
Unrealized gain (loss) on derivative instruments	(0.2)	0.4	(0.9)	2.5
Other comprehensive income (loss) before tax	82.6	(7.3)	127.1	(32.9)
Benefit (provision) for income tax related to items of comprehensive income	—	(0.1)	0.2	(0.6)
Other comprehensive income (loss), net of tax	82.6	(7.4)	127.3	(33.5)
Comprehensive loss	<u>\$ (292.3)</u>	<u>\$ (145.8)</u>	<u>\$ (810.5)</u>	<u>\$ (272.9)</u>

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

FORTREA HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions)
(unaudited)

	<u>Common Stock</u>			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amounts	Additional Paid-in Capital			
Balance at December 31, 2024	89.7	\$ 0.1	\$ 2,042.2	\$ (397.0)	\$ (282.9)	\$ 1,362.4
Net loss	—	—	—	(562.9)	—	(562.9)
Other comprehensive income, net of tax	—	—	—	—	44.7	44.7
Stock compensation	—	—	14.6	—	—	14.6
Issuance of common stock under employee stock plan	0.8	—	—	—	—	—
Balance at March 31, 2025	90.5	0.1	2,056.8	(959.9)	(238.2)	858.8
Net loss	—	—	—	(374.9)	—	(374.9)
Other comprehensive income, net of tax	—	—	—	—	82.6	82.6
Stock compensation	—	—	22.7	—	—	22.7
Issuance of common stock under employee stock plan	0.3	—	—	—	—	—
Balance at June 30, 2025	90.8	\$ 0.1	\$ 2,079.5	\$ (1,334.8)	\$ (155.6)	\$ 589.2

	<u>Common Stock</u>			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amounts	Additional Paid-in Capital			
Balance at December 31, 2023	88.8	\$ 0.1	\$ 1,998.0	\$ (68.5)	\$ (215.5)	\$ 1,714.1
Net loss	—	—	—	(101.0)	—	(101.0)
Other comprehensive loss, net of tax	—	—	—	—	(26.1)	(26.1)
Stock compensation	—	—	15.1	—	—	15.1
Issuance of common stock	0.6	—	—	—	—	—
Net share settlement tax payments from issuance of stock to employees	—	—	(10.4)	—	—	(10.4)
Other	—	—	0.2	—	—	0.2
Balance at March 31, 2024	89.4	0.1	2,002.9	(169.5)	(241.6)	1,591.9
Net loss	—	—	—	(138.4)	—	(138.4)
Other comprehensive loss, net of tax	—	—	—	—	(7.4)	(7.4)
Stock compensation	—	—	15.0	—	—	15.0
Issuance of common stock	0.1	—	—	—	—	—
Balance at June 30, 2024	89.5	\$ 0.1	\$ 2,017.9	\$ (307.9)	\$ (249.0)	\$ 1,461.1

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

FORTREA HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (937.8)	\$ (239.4)
Adjustments to reconcile net loss to net cash (used for) provided by operating activities:		
Depreciation and amortization	39.1	44.9
Stock compensation	37.3	30.1
Credit loss expense	9.0	12.5
Operating lease right-of-use asset expense	6.0	11.9
Operating lease right-of-use asset impairment	1.2	—
Goodwill and other asset impairments	797.9	24.0
Deferred income taxes	(16.8)	(11.6)
Unrealized foreign exchange movements	37.7	(11.3)
Loss on sale of business	—	23.2
Write-off of debt issuance costs	—	12.2
Other, net	2.3	(7.8)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable and unbilled services, net	(77.5)	346.9
Decrease (increase) in prepaid expenses and other	24.5	(11.7)
(Decrease) increase in accounts payable	(46.8)	13.0
Increase in deferred revenue	23.2	34.2
Decrease in accrued expenses and other	(1.7)	(23.0)
Net cash (used for) provided by operating activities	<u>(102.4)</u>	<u>248.1</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(10.4)	(20.5)
Proceeds from sale of business, net	19.0	276.6
Proceeds from sale of assets	—	0.1
Net cash provided by investing activities	<u>8.6</u>	<u>256.2</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	316.4	474.5
Payments on revolving credit facilities	(266.4)	(474.5)
Debt issuance costs	(0.6)	—
Principal payments of long-term debt	—	(482.7)
Net cash provided by (used for) financing activities	<u>49.4</u>	<u>(482.7)</u>
Effect of exchange rate changes on cash and cash equivalents	7.1	(4.0)
Net change in cash and cash equivalents	(37.3)	17.6
Cash and cash equivalents at beginning of period	118.5	108.6
Cash and cash equivalents at end of period	<u>\$ 81.2</u>	<u>\$ 126.2</u>

The cash flows related to discontinued operations have not been segregated and are included in the condensed consolidated statements of cash flows.

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

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

Description of Business

Fortrea Holdings Inc. (“Fortrea” or the “Company”), a Delaware corporation incorporated on January 31, 2023, is a leading global contract research organization (“CRO”) providing biopharmaceutical product and medical device development solutions to pharmaceutical, biotechnology and medical device customers. The Company offers customers highly flexible delivery models that include Full Service, Functional Service Provider, and Hybrid Service structures. The Company has a rich history of providing clinical development services for more than 30 years across more than 20 therapeutic areas. The Company leverages its global scale, clinical data insights, scientific and therapeutic expertise, technology innovation, industry network and decades of experience as a standalone company and as a business unit prior to the Spin to deliver tailored solutions to its customers. With what the Company believes is a distinctive market offering, Fortrea meets growing global demand for clinical development services. The Company has established access to all key markets worldwide through a strategic footprint of primary office locations in five countries (the United States, the United Kingdom, China, India and Japan) with field operations in other jurisdictions worldwide.

Reportable Segment

The Company manages its business in one reportable segment, Clinical Services, that provides development and consulting services across the clinical pharmacology and clinical development spectrum.

On March 9, 2024, the Company, together with its wholly-owned subsidiary, Fortrea Inc., entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Endeavor Buyer LLC, an affiliate of Arsenal Capital Partners, to sell the operations of Fortrea Patient Access Inc. and its subsidiaries and Endpoint Clinical, Inc. and its subsidiaries; which are all collectively referred to as the Enabling Services Segment. The Transaction closed during the second quarter of 2024. Refer to Note 2, “Discontinued Operations” for further discussion.

For all periods presented, the Company's consolidated revenues from continuing operations were generated from the Clinical Services segment, which provides phase I-IV clinical trials, including clinical pharmacology and comprehensive clinical development capabilities. The Company's chief operating decision maker allocates resources and assesses performance for the Clinical Services segment. For further financial information about the segment, see Note 14, “Business Segment Information”.

Discontinued Operations

In accordance with the definition of discontinued operations, the Company's decision to sell the assets relating to the Enabling Services Segment represented a strategic shift that had a major effect on the Company's results of operations for the periods presented. The operations of the Enabling Services Segment have been classified as income (loss) from discontinued operations on the condensed consolidated statements of operations for all periods presented.

Unless otherwise noted, discussion within these notes to the condensed consolidated financial statements relates to the Company's continuing operations.

Unaudited Interim Financial Information

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

The Company's unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair statement of results of operations, cash flows, and financial position have been made. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. Interim results are not necessarily indicative of results for a full year. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's audited consolidated and combined financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and unbilled services.

The Company maintains cash and cash equivalents with various major financial institutions. These financial institutions are generally highly rated and geographically dispersed. The Company evaluates the relative credit standing of these financial institutions and has not sustained credit losses from instruments held at financial institutions.

Substantially all of the Company's accounts receivable and unbilled services are with companies in the pharmaceutical, biotechnology and medical device industries. As of June 30, 2025, one pharmaceutical customer accounted for 16.5% of the Company's combined gross accounts receivable and unbilled services. As of December 31, 2024, two pharmaceutical companies accounted for approximately 22.2% and 13.8% of the Company's combined gross accounts receivable and unbilled services. Additionally, for the three months ended June 30, 2025, one customer accounted for approximately 19.5% of revenues, and for the six months ended June 30, 2025, one customer accounted for approximately 17.5% of revenues. For the three months ended June 30, 2024, one customer accounted for 13.2% of revenues, and for the six months ended June 30, 2024, two customers accounted for 13.6% and 11.3% of revenues. Concentrations of credit risk are mitigated due to the number of the Company's customers as well as their dispersion across many different geographic regions. Additionally, the Company applies assumptions and judgments, including historical collection experience and reasonable and supportable forecasts, for assessing collectability and determining allowances for doubtful accounts.

Recently Issued and Adopted Accounting Standards

In December 2023, the FASB issued guidance to require qualitative and quantitative updates to the rate reconciliation and income taxes paid disclosures, among others, in order to enhance the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid by jurisdiction. This guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is also permitted. The Company does not expect the adoption of this standard to have a material impact on its results of operations, financial position or cash flows.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*, Disaggregation of Income Statement Expenses. The new guidance requires disclosure of certain costs and expenses in the notes to the financial statements. This guidance is effective for fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The disclosures required under the guidance can be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all periods presented in the financial statements. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

2. DISCONTINUED OPERATIONS

On March 9, 2024, the Company entered into the Purchase Agreement with Endeavor Buyer LLC, an affiliate of Arsenal Capital Partners, pursuant to which Fortrea Inc. agreed to sell, and to cause its affiliates to sell, net assets relating to its Enabling Services Segment (the “Transaction”), specifically its Patient Access and Endpoint businesses, including the sale of equity interests of Fortrea Patient Access Inc. and its subsidiaries and Endpoint Clinical, Inc. and its subsidiaries. The final adjusted purchase price for the Transaction was \$340.0, subject to customary purchase price adjustments, with \$295.0 paid at closing and \$45.0 to be paid upon achievement of certain transition-related milestones. The Transaction closed during the second quarter of 2024. The first milestone payment in the amount of \$20.0 was received in the first quarter of 2025.

Financial Information of Discontinued Operations

The following table summarizes the significant line items included in income (loss) from discontinued operations, net of income tax in the condensed consolidated statements of operations for the three and six months ended June 30, 2024:

	Three Months Ended June 30,	Six Months Ended June 30,
	2024	2024
Revenues	\$ 40.7	\$ 106.4
Costs and expenses:		
Direct costs, exclusive of depreciation and amortization	25.0	66.4
Selling, general and administrative expenses, exclusive of depreciation and amortization	9.8	25.4
Depreciation and amortization	—	1.6
Long-lived and goodwill asset impairments	—	24.0
Restructuring and other charges	—	0.5
Total costs and expenses	34.8	117.9
Operating income (loss)	5.9	(11.5)
Other expense:		
Foreign exchange gain (loss)	0.1	0.1
Loss on sale of a business	(23.2)	(23.2)
Other, net	0.1	0.1
Loss from discontinued operations before income taxes	(17.1)	(34.5)
Income tax expense	22.0	25.8
Loss from discontinued operations, net of tax	\$ (39.1)	\$ (60.3)
	Three Months Ended June 30,	Six Months Ended June 30,
	2024	2024
Loss from operations of discontinued component	\$ (15.9)	\$ (37.1)
Loss on disposal of discontinued operations	(23.2)	(23.2)
Loss on discontinued operations	\$ (39.1)	\$ (60.3)

In the first quarter of 2024, as a result of the negotiated sale price of the Patient Access and Endpoint businesses, the Company evaluated the Enabling Services Segment for impairment and determined that it was more likely than not that the carrying value of the assets exceeded its fair value. Accordingly, an impairment analysis was performed, which resulted in a goodwill impairment charge of \$24.0.

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

The cash flows related to discontinued operations have not been segregated and are included in the condensed consolidated statements of cash flows. The following table summarizes depreciation and amortization, capital expenditures and the significant cash flow and noncash items from discontinued operations for the six months ended June 30, 2024:

	Six Months Ended June 30,
	2024
Depreciation and amortization	\$ 1.6
Goodwill impairment	24.0
Loss on sale of business	23.2
Capital expenditures	7.4

There were no significant operating or investing noncash items related to discontinued operations for the six months ended June 30, 2024.

3. REVENUES

The Company's revenues by geography for the three and six months ended June 30, 2025 and 2024 are as follows:

	Three Months Ended June 30, 2025				Three Months Ended June 30, 2024			
	North America	Europe	Other	Total	North America	Europe	Other	Total
Revenues	\$ 344.3	\$ 218.7	\$ 147.3	\$ 710.3	\$ 317.9	\$ 195.9	\$ 148.6	\$ 662.4

	Six Months Ended June 30, 2025				Six Months Ended June 30, 2024			
	North America	Europe	Other	Total	North America	Europe	Other	Total
Revenues	\$ 653.8	\$ 419.0	\$ 288.8	\$ 1,361.6	\$ 624.6	\$ 403.4	\$ 296.5	\$ 1,324.5

Revenue from the United States comprises substantially all revenue in North America.

Contract Costs

The following table provides information about contract asset balances:

	June 30, 2025	December 31, 2024
Sales commission assets	\$ 20.6	\$ 22.1
Deferred contract costs	0.7	1.1
Total	\$ 21.3	\$ 23.2

Amortization related to sales commission assets for the three months ended June 30, 2025 and 2024 was \$2.8 and \$2.9, respectively, and for the six months ended June 30, 2025 and 2024 was \$5.9 and \$5.5, respectively. Amortization related to deferred contract costs for the three months ended June 30, 2025 and 2024 was \$0.2 and \$0.5, respectively, and for the six months ended June 30, 2025 and 2024 was \$0.4 and \$0.9, respectively. The Company applies the practical expedient to not recognize the effect of financing in its contracts with customers when the difference in timing of payment and performance is one year or less.

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

Accounts Receivable, Unbilled Services and Unearned Revenue

The following table provides information about accounts receivable, unbilled services and unearned revenue from contracts with customers:

	June 30, 2025	December 31, 2024
Accounts receivable	\$ 244.5	\$ 156.5
Unbilled services	542.1	542.3
Less: allowance for credit losses	(47.4)	(39.3)
Total	<u>\$ 739.2</u>	<u>\$ 659.5</u>
Unearned revenue	\$ 381.7	\$ 353.3

Revenue recognized during the period that was included in the unearned revenue balance at the beginning of the period was \$157.5 and \$125.5 for the six months ended June 30, 2025 and 2024, respectively. Additionally, as of the quarter ended June 30, 2025, the Company had sold \$300.0 of receivables as described in the *Receivables Securitization Program* section below.

Credit Loss Rollforward

The Company estimates future expected losses on accounts receivable and unbilled services over the remaining collection period of the instrument.

The rollforward for the allowance for credit losses for the six months ended June 30, 2025 is as follows:

Allowance for credit losses as of December 31, 2024	\$ 39.3
Credit loss expense	9.0
Write-offs	(0.9)
Allowance for credit losses as of June 30, 2025	<u>\$ 47.4</u>

Performance Obligations Under Long-Term Contracts

As of June 30, 2025, approximately \$4,474.7 of revenues are expected to be recognized from remaining performance obligations. The Company expects to recognize approximately 29% of the existing performance obligations as of June 30, 2025 as revenue over the next 12 months and the remaining balance thereafter. The Company's long-term contracts generally range from one to eight years.

During the three and six months ended June 30, 2025, there were reductions of approximately \$1 and \$16, respectively, in revenue related to performance obligations partially satisfied in previous periods. For the three months ended June 30, 2025, the majority of the change was associated with changes in estimated effort to complete customer contract obligations, partially offset by changes in scope or price. For the six months ended June 30, 2025, the majority of the change was associated with changes in scope or price and a smaller portion related to changes in estimated effort to complete customer contract obligations. The gross and net amounts of revenue recognized solely from changes in estimates were not material.

During the three and six months ended June 30, 2024, there were reductions of approximately \$18 and \$52, respectively, in revenue related to performance obligations partially satisfied in previous periods. For the reduction, for the three months ended June 30, 2024, the majority of the change was associated with changes in scope or price, and a smaller portion related to changes in estimated effort to complete customer contract obligations. For the three months ended June 30, 2024, the reduction of revenue attributed to changes in estimated effort was approximately \$4, and resulted in an increase in loss from continuing operations of \$3 and in loss per share of \$0.03. For the six months ended June 30, 2024, the reduction of revenue attributed to changes in estimated effort was approximately \$21, and resulted in an increase in loss from continuing operations of \$19 and in loss per share of \$0.21.

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

The Company applies the practical expedient and does not disclose information about remaining performance obligations where i) the performance obligation is part of a contract that has an original expected duration of one year or less or ii) when the Company recognizes revenue from the satisfaction of the performance obligation in accordance with the right-to-invoice practical expedient.

Receivables Securitization Program

On May 6, 2024, the Company entered into a three-year \$300.0 accounts receivable securitization program (the “Receivables Facility”). Under this program, Fortrea Inc. conveys receivable balances to a wholly-owned, bankruptcy-remote special purpose entity (“SPE”), who in turn, may sell receivables to a third-party financial institution in exchange for cash. The facility is without recourse to the Company or any subsidiaries of the Company, other than with respect to limited indemnity obligations of Fortrea Inc., in respect to the character of the receivables sold and as to the performance of its duties as servicer and a limited performance guaranty by the Company. All unsold accounts receivable held by the SPE are pledged as collateral to secure the collectability of the sold receivables. The Receivables Facility is scheduled to terminate on May 6, 2027, unless terminated earlier pursuant to its terms.

As of June 30, 2025, the Company had sold \$300.0 of receivables, which were derecognized from the Company’s consolidated balance sheet as described in the *Accounts Receivable, Unbilled Services and Unearned Revenue* section above. Total costs associated with the sale were \$4.5 and \$8.9 for the three and six months ended June 30, 2025, and \$2.1 for the three and six months ended June 30, 2024. These costs are included within selling, general and administrative costs in the condensed consolidated statements of operations.

4. RESTRUCTURING AND OTHER CHARGES

In the fourth quarter of 2024, the Company approved a restructuring plan to streamline its operations and eliminate redundant positions. This plan, which relates primarily to severance benefits, was accounted for under ASC 712, *Compensation - Nonretirement Postemployment Benefits*. Action under this restructuring plan is expected to continue through 2025.

The following represents the Company’s restructuring accrual activities for the periods indicated:

	Severance and Other Employee Costs	Facility Costs	Total
Balance as of December 31, 2024	\$ 23.1	\$ 0.6	\$ 23.7
Restructuring charges	8.8	1.4	10.2
Cash payments and other adjustments	(17.9)	(1.4)	(19.3)
Balance as of June 30, 2025	<u>\$ 14.0</u>	<u>\$ 0.6</u>	<u>\$ 14.6</u>

	Severance and Other Employee Costs	Facility Costs	Total
Balance as of December 31, 2023	\$ 1.1	\$ 3.2	\$ 4.3
Restructuring charges	12.9	0.4	13.3
Reduction of prior restructuring accruals	(0.1)	(2.9)	(3.0)
Cash payments and other adjustments	(8.7)	(0.6)	(9.3)
Balance as of June 30, 2024	<u>\$ 5.2</u>	<u>\$ 0.1</u>	<u>\$ 5.3</u>

The restructuring liabilities are current as of June 30, 2025 and December 31, 2024 and are included in accrued expenses and other current liabilities in the condensed consolidated balance sheets.

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5. EARNINGS (LOSS) PER SHARE

Basic earnings per share is computed by dividing net earnings attributable to the Company by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing net earnings including the impact of dilutive adjustments by the weighted average number of common shares outstanding plus potentially dilutive shares, as if they had been issued at the earlier of the date of issuance or the beginning of the period presented. Potentially dilutive common shares result primarily from the Company's outstanding stock options, restricted stock awards, restricted stock units ("RSUs"), and performance share units ("PSUs").

The following represents the computation of basic and diluted earnings (loss) per share from continuing operations per share.

	Three Months Ended June 30,					
	2025			2024		
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount
Basic and diluted earnings (loss) from continuing operations per share:						
Net earnings (loss)	\$ (374.9)	90.6	\$ (4.14)	\$ (99.3)	89.4	\$ (1.11)

	Six Months Ended June 30,					
	2025			2024		
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount
Basic and diluted earnings (loss) from continuing operations per share:						
Net earnings (loss)	\$ (937.8)	90.4	\$ (10.37)	\$ (179.1)	89.3	\$ (2.01)

The following represents the computation of basic and diluted earnings (loss) per share from discontinued operations per share.

	Three Months Ended June 30,					
	2025			2024		
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount
Basic and diluted earnings (loss) from discontinued operations per share:						
Net earnings (loss)	\$ —	—	\$ —	\$ (39.1)	89.4	\$ (0.44)

	Six Months Ended June 30,					
	2025			2024		
	Earnings	Shares	Per Share Amount	Earnings	Shares	Per Share Amount
Basic and diluted earnings (loss) from discontinued operations per share:						
Net earnings (loss)	\$ —	—	\$ —	\$ (60.3)	89.3	\$ (0.68)

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Diluted earnings per share represent the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. These potential shares include dilutive stock options and unissued restricted stock awards. Potential common shares are also considered antidilutive in the event of a net loss from operations. There were no dilutive common shares for any period presented as the inclusion would be antidilutive.

The following table summarizes the potential common shares not included in the computation of diluted earnings per share because their impact would have been antidilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Employee stock options and awards	8.2	1.9	5.4	1.6
Antidilutive employee stock options and awards excluded based on reporting a net loss for the period	0.4	0.9	0.8	1.0

6. GOODWILL

The Company's policy is to assess goodwill for impairment annually as of October 1, with more frequent assessments if events or changes in circumstances indicate the carrying amount may not be recoverable. Based on the annual test performed on October 1, 2024, it was previously determined that the fair values of the Company's reporting units were greater than the carrying values, resulting in no impairment. For the Clinical Development reporting unit, the fair value of the business exceeded the book value by approximately 10% as of October 1, 2024.

During the first and second quarters of 2025, due to sustained declines in the Company's share price and uncertainties in global macroeconomic conditions, the Company determined that indicators of impairment existed. As a result, the Company performed interim impairment tests as of March 31, 2025 and June 30, 2025.

Based upon the results of the quantitative assessment as of March 31, 2025, the Company concluded that the fair value of the Clinical Development reporting unit was less than its carrying value and recorded a goodwill impairment of \$488.8.

Based upon the results of the quantitative assessment as of June 30, 2025, the Company concluded that the fair value of the Clinical Development reporting unit was less than its carrying value and recorded a goodwill impairment of \$309.1.

For the goodwill impairment tests, the fair values of the Clinical Development and Clinical Pharmacology reporting units were computed using both income-based and market-based valuation methods. The income-based approach is based on the reporting unit's forecasted future cash flows that are discounted to the present value using the reporting unit's weighted average cost of capital. The discount rate used reflects the risks inherent in realizing the forecasted cash flows and considers the risk-free rate of return on long-term treasury securities, the risk premium associated with investing in equity securities of comparable companies, the beta obtained from the comparable companies and the cost of debt for investment grade issuers. The discount rate used for the Clinical Development reporting unit quantitative assessments as of March 31, 2025 and June 30, 2025 was 10.0% and 10.5%, respectively. The increase in the discount rate was primarily the result of macroeconomic and market factors and impacted the impairment during the second quarter of 2025 by approximately \$60.

For the market-based approach, the Company utilizes a number of factors such as publicly available information regarding the market capitalization of the Company as well as operating results, business plans, market multiples, and present value techniques. Based upon the range of estimated values developed from the income and market-based methods, the Company determines the estimated fair value for the reporting unit. The resulting estimated fair values of the combined reporting units are reconciled to the Company's market capitalization including an estimated implied control premium. The share price used to calculate the Company's market capitalization was \$7.55 per share and \$4.94 per share as of March 31, 2025 and June 30, 2025, respectively.

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The changes in the carrying amount of goodwill for the six months ended June 30, 2025 and 2024 are as follows:

Balance as of December 31	\$ 1,710.4	\$ 1,739.4
Impairment	(797.9)	—
Foreign currency impact and other adjustments to goodwill	52.7	(13.7)
Balance as of June 30	<u>\$ 965.2</u>	<u>\$ 1,725.7</u>

7. DEBT

The current portion of long-term debt consisted of the following:

	June 30, 2025	December 31, 2024
Current portion of 7.5% senior notes due 2030	\$ 76.0	\$ 76.0
Debt issuance discount and fees	(1.2)	(1.2)
Total short-term borrowings and current portion of long-term debt	<u>\$ 74.8</u>	<u>\$ 74.8</u>

Long-term debt consisted of the following:

	June 30, 2025	December 31, 2024
7.5% senior notes due 2030	\$ 494.0	\$ 494.0
Senior secured term loan A due 2028	417.3	417.3
Senior secured term loan B due 2030	154.7	154.7
Senior secured revolving credit facility	50.0	—
Debt issuance discount and fees	(15.1)	(16.3)
Total long-term debt	<u>\$ 1,100.9</u>	<u>\$ 1,049.7</u>

During the three and six months ended June 30, 2024, the Company paid down \$64.0 and \$70.2, respectively, on term loan A and \$411.0 and \$412.5, respectively, on term loan B. Additionally, the Company wrote off \$12.2 of unamortized debt issuance costs associated with the pay down of debt, which were recorded in interest expense in the condensed consolidated statements of operations, during the three and six months ended June 30, 2024.

Senior Notes

On June 27, 2023, the Company issued \$570.0 aggregate principal amount of 7.50% senior notes due 2030 (the “Notes”). Interest on these notes is payable semi-annually on January 1 and July 1 of each year. Net proceeds from the offering of the Notes were \$560.2 after deducting expenses of the offering.

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The bond indenture for the Notes contains an asset sale covenant that effectively requires the Company to utilize a prorated portion of the Net Cash Proceeds from an Asset Sale, each as defined in the indenture, to retire Notes at par. Absent an amendment to the indenture or other transaction related to these Notes, Fortrea currently expects that the sale of net assets relating to its Enabling Services Segment will require the Company to offer to repurchase, purchase on the open market or redeem approximately \$76.0 of the Notes in accordance with the terms of the indenture and no later than the fourth quarter of 2025, which amount has been classified as current portion of long-term debt in the consolidated balance sheet as of June 30, 2025.

Credit Facilities

On June 30, 2023, Fortrea entered into a credit agreement (as amended, the “Credit Agreement”) providing for (i) a senior secured revolving credit facility in the principal amount of up to \$450.0; (ii) a five-year \$500.0 first lien senior secured term A loan facility; and (iii) a seven-year \$570.0 first lien senior secured term B loan facility. The initial revolving facility includes a \$75.0 swingline sub-facility and a \$75.0 letter of credit sub-facility.

The Company drew on the term loan A and term loan B on June 30, 2023. The net proceeds received for the term A and term B loans were \$491.8 and \$552.9, respectively after deducting underwriting discounts and other expenses. The term A and term B loans will mature on June 30, 2028 and June 30, 2030, respectively. The term loans accrue interest at a per annum rate equal to the sum of, at the option of the Company, a Base Rate or a Term SOFR Rate and the Applicable Margin as defined by the Credit Agreement. As of June 30, 2025, the effective interest rate on the term loan A and term loan B was 6.33% and 8.08%, respectively.

The revolving credit facility is permitted, subject to certain covenant restrictions, to be used for general corporate purposes, including working capital and capital expenditures. There was \$50.0 outstanding on the Company’s revolving credit facility and \$400.0 was available for borrowing as of June 30, 2025. No balances were outstanding as of December 31, 2024. As of June 30, 2025, the effective interest rate on the revolving credit facility was 6.32%. There is an annual agency fee associated with the Credit Agreement (\$0.1 paid in quarterly installments) and a variable commitment fee associated with the revolving credit facility based on the Company’s Total Leverage Ratio as defined under the Credit Agreement. As of June 30, 2025, the commitment fee was 0.30% (per annum and paid quarterly). The credit facility matures on June 30, 2028. There were no outstanding letters of credit under the Credit Agreement as of June 30, 2025.

Under the Credit Agreement, the Company is subject to negative covenants limiting subsidiary indebtedness and certain other covenants typical for similarly rated borrowers, and the Company is required to maintain certain net leverage and interest coverage ratios. The Company is permitted to make adjustments, such as excluding certain costs, from the calculation of leverage and interest coverage ratios for compliance purposes. On February 28, 2025, the Company entered into an amendment to modify certain financial covenants for additional flexibility under the Credit Agreement. The Company was in compliance with all covenants in the Credit Agreement at June 30, 2025 and believes it will be in compliance with all covenants for a period of at least 12 months from the date these financial statements are issued.

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Summary of Derivative Instruments

The Company addresses its exposure to market risks, principally the market risk associated with changes in interest rates and foreign currency exchange rates, through a program of risk management that includes, from time to time, the use of derivative instruments such as foreign currency forward contracts and interest rate swap agreements. The Company does not hold or issue derivative instruments for trading purposes. The derivative instrument contracts are with major investment grade financial institutions and the Company does not anticipate any material non-performance by any of the counterparties. The Company does not believe that its exposure to market risk is material to the Company’s financial position or results of operations.

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The fair value of the Company's interest rate swaps and foreign currency forward contracts are determined based on observable market inputs (Level 2). The table below presents the fair value of the Company's derivatives on a gross basis and the balance sheet classification of those instruments:

	Balance Sheet Classification	June 30, 2025		December 31, 2024	
		Asset	Liability	Asset	Liability
Derivatives designated as hedging instruments:					
Interest rate swaps	Accrued expenses and other	\$ —	\$ (0.6)	\$ 0.1	\$ (0.2)
	Other liabilities	—	(0.8)	—	(0.4)
Derivatives not designated as hedging instruments:					
Foreign currency forward contracts	Prepaid expenses and other	\$ 0.3	\$ —	\$ —	\$ —
	Accrued expenses and other	—	(0.5)	—	(1.2)

The notional amounts of the Company's interest rate swaps and foreign currency forward contracts were \$150.0 and \$256.8 as of June 30, 2025 and \$150.0 and \$468.6 as of December 31, 2024, respectively.

The following table presents the pre-tax effects of cash flow hedges included in the Company's condensed consolidated statements of comprehensive loss:

	Pre-Tax Gain (Loss) Included in Other Comprehensive Income (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest rate swaps	\$ (0.1)	\$ 0.8	\$ (0.8)	\$ 3.3

The following table presents amounts reclassified out of accumulated other comprehensive loss and recognized in the condensed consolidated statements of operations:

	Statement of Operations Classification	Amounts Reclassified from Other Comprehensive Income (Loss) into Earnings			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Interest rate swaps	Interest expense	\$ (0.1)	\$ (0.4)	\$ (0.1)	\$ (0.8)

The estimated amount of pre-tax net losses included in other comprehensive income (loss) that is expected to be reclassified into earnings over the twelve months following June 30, 2025, is \$0.6.

Refer to Note 10, "Preferred Stock and Common Shareholders' Equity" for the impact of the Company's derivative instruments included in accumulated other comprehensive loss.

The following table presents a summary of the loss for derivative contracts not designated as hedges included in the Company's condensed consolidated statements of operations:

	Statement of Operations Classification	Gain (Loss) on Derivatives Recognized in Earnings			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2025	2024	2025	2024
Foreign currency forward contracts	Foreign exchange loss	\$ 0.6	\$ 0.4	\$ 1.0	\$ (0.4)

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9. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved from time to time in various claims and legal actions arising in the ordinary course of business. These matters may include commercial and contract disputes, employee-related matters, and professional liability claims. In accordance with FASB ASC 450, *Contingencies*, the Company establishes reserves for claims and legal actions when those matters present loss contingencies that are both probable and estimable. When loss contingencies are not both probable and estimable, the Company does not establish reserves. The outcomes of such proceedings are inherently unpredictable and subject to significant uncertainties. When the Company determines that it has a meritorious defense to any claims asserted, the Company defends itself vigorously; however the Company also considers and enters into discussions regarding settlement of disputes, and may enter into settlement agreements, if in management's judgment, it is in the best interest of the Company to do so. For the three and six months ended June 30, 2025, the Company recorded legal expenses of \$— and \$1.9, respectively, related to the settlement of legal matters initiated prior to the spin. The Company does not believe that any liabilities resulting from claims and legal actions will have a material effect on its financial condition, results of operations or cash flows.

On June 2, 2025, a purported shareholder class action complaint captioned *Lucas Deslande v. Fortrea Holdings Inc., et al.*, No 1:25-sv-04630 was filed in the U.S. District Court for the Southern District of New York, naming the Company and certain of its current and former officers as defendants. The complaint alleges that defendants made omissions and misrepresentations to investors that they claim violated certain securities laws. A motion for lead plaintiff is expected in August, and it is anticipated that an amended complaint will be filed thereafter, to which the Company will respond. The Company believes it has valid defenses to the claims alleged and intends to vigorously defend itself, but there is no guarantee that the Company will prevail. The case is at a very early stage and the Company is unable to estimate the possible loss or range of loss, if any, associated with this action.

It was previously disclosed that there was an issue in a customer's trial caused by a third-party vendor not affiliated with the Company. As part of working with this customer, the Company made concessions and provided discounts and other consideration to the customer in the amount of \$12.5 as part of a multi-party solution to facilitate the ongoing trials, of which \$0.4 and \$2.1 were recorded as a reduction of revenue for the three and six months ended June 30, 2024. There were no related reductions of revenue during the three and six months ended June 30, 2025, as the agreed-upon amount had been satisfied.

The Company believes that it is in compliance in all material respects with all statutes, regulations, and other requirements applicable to its drug development support services. The drug development industry is, however, subject to extensive regulation, and the courts have not interpreted many of the applicable statutes and regulations. Therefore, the applicable statutes and regulations could be interpreted or applied by a prosecutorial, regulatory, or judicial authority in a manner that would adversely affect the Company. Potential sanctions for violation of these statutes and regulations include significant civil and criminal penalties, fines, the loss of various licenses, certificates and authorizations, and/or additional liabilities from third-party claims.

Fortrea obtains insurance coverage for certain catastrophic exposures as well as those risks required to be insured by law or contract. The Company is covered by those policies but is responsible for the uninsured portion of losses related primarily to general, professional and vehicle liability, certain medical costs and workers' compensation. The self-insured retentions are on a per-occurrence basis without any aggregate annual limit. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregated liability of claims incurred.

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10. PREFERRED STOCK AND COMMON SHAREHOLDERS' EQUITY

The Company is authorized to issue up to 265.0 shares of common stock, par value \$0.001 per share. The Company is authorized to issue up to 30.0 shares of preferred stock, par value \$0.001 per share. There were no preferred shares outstanding as of June 30, 2025 and December 31, 2024.

Stockholder Rights Plan

On June 11, 2025, the Company's Board of Directors adopted a limited duration stockholder rights plan (the "Rights Agreement"). Pursuant to the Rights Agreement, on June 11, 2025, the Company's Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each share of common stock, par value \$0.001 per share, of the Company (the "Common Shares") outstanding on June 23, 2025 to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one thousandth of a share of Series A Preferred Stock, par value \$0.001 per share, of the Company (the "Preferred Shares") at a price of \$50.00 per one one thousandth of a Preferred Share represented by a Right, subject to adjustment.

Initially, the Rights will be attached to all Common Share certificates and no separate certificates evidencing the Rights will be issued. Until the Distribution Date (as defined per the Rights Agreement), the Rights will be transferred with and only with the Common Shares. As long as the Rights are attached to the Common Shares, the Company will issue one Right with each new Common Share so that all such Common Shares will have Rights attached.

The Rights are generally exercisable only in the event that a person or group of affiliated or associated persons (such person or group being an "Acquiring Person"), acquires (or commences a tender offer or exchange offer the consummation of which would result in) beneficial ownership of 10% or more of the outstanding Common Shares. In such case (with certain limited exceptions), each holder of a Right (other than the Acquiring Person, whose Rights shall become void) will have the right to receive, upon exercise at the then current exercise price of the Right, Common Shares (or, if the Board so elects, cash, securities, or other property) having a value equal to two times the exercise price of the Right.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends. The Rights will expire at the close of business on June 10, 2026.

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Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

	Foreign Currency Translation Adjustments	Net Benefit Plan Adjustments	Unrealized Gain (Loss) on Derivative Instruments	Accumulated Other Comprehensive Loss
Balance at December 31, 2024	\$ (276.0)	\$ (6.5)	\$ (0.4)	\$ (282.9)
Current quarter foreign exchange adjustments	45.2	—	—	45.2
Unrealized loss on derivative instruments	—	—	(0.7)	(0.7)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—
Tax effect of adjustments	—	—	0.2	0.2
Balance at March 31, 2025	(230.8)	(6.5)	(0.9)	(238.2)
Current quarter foreign exchange adjustments	82.8	—	—	82.8
Unrealized loss on derivative instruments	—	—	(0.1)	(0.1)
Amounts reclassified from accumulated other comprehensive loss	—	—	(0.1)	(0.1)
Tax effect of adjustments	—	—	—	—
Balance at June 30, 2025	\$ (148.0)	\$ (6.5)	\$ (1.1)	\$ (155.6)

	Foreign Currency Translation Adjustments	Net Benefit Plan Adjustments	Unrealized Gain (Loss) on Derivative Instruments	Accumulated Other Comprehensive Loss
Balance at December 31, 2023	\$ (206.7)	\$ (7.4)	\$ (1.4)	\$ (215.5)
Current quarter foreign exchange adjustments	(27.7)	—	—	(27.7)
Unrealized gain on derivative instruments	—	—	2.5	2.5
Amounts reclassified from accumulated other comprehensive loss	—	—	(0.4)	(0.4)
Tax effect of adjustments	—	—	(0.5)	(0.5)
Balance at March 31, 2024	(234.4)	(7.4)	0.2	(241.6)
Current quarter foreign exchange adjustments	(7.7)	—	—	(7.7)
Unrealized gain on derivative instruments	—	—	0.8	0.8
Amounts reclassified from accumulated other comprehensive loss	—	—	(0.4)	(0.4)
Tax effect of adjustments	—	—	(0.1)	(0.1)
Balance at June 30, 2024	\$ (242.1)	\$ (7.4)	\$ 0.5	\$ (249.0)

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11. INCOME TAXES

For the three months ended June 30, 2025 and 2024, the Company recognized income tax expenses of \$4.2 and \$10.7, respectively, which resulted in effective tax rates of (1.1)% and (12.1)%, respectively. The effective tax rate for the three months ended June 30, 2025 was lower than the Company's statutory tax rate primarily due to impairment of goodwill that has no tax benefit, an increase in valuation allowance, BEAT, non-deductible compensation expenses and withholding taxes for 2025 non-U.S. earnings that are not permanently reinvested. The effective tax rate for the three months ended June 30, 2024 was lower than the Company's statutory tax rate primarily due to a change in valuation allowance, earnings mix, and non-deductible compensation expenses.

More specifically, for the quarter ended June 30, 2024, the Company included income tax expense of approximately \$10.7 primarily due to a forecasted valuation allowance on the deferred tax asset for the carryforward of disallowed interest expense. This deferred tax asset exists due to limitations imposed under the Internal Revenue Code on the annual deductibility of business interest expense. This amount resulted in a significant impact to the effective tax rate.

For the six months ended June 30, 2025 and 2024, the Company recognized income tax expense of \$19.1 and \$14.8, respectively, which resulted in effective tax rates of (2.1)% and (9.0)%, respectively. The effective tax rate for the six months ended June 30, 2025 was lower than the Company's statutory tax rate primarily due to impairment of goodwill that has no tax benefit, an increase in valuation allowance, BEAT, non-deductible compensation expenses and withholding taxes for 2025 non-U.S. earnings that are not permanently reinvested. The effective tax rate for the six months ended June 30, 2024 was lower than the Company's statutory tax rate primarily due to a change in the valuation allowance, earnings mix, and non-deductible compensation expenses.

On July 4, 2025, the One Big Beautiful Bill Act of 2025 (the "Tax Act") was signed into law. The Tax Act includes substantial changes to the U.S. federal tax code and broader fiscal policy. There are several provisions of the Tax Act that will impact the Company's calculation of its tax position in the future. The Company is currently assessing the impact of the Tax Act on its condensed consolidated financial statements.

12. STOCK COMPENSATION PLANS

The Company granted 0.3 and 5.9 of restricted stock units, respectively, during the three and six months ended June 30, 2025 with weighted average grant date fair values of \$5.14 and \$10.33 per share. The Company granted 0.5 of performance share units during the six months ended June 30, 2025 with weighted average grant date fair values of \$8.13 per share.

Total stock-based compensation expense and the associated income tax benefits recognized by the Company in the condensed consolidated statements of operations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Direct costs	\$ 17.2	\$ 12.4	\$ 28.8	\$ 21.3
Selling, general and administrative expenses	5.5	3.0	8.5	7.6
Total stock compensation expense	\$ 22.7	\$ 15.4	\$ 37.3	\$ 28.9
Income tax benefits	\$ 3.1	\$ 2.3	\$ 5.4	\$ 4.3

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13. SUPPLEMENTAL CASH FLOW INFORMATION

	Six Months Ended June 30,	
	2025	2024
Supplemental schedule of cash flow information:		
Cash paid during period for:		
Interest	\$ 46.2	\$ 66.8
Income taxes, net of refunds	11.8	52.2
Disclosure of non-cash investing activities:		
Change in accrued property, plant and equipment	—	(0.5)
Fair value of contingent consideration related to the sale of assets	—	39.6

14. BUSINESS SEGMENT INFORMATION

The following table is a summary of segment information for the three and six months ended June 30, 2025 and 2024. The segment information is based upon the way the management of the Company organizes segments within an enterprise for making operating decisions and assessing performance. Financial information is reported on the basis that it is used internally by the chief operating decision maker (“CODM”) for evaluating segment performance and deciding how to allocate resources to segments. The Fortrea Chief Executive Officer has been identified as the CODM.

The CODM allocates resources and assesses performance based on the underlying businesses which determines the Company's operating segments. When determining the reportable segments, the Company aggregated operating segments based on their similar economic and operating characteristics. Subsequent to the sale of the Enabling Services Segment in 2024, the Company reports its business in one reportable segment: Clinical Services, which provides phase I-IV clinical trials, including clinical pharmacology and comprehensive clinical development capabilities. The measure of segment profit or loss that the CODM uses to evaluates performance and allocate resources is segment operating income. The CODM uses segment operating income to monitor budget versus actual results and to make decisions about resources to be allocated to the segment and assess its performance.

In accordance with ASU 2023-07, *Improvements to Reportable Segment Disclosures*, significant expenses included within segment operating income have been assessed and disclosed in the table below. Corporate costs not included in the segment operating income measure provided to the CODM are included within “Corporate costs not included in segment operating income.” Segment asset information is not presented because it is not used by the CODM at the segment level.

FORTREA HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares in millions, except per share data)

Segment operating income for the three and six months ended June 30, 2025 and 2024 is reconciled to loss from continuing operations before income taxes as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues	\$ 710.3	\$ 662.4	\$ 1,361.6	\$ 1,324.5
Less:				
Pass through costs	276.3	214.7	516.2	449.9
Direct costs	298.7	309.8	592.8	628.2
Selling, general and administrative expenses	104.9	101.8	209.7	204.2
Depreciation	5.0	6.3	10.0	12.9
Segment operating income	25.4	29.8	32.9	29.3
Corporate costs not included in segment operating income	21.7	55.2	39.5	73.5
Amortization	14.6	15.1	29.1	30.4
Goodwill and other asset impairments	309.1	—	797.9	—
Restructuring and other charges	10.3	10.4	16.8	13.7
Operating loss	(330.3)	(50.9)	(850.4)	(88.3)
Interest expense	(23.3)	(45.2)	(45.6)	(79.5)
Foreign exchange loss	(19.9)	(1.5)	(25.5)	(6.8)
Other, net	2.8	9.0	2.8	10.3
Loss from continuing operations before income taxes	\$ (370.7)	\$ (88.6)	\$ (918.7)	\$ (164.3)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (in millions)

The following discussion and analysis is intended to provide a summary of significant factors relevant to the financial performance and condition of Fortrea Holdings Inc., which we refer to in this discussion and analysis as “Fortrea,” the “Company,” “our” and “we”. Prior to the spin-off which was completed on June 30, 2023 (the “Spin” or “the Separation”), Fortrea existed and functioned as part of Labcorp Holdings Inc., which we refer to in this discussion and analysis as “Labcorp” or “Former Parent.” The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated and combined financial statements and corresponding notes included in our Annual Report on Form 10-K for the year ended December 31, 2024 (the “Form 10-K”) and our unaudited condensed consolidated financial statements and corresponding notes in Item 1. “Financial Statements.” Unless otherwise noted, the following information and discussion relates to our continuing operations.

Cautionary Statement Concerning Forward-Looking Statements

This Form 10-Q and other materials we have filed or will file with the Securities and Exchange Commission (the “SEC”) include or will include forward-looking statements. Some of the forward-looking statements can be identified by the use of terms such as “believes,” “expects,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “anticipates,” or other comparable terms. These forward-looking statements include all matters that are not related to present facts or current conditions or that are not historical facts. They appear in a number of places throughout this Form 10-Q and include statements regarding our intentions, beliefs, or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industries in which we operate and include, without limitation, statements relating to our future performance.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond our control. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and industry development may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. In addition, even if our results of operations, financial condition and liquidity, and industry development are consistent with the forward-looking statements contained in this Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors could cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the risks and uncertainties discussed in the “Risk Factors” Section of our Form 10-K, as filed with the SEC. Factors that could cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include, among other things: our limited operating history as an independent public company; our ability to maintain financial reporting and other financial and accounting information following the Spin due to the end of the relevant transition agreements, as well as IT, accounting, finance, legal, human resources, and other services critical to our businesses; our dependence on third parties generally to provide services critical to our businesses; the risk that establishment of our accounting and other management systems, and our efforts to improve them, could cost more than anticipated or impact internal controls; the impact of building our brand and increasing our value; our ability to successfully implement our business strategies and execute our long-term value creation strategy; the possibility that Delaware law, our organizational documents, our stockholder rights agreement, and our existing and future debt agreements may impede or discourage a takeover; risks and expenses associated with our international operations including but not limited to currency fluctuations and trade policies; our customer or therapeutic area concentrations; any deterioration in the macroeconomic environment, which could lead to defaults or cancellations by our customers; the risk that our backlog and net new business may not grow to the extent we anticipate over the time period we anticipate, that such measures may not be indicative of our future revenues and that we might not realize all of the anticipated future revenue reflected in our backlog; our ability to generate sufficient net new business awards, or the risk that net new business awards are delayed, terminated, reduced in scope, or fail to go to contract; the risk that we may underprice our contracts, overrun our cost estimates, or fail to receive approval for, or experience delays in documentation of change orders; our ability to realize the full purchase price and benefits of the divestiture of Endpoint Clinical and Fortrea Patient Access businesses; and other factors described in the Form 10-K and from time to time in documents that we file with the SEC.

All forward-looking statements are made only as of the date of this Form 10-Q, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data. For a further discussion of the risks relating to our business, see the “Risk Factors” section of our Annual Report on Form 10-K.

Company Overview

Fortrea, a Delaware corporation incorporated on January 31, 2023, is a leading global contract research organization (“CRO”) providing biopharmaceutical product and medical device development solutions to pharmaceutical, biotechnology and medical device customers. We offer customers highly flexible delivery models that include Full Service, Functional Service Provider (“FSP”), and Hybrid Service structures. We have a rich history of providing clinical development services for over 30 years across more than 20 therapeutic areas, first as Covance and later as Labcorp Drug Development. On June 30, 2023, we completed the Spin from Labcorp. We leverage our global scale, scientific and therapeutic expertise, clinical data insights, technology innovation, industry network and decades of experience as a standalone company and as a business unit prior to the Spin to deliver tailored solutions to our customers. With what we believe is a distinctive market offering, Fortrea meets growing global demand for clinical development services.

Our team of more than 14,500 employees conducts operations in approximately 100 countries and delivers comprehensive phase I – IV clinical trial management, clinical pharmacology, and consulting services for our customers. Our offering is scaled to deliver focused and agile solutions to customers globally, streamlining the biopharmaceutical product and medical device development process.

Sale of Assets Relating to the Enabling Services Segment

On March 9, 2024, the Company, together with its wholly-owned subsidiary, Fortrea Inc. (the “Seller”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Endeavor Buyer LLC, an affiliate of Arsenal Capital Partners, pursuant to which the Seller agreed to sell, and to cause its affiliates to sell, certain assets relating to its Enabling Services Segment (the “Transaction”), including the sale of equity interests of Fortrea Patient Access Inc. and its subsidiaries and Endpoint Clinical, Inc. and its subsidiaries. The final adjusted purchase price for the Transaction was \$340.0, subject to customary purchase price adjustments, with \$295.0 paid at closing and \$45.0 to be paid upon achievement of certain transition-related milestones, which includes certain services provided through a Transition Services Agreement. The Transaction closed during the second quarter of 2024. The first milestone payment in the amount of \$20.0 was received in the first quarter of 2025. The decision to sell such assets relating to the Enabling Services Segment represented a strategic shift that had a significant effect on the Company's results and operations for the periods presented. As a result, the operations of the Enabling Services Segment have been classified as loss from discontinued operations on the condensed consolidated statements of operations.

Backlog

Our backlog consists of anticipated future revenue from business awards that either have not started, or that are in process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these awards. The average duration of our contracts will fluctuate from period to period based on the contracts comprising our backlog at any given time. The majority of our contracts contain early termination provisions that typically require notice periods ranging from 30 to 90 days. We adjust backlog for foreign currency fluctuations and exclude from backlog amounts that have been recognized as revenue in our statements of operations. Our backlog was \$7.5 billion as of June 30, 2025.

We do not believe that, as a sole measure, our backlog is a consistent indicator of future revenue because it has been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. We generally do not have a contractual right to the full amount of the contract award reflected in our backlog. If a customer cancels a contract, we generally will be reimbursed for the costs we have incurred. For a further discussion of the risks relating to our business, see the “Risk Factors” section of our Annual Report on Form 10-K.

RESULTS OF CONTINUING OPERATIONS

Three and Six Months Ended June 30, 2025 compared with Three and Six Months Ended June 30, 2024

The following tables present the financial measures that management considers to be the most significant indicators of the Company's performance.

Revenues

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Revenues	\$ 710.3	\$ 662.4	7.2 %	\$ 1,361.6	\$ 1,324.5	2.8 %

The Company's revenues for the three months ended June 30, 2025 were \$710.3, an increase of 7.2% from revenues of \$662.4 in the corresponding period in 2024. The change in revenues was due to an increase in organic revenues of 6.6% and favorable foreign currency translation of 0.6%. The Company defines organic growth as the change in revenues excluding the year over year impact of acquisitions, divestitures and currency. The 6.6% increase in organic revenues was primarily driven by an increase in revenue in our clinical pharmacology business. Clinical development revenue was relatively flat, as increases driven by recent net new business, including higher pass through costs as newer projects progress through their lifecycle, were offset by the mix of complex and longer duration studies in our portfolio as well as lower functional service provider revenue.

The Company's revenues for the six months ended June 30, 2025 were \$1,361.6, an increase of 2.8% from revenues of \$1,324.5 in the corresponding period in 2024. The change in revenues was due to an increase in organic revenues of 2.7% and favorable foreign currency translation of 0.1%. The 2.7% increase in organic revenues was primarily driven by an increase in revenue in our clinical pharmacology business. This increase was partially offset by lower clinical development revenues resulting primarily from the mix of complex and longer duration studies in our portfolio as well as lower functional service provider revenue, which more than offset revenue from recent net new business, including higher pass through costs as newer projects progress through their lifecycle.

Direct Costs, Exclusive of Depreciation and Amortization

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Direct costs	\$ 576.8	\$ 525.3	9.8 %	\$ 1,111.6	\$ 1,079.5	3.0 %
Direct costs as a % of revenues	81.2 %	79.3 %		81.6 %	81.5 %	

Direct costs consist primarily of payroll and related benefits for project-related employees, reimbursable expenses (pass through costs), transition services agreement costs, information technology costs, and other direct costs.

Direct costs increased 9.8% during the three months ended June 30, 2025 as compared with the corresponding period in 2024. Direct costs increased as a percentage of revenues to 81.2% during the three months ended June 30, 2025 as compared to 79.3% in the corresponding period in 2024. The increase in direct costs was primarily due to an increase in pass through costs and stock compensation, as well as a reduction in research and development tax credits. This increase was partially offset by lower headcount and personnel costs.

Direct costs increased 3.0% during the six months ended June 30, 2025 as compared with the corresponding period in 2024. Direct costs increased as a percentage of revenues to 81.6% during the six months ended June 30, 2025 as compared to 81.5% in the corresponding period in 2024. The increase in direct costs was primarily due to an increase in pass through costs, stock compensation and direct study related expenses, as well as a reduction in research and development tax credits. This increase was partially offset by lower headcount and personnel costs.

Selling, General and Administrative Expenses, Exclusive of Depreciation and Amortization

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
Selling, general and administrative expenses	\$ 124.8	\$ 156.2	(20.1)%	\$ 246.6	\$ 276.3	(10.7)%

Selling, general and administrative expenses consist primarily of administrative payroll and related benefit charges, transition services agreement costs, information technology costs, other facility charges, advertising and promotional expenses, administrative travel and credit loss provisions.

Selling, general and administrative expenses decreased by 20.1% during the three months ended June 30, 2025 as compared with the corresponding period in 2024. The decrease was primarily due to lower transition service agreement and information technology costs. This decrease was partially offset by an increase in personnel costs to support the establishment of our corporate functions as a stand-alone company as well as costs associated with the receivable securitization program.

Selling, general and administrative expenses decreased by 10.7% during the six months ended June 30, 2025 as compared with the corresponding period in 2024. The decrease was primarily due to lower transition service agreement and information technology costs. This decrease was partially offset by an increase in personnel costs to support the establishment of our corporate functions as a stand-alone company as well as costs associated with the receivable securitization program.

Depreciation Expense

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Depreciation expense	\$ 5.0	\$ 6.3	(20.6)%	\$ 10.0	\$ 12.9	(22.5)%

The decrease in depreciation expense for the three and six months ended June 30, 2025, as compared to the corresponding periods in 2024, was due to a decrease in depreciable property, plant and equipment, primarily IT assets.

Amortization Expense

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Amortization of intangibles and other assets	\$ 14.6	\$ 15.1	(3.3)%	\$ 29.1	\$ 30.4	(4.3)%

The change in amortization of intangibles and other assets during the three and six months ended June 30, 2025, as compared to the corresponding periods in 2024, was due to certain intangible assets reaching the end of their useful lives during the three and six months ended June 30, 2025.

Goodwill and other asset impairments

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Goodwill and other asset impairments	\$ 309.1	\$ —	nm	\$ 797.9	\$ —	nm

Goodwill impairment for the three and six months ended June 30, 2025 was \$309.1 and \$797.9, respectively. This impairment was specific to the Clinical Development reporting unit. There were no goodwill and other asset impairments for the three and six months ended June 30, 2024.

Restructuring and Other Charges

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Restructuring and other charges	\$ 10.3	\$ 10.4	(1.0)%	\$ 16.8	\$ 13.7	22.6%

During the three and six months ended June 30, 2025, the Company recorded net restructuring charges of \$10.3 and \$16.8, respectively, which are reflected within restructuring and other charges in the condensed consolidated statements of operations. These charges are associated with Company actions to streamline its operations and eliminate redundant positions including \$3.1 in impairment of facility related assets during the six months ended June 30, 2025.

During the three and six months ended June 30, 2024, the Company recorded net restructuring charges of \$10.4 and \$13.7, respectively. These charges are associated with Company actions to align resources, and restructure certain operations and include eliminating redundant positions and aligning resources for cost improvements and to meet customer requirements.

Interest Expense

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Interest expense	\$ 23.3	\$ 45.2	(48.5)%	\$ 45.6	\$ 79.5	(42.6)%

The decrease in interest expense for the three and six months ended June 30, 2025, as compared with the corresponding periods in 2024, was primarily due to the pay down of \$70.2 on term loan A and \$412.5 on term loan B, and the write-off of \$12.2 of debt issuance costs associated with the pay down, during the six months ended June 30, 2024.

Foreign Exchange Loss

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Foreign exchange loss	\$ (19.9)	\$ (1.5)	1226.7 %	\$ (25.5)	\$ (6.8)	275.0 %

The foreign exchange loss for the three and six months ended June 30, 2025 compared to the foreign exchange loss for three and six months ended June 30, 2024 was primarily due to the fluctuations in the U.S. Dollar against the British Pound and the Euro.

Other, net

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2025	2024		2025	2024	
Other, net	\$ 2.8	\$ 9.0	(68.9)%	\$ 2.8	\$ 10.3	(72.8)%

The decrease in other, net for the three and six months ended June 30, 2025, as compared with the corresponding periods in 2024, was primarily related to a change in the estimated amount of the contingent consideration payment on a sale of a facility to a third party. This decrease was partially offset by income related to services provided under transition services agreements.

Income Tax Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Income tax expense	\$ 4.2	\$ 10.7	\$ 19.1	\$ 14.8
Income tax expense as a % of loss before tax	(1.1)%	(12.1)%	(2.1)%	(9.0)%

For the three months ended June 30, 2025, the Company's effective tax rate was (1.1)% compared to the 2024 tax rate of (12.1)%. For the six months ended June 30, 2025, the Company's effective tax rate was (2.1)% compared to the 2024 tax rate of (9.0)%. The fluctuations in the quarter-to-date and year-to-date periods were primarily due to goodwill impairment with no tax benefit, withholding taxes on 2025 non-U.S. earnings that are not permanently reinvested, valuation allowance, and non-deductible compensation expense.

Liquidity, Capital Resources and Financial Position

The Company manages cash flow to fund and invest in operational growth, capital expenditures, and credit facility repayments. In connection with the Spin, we incurred indebtedness in an aggregate principal amount of \$1,640.0, which consists of borrowings under senior secured term loan facilities and senior secured notes. During the six months ended June 30, 2024, we paid down \$70.2 on term loan A and \$412.5 on term loan B. We have also entered into a senior secured revolving credit facility, which consists of a five-year facility in the principal amount of up to \$450.0 as further discussed in Note 7, "Debt" to our condensed consolidated financial statements. As of June 30, 2025, there was \$50.0 outstanding on the Company's revolving credit facility and \$400.0 was available for borrowing. The maximum revolver borrowing outstanding was \$135.5 and \$75.5 during the six months ended June 30, 2025 and 2024, respectively.

On May 6, 2024, we entered into a three-year \$300.0 accounts receivable securitization program (the “Receivables Facility”). Under this program, Fortrea Inc. conveys receivable balances to a wholly-owned, bankruptcy-remote special purpose entity, which in turn, may sell receivables to a third-party financial institution in exchange for cash. As of June 30, 2025, the Company had sold \$300.0 of receivables, which were derecognized from the Company’s consolidated balance sheet.

We believe our existing cash and cash flows generated from operations, plus existing credit facilities, will be sufficient to cover the needs of our current and planned operations for at least the next 12 months. From time to time, we routinely evaluate strategic opportunities, including potential acquisitions, joint ventures or investments in complementary businesses. We may also access capital markets through the issuance of debt or equity, which we may use in connection with the acquisition of complementary businesses or other significant assets, or for other strategic opportunities, or general corporate purposes.

Cash Flows for the six months ended June 30, 2025 and 2024

The cash flows related to discontinued operations have not been segregated and are included in the condensed consolidated statements of cash flows and the discussion of the cash flow activity. In summary, the Company’s cash flows were as follows:

	Six Months Ended June 30,	
	2025	2024
Net cash (used for) provided by operating activities	\$ (102.4)	\$ 248.1
Net cash provided by investing activities	8.6	256.2
Net cash provided by (used for) financing activities	49.4	(482.7)
Effect of exchange rate changes on cash and cash equivalents	7.1	(4.0)
Net change in cash and cash equivalents	<u>\$ (37.3)</u>	<u>\$ 17.6</u>

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2025 and 2024 totaled \$81.2 and \$126.2, respectively. Cash and cash equivalents consist of highly liquid instruments, such as commercial paper, time deposits and other money market instruments, which have maturities when purchased of three months or less.

Cash Flows from Operating Activities

During the six months ended June 30, 2025, the Company’s operations used \$102.4 of cash as compared to \$248.1 of cash provided by operations during the six months ended June 30, 2024. The increase in cash used of \$350.5 for the six months ended June 30, 2025 was primarily due to a decrease in cash received from accounts receivable, driven by the sale of receivables under the Receivables Facility during the six months ended June 30, 2024, and an increase in cash used for accounts payable. These cash decreases were partially offset by lower use of cash for prepaid expenses, interest and income taxes.

Cash Flows from Investing Activities

Net cash provided by investing activities for the six months ended June 30, 2025 was \$8.6 as compared to \$256.2 for the six months ended June 30, 2024. The \$247.6 decrease in net cash provided by investing activities for the six months ended June 30, 2025 was primarily due to \$276.6 of net proceeds from the sale of the Enabling Services Segment during the six months ended June 30, 2024 offset by receipt of the first milestone payment related to the sale during the six months ended June 30, 2025, and a year over year decrease in capital expenditures. Capital expenditures were \$10.4 and \$20.5 for the six months ended June 30, 2025 and 2024, respectively. Capital expenditures for the six months ended June 30, 2025 were 0.8% of revenues, primarily in connection with projects to support growth in the Company’s core businesses. The Company intends to continue to pursue selective investments in key therapeutic areas, business areas and geographies to drive growth and to improve efficiency of the Company’s operations. Such expenditures are expected to be funded by cash flow from operations.

Cash Flows from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2025 was \$49.4 compared to cash used for financing activities of \$482.7 for the six months ended June 30, 2024. Cash provided by financing activities for the six months ended June 30, 2025 was primarily related to net proceeds from the revolving credit facility.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet financing other than short term operating leases and letters of credit.

Critical Accounting Policies and Estimates

We have chosen accounting policies that management believes are appropriate to accurately and fairly report our operating results and financial position in conformity with U.S. GAAP. We apply these accounting policies in a consistent manner. The Company's critical accounting policies are summarized in Note 2, "Summary of Significant Accounting Policies" to the consolidated and combined financial statements included in the Annual Report on Form 10-K.

The application of these accounting policies requires that we make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenues, expenses, contingent assets and liabilities, and related disclosures. These estimates, assumptions and judgments are based on historical experience, current trends and other factors believed to be reasonable under the circumstances. Management evaluates these estimates and assumptions on an ongoing basis. If actual results ultimately differ from previous estimates, the revisions are included in results of operations when the actual amounts become known.

The accounting policies that involve the most significant estimates, assumptions and management judgments used in preparation of the condensed consolidated financial statements, or are the most sensitive to change due to outside factors, are discussed in Management's Discussion and Analysis in the Form 10-K.

Goodwill

Our policy is to assess goodwill for impairment annually as of October 1, with more frequent assessments if events or changes in circumstances indicate the carrying amount may not be recoverable. Based on the annual test performed on October 1, 2024, it was previously determined that the fair values of our reporting units were greater than the carrying values, resulting in no impairment. For the Clinical Development reporting unit, the fair value of the business exceeded the book value by approximately 10% as of October 1, 2024.

During the first and second quarters of 2025, due to sustained declines in our share price and uncertainties in global macroeconomic conditions, we determined that indicators of impairment existed. As a result, we performed interim impairment tests as of March 31, 2025 and June 30, 2025.

Based upon the results of the quantitative assessment as of March 31, 2025, we concluded that the fair value of the Clinical Development reporting unit was less than its carrying value and recorded a goodwill impairment of \$488.8.

Based upon the results of the quantitative assessment as of June 30, 2025, we concluded that the fair value of the Clinical Development reporting unit was less than its carrying value and recorded a goodwill impairment of \$309.1.

For the Clinical Pharmacology reporting unit, the fair value of the business substantially exceeded the book value as of March 31, 2025 and June 30, 2025.

Although we believe that the current assumptions and estimates used in our goodwill impairment analysis are reasonable, supportable, and appropriate, continued efforts to maintain or improve the performance of these businesses could be impacted by unfavorable or unforeseen changes which could impact the existing assumptions used in the impairment analysis. Various factors could reasonably be expected to unfavorably impact existing assumptions: primarily delays in new customer bookings and the related delay in revenue from new customers, increases in customer termination activity or increases in operating costs. Accordingly, there can be no assurance that the estimates and assumptions made for the purposes of the goodwill impairment analysis will prove to be accurate predictions of future performance. It is possible that our conclusions regarding impairment or recoverability of goodwill in any reporting unit could change in future periods. There can be no assurance that the estimates and assumptions used in our goodwill impairment testing performed as of March 31, 2025 and June 30, 2025 will prove to be accurate predictions of the future, if, for example, (i) the businesses do not perform as projected, (ii) overall economic conditions in 2025 or future years vary from current assumptions (including changes in discount rates), (iii) business conditions or strategies for a specific reporting unit change from current assumptions, including loss of major customers, (iv) investors require higher rates of return on equity investments in the marketplace or (v) enterprise values of comparable publicly traded companies, or actual sales transactions of comparable companies, were to decline, resulting in lower multiples of revenues and EBITDA.

If our share price was to suffer further sustained declines in the future, or other indicators of impairment are present in future reporting periods, additional impairment testing will be required, which could result in further impairment charges in future periods.

Item 3. Quantitative and Qualitative Disclosures about Market Risk (in millions)

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates and other relevant market rate or price changes. In the ordinary course of business, we are exposed to various market risks, including changes in foreign currency exchange and interest rates, and we regularly evaluate the exposure to such changes. We address our exposure to market risks, principally associated with changes in foreign currency exchange rates and interest rates, through a program of risk management that may include, from time to time, the use of derivative financial instruments such as foreign currency forward contracts, cross currency swaps and interest rate swap agreements in an effort to manage or hedge some of our risk. We do not hold or issue derivative financial instruments for trading purposes. Refer to Note 8, “Derivative Instruments and Hedging Activities” to the condensed consolidated financial statements for information on how the Company utilizes derivative financial instruments.

Foreign Currency Exchange Rates

Approximately 15.9% and 17.3% of our revenues for the six months ended June 30, 2025 and 2024, respectively, were denominated in currencies other than the U.S. dollar (“USD”). Our financial statements are reported in USD and, accordingly, fluctuations in exchange rates will affect the translation of revenues and expenses denominated in foreign currencies into USD for purposes of reporting our condensed consolidated financial results. In the six months ended June 30, 2025 and the year ended December 31, 2024, the most significant currency exchange rate exposure was the Euro. Excluding the impacts from any outstanding or future hedging transactions, a hypothetical change of 10% in average exchange rates used to translate all foreign currencies to USD would have impacted operating loss for the six months ended June 30, 2025 by approximately \$0.8. Gross accumulated currency translation adjustments recorded as a separate component of stockholders’ equity were \$128.0 and \$(35.4) at June 30, 2025 and June 30, 2024, respectively. We do not have significant operations in countries in which the economy is considered to be highly inflationary.

We earn revenue from service contracts over a period of several months to many years. Accordingly, exchange rate fluctuations during this period may affect our profitability with respect to such contracts. We are also subject to foreign currency transaction risk for fluctuations in exchange rates during the period of time between the consummation and cash settlement of transactions. We enter into foreign currency forward contracts with external counterparties to hedge certain foreign currency transactions with exposure predominantly to the Euro and British Pound. These contracts do not qualify for hedge accounting under U.S. GAAP and the changes in fair value are recorded directly to earnings.

Interest Rate Risk

The level of our interest rate risk is dependent on our debt exposure and is sensitive to changes in the general level of interest rates. Historical fluctuations in interest rates have not been significant for us; however, this may vary in the future as we have incurred certain indebtedness concurrent with the Spin and may incur additional indebtedness in the future.

In particular, we face the market risks associated with interest rate movements on our variable rate debt. We entered into a variable-to-fixed interest rate swap with respect to some of our floating rate debt in August 2023. At June 30, 2025, we had \$622.0 outstanding related to our variable rate debt. Excluding the impacts from any outstanding or future variable-to-fixed interest rate swap transactions, a hypothetical 1% increase in interest rates would result in increased interest expenses of \$6.2. We expect to continue to be exposed to an element of market risk from changes to interest rates, including on any refinancing of debt. We expect to regularly assess market risks and to establish policies and business practices to protect against the adverse effects of these exposures. See Note 7, “Debt” to the condensed consolidated financial statements.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), are our controls and other procedures that are designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls over financial reporting, no matter how well designed, have inherent limitations, including the possibility of human error and the override of controls. Therefore, even those systems determined to be effective can provide only “reasonable assurance” with respect to the reliability of financial reporting and financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of our internal controls may vary over time. We review our disclosure controls and procedures and our internal control over financial reporting on an on-going basis and may from time to time make changes aimed at enhancing their effectiveness to ensure that our systems evolve with our business.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2025. Based on this evaluation, our chief executive officer and our chief financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9, “Commitments and Contingent Liabilities” to the condensed consolidated financial statements, which is incorporated herein by reference.

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes to the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC on March 3, 2025. For a discussion of the risks relating to our business, see the “Risk Factors” section of our Annual Report on Form 10-K, the “Cautionary Statement Concerning Forward-Looking Statements” set forth in Part I, Item 2 of this Form 10-Q, and as updated by following.

Changes in and uncertainty regarding U.S. regulations, government policies, government funding decisions, trade policies or tariffs could have a material adverse effect upon our business.

Changes in regulations, government funding, government funding decisions, trade policies, pricing policies and tariffs imposed by the U.S. and other governments could have an impact on our business and our pharmaceutical, biotechnology and medical device customers.

Significant political, trade, or regulatory developments in the jurisdictions in which we operate, such as those stemming from the U.S. administration, are difficult to predict and may have a material adverse effect on us. Similarly, changes in U.S. administration policy or the policies of foreign countries that affect the geopolitical landscape could give rise to circumstances outside our control that could negatively impact our business operations, including movement of data, particularly given our international operations, or could subject us to additional risks and expenses including discriminatory or conflicting trade policies, sanctions or tariffs. The extent and duration of increased tariffs or sanctions and the resulting impact on general economic conditions and on our business are uncertain and depend on various factors, including but not limited to negotiations between the U.S. and affected countries, the responses of other countries or regions, and exemptions or exclusions that may be granted. The existing and any further trade restrictions, retaliatory trade measures, sanctions and additional tariffs could result in increased costs, disruptions in global shipping and supply chains, restrictions on access to markets and customers, inability to conduct clinical trials in other countries and impacts on our customers and their R&D budgets and priorities, all of which could adversely affect our results of operations or financial condition. In particular, the exposure among certain of our customers to tariffs, pricing mandates, and trade restrictions along with their limited ability to quickly relocate manufacturing may increase capital requirements and create additional pressure on such customers during what may be a period of reduced investment and could create a risk to growth, which could in turn impact our results of operations or financial condition. We and our customers may not be able to fully mitigate the impact of these operational issues, market forces and increased costs or pass price increases on to our customers. While tariffs, pricing, and other trade measures have not yet had a significant impact on our business or results of operations, we cannot predict further developments, and how they may adversely affect our results of operations or financial condition.

In addition, reductions in funding of government agencies and programs relevant to the pharmaceutical, biotechnology and medical device industries—such as the Food and Drug Administration, the National Institutes of Health, and Medicaid—or changes in funding priorities relevant to the pharmaceutical, biotechnology and medical device industries could adversely affect those industries, which could in turn have an effect on the demand for clinical trials and our business. At this time, it is unclear exactly how changes at the federal and state level, as well as any future changes that are made, will impact the industry, what changes will be made to the healthcare reform measures of prior administrations, or whether the government could impose other reform efforts, whether by statute, regulation or executive order, including what, if any, impact such changes could have on our business. We may be unable to anticipate changes in regulatory regimes of the governments where we operate and, therefore, be unable to make timely operational or other changes, assuming we are in a position to effectively respond to any such change, which may not be the case, or to ensure compliance with applicable regulations or orders, all of which could have a material adverse effect on our business. Further, the uncertainties described above may lead to slower decision making and/or could lead to fewer decisions to proceed with studies due to the increased risk profile.

Our stockholder rights agreement could discourage, delay, or prevent a change in control over us and may affect the trading price of our common stock.

In June 2025, our Board of Directors adopted a stockholder rights plan and declared a dividend of one preferred share purchase right (a “Right”) for each share of our common stock outstanding on June 23, 2025 to the stockholders of record on that date. In the event that a person or group of affiliated or associated persons has acquired beneficial ownership of 10% or more of our outstanding common stock, subject to certain exceptions, each Right would entitle its holder (other than such person or members of such group) to purchase additional shares of our common stock at a substantial discount to the public market price. In addition, at any time after a person or group of affiliated or associated persons has acquired beneficial ownership of 10% or more of our outstanding common stock (and prior to the acquisition by any person or group of a majority of the outstanding shares of our common stock), the Board of Directors may exchange one share of our common stock for each outstanding Right (other than Rights owned by such person or group, which would have become void).

The stockholder rights plan would cause dilution to a person or group of affiliated or associated persons that acquires a large block of our common stock and thereby make it more difficult for such person or group of affiliated or associated persons to acquire the Company. The foregoing factors could impede a merger, takeover, or other business combination, or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock.

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

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

During the three months ended June 30, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated any contract, instruction or written plan that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement for the purchase or sale of our securities within the meaning of Item 408 of Regulation S-K.

As previously reported on the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 11, 2025, the independent members of the Board of Directors previously approved employment inducement award grants as a material inducement to Mr. Thakral’s employment in accordance with Nasdaq Listing Rule 5635(c)(4). Mr. Thakral was granted the inducement awards in connection with his start date on August 4, 2025 under the Fortrea Holdings Inc. 2025 Inducement Award Plan (the “Inducement Plan”), which has terms consistent with the Fortrea Holdings Inc. 2023 Omnibus Incentive Plan and was established solely to grant the inducement awards to Mr. Thakral but may be amended in the future to grant additional inducement awards to other new hires who are eligible to receive inducement award grants under Nasdaq Listing Rule 5635(c)(4). The awards consisted of (i) 1,250,000 restricted stock units (“RSUs”) that vest in three equal annual installments from Mr. Thakral’s start date, and (ii) 1,250,000 performance share units (“PSUs”) that will vest, if at all, at the end of a three-year vesting period subject to certain performance goals. In each case, vesting of the RSUs and PSUs is subject to Mr. Thakral’s continuous employment through the applicable vesting date or earlier vesting due to a change of control and certain termination events. The foregoing description of the Inducement Plan, the RSUs and the PSUs is not complete and is qualified in its entirety by reference to the full text of the Inducement Plan and the underlying Restricted Stock Unit Agreement and Performance Share Unit Agreement, copies of which are attached hereto as Exhibit 10.6, 10.7, and 10.8, respectively, and are incorporated herein by reference.

Item 6. Exhibits

The exhibits below are filed or furnished as a part of this report and are incorporated herein by reference.

EXHIBIT NO.	DESCRIPTION	Filed Herewith	INCORPORATED BY REFERENCE			
			FORM	File No.	Exhibit	Filing Date
3.1	Certificate of Designations of Series A Preferred Stock of Fortrea Holdings Inc., as filed with the Secretary of State of the State of Delaware on June 12, 2025.		8-K	001-41704	3.1	12-Jun-25
4.1	Rights Agreement, dated as of June 11, 2025, between Fortrea Holdings Inc. and Equiniti Trust Company, LLC as rights agent.		8-K	001-41704	4.1	12-Jun-25
10.1	Offer Letter, effective as of August 4, 2025, between Fortrea Holdings Inc. and Anshul Thakral.*	X				
10.2	Offer Letter, effective as of May 13, 2025, between Fortrea Holdings Inc. and Peter M. Neupert.*	X				
10.3	Consulting Agreement, effective as of May 13, 2025, between Fortrea Holdings Inc. and Thomas Pike.	X				
10.4	Master Senior Executive Severance Plan, as amended.*	X				
10.5	Fortrea Holdings Inc. 2023 Omnibus Incentive Plan (as amended and restated).*	X				
10.6	Fortrea Holdings Inc 2025 Inducement Award Plan.*	X				
10.7	Form of Restricted Stock Unit Agreement (2025 Inducement Award Plan).*	X				
10.8	Form of Performance Share Unit Agreement (2025 Inducement Award Plan).*	X				
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				

101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Document.	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL Instance document included in Exhibit 101.	X

* Indicates management contract or compensatory plan.

SIGNATURES

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

Fortrea Holdings Inc.

By: */s/ JILL McCONNELL*

Name: Jill McConnell

Title: Chief Financial Officer

(On behalf of the Registrant and as Principal
Financial Officer)

Date: August 6, 2025

VIA EMAIL

Anshul Thakral

June 10, 2025

Re: Offer of Employment

Dear Mr. Thakral:

Fortrea Holdings Inc. (the “**Company**”) is pleased to extend an offer of employment to you (the “**Executive**”) as follows:

1. **Employment Offer.** On the terms and conditions set forth in this offer letter (the “**Offer Letter**”), and subject to Section 6, the Company agrees to employ the Executive, and the Executive agrees to be employed by the Company for the Employment Period set forth in Section 2 and in the positions and with the duties set forth in Section 3.

2. **Term.** The initial term of employment under this Offer Letter shall be for a period beginning on August 4, 2025 (the “**Effective Date**”) and ending on the third anniversary of the Effective Date (the “**Expiration Date**”), unless sooner terminated as hereinafter set forth; provided that, on the Expiration Date and on the end of any extension period thereafter (each such date, a “**Renewal Date**”), the Offer Letter and the Executive’s employment may be extended upon the same terms and conditions (except for such terms and conditions that expire prior to any extension period), for such additional periods as determined by the Company and the Executive with the written agreement of both the Company and the Executive prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is the “**Term**” or the “**Employment Period.**” Any termination of the Executive’s employment upon the expiration of the Term shall not constitute a Qualifying Termination under the Fortrea Inc. Master Senior Executive Severance Plan (“**Severance Plan**”) and shall not constitute a termination by the Company without Cause or constitute Good Reason (each as defined below). The Executive’s employment shall terminate upon the expiration of the Term unless the parties shall at such time otherwise agree in writing.

3. **Position and Duties.**

a. **Executive Positions.** The Executive will serve as President and Chief Executive Officer (together, “CEO”). In such capacities, the Executive shall report to the Board of Directors of the Company (the “Board”) and perform the reasonable and lawful duties and responsibilities, consistent with the Executive’s position and experience, as the Board may from time to time assign to the Executive.

b. **Location.** The Executive’s primary office location shall be the New York, New York metropolitan area. Executive hereby represents that he has a dedicated space in his personal residence that will be used for the performance of his duties hereunder.

c. The Executive’s employment shall be subject to the policies maintained and established by the Company, as amended from time to time. The Executive acknowledges and agrees that the Executive owes a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of the Company and to do no act that would intentionally injure the business, interests, or reputation of the Company or its subsidiaries and affiliates. In keeping with these duties, Executive shall make full disclosure to the Board of all business opportunities pertaining to the business of the Company and shall not appropriate for Executive’s own benefit business opportunities that fall within the scope of the businesses conducted by the Company. Executive shall also devote the Executive’s reasonable best efforts and full business time to the performance of the Executive’s duties hereunder and the advancement of the business and affairs of the Company. Subject to the prior written approval of the Board, the Executive may serve on one other board of directors of another company. The Executive has previously disclosed to the Board, and the Board hereby approves, the Executive serving on one additional board of directors, which he is currently a member as of the Effective Date.

d. The Board will cause the Executive to be appointed to the Company’s Board. The Executive will serve in this capacity without additional compensation, and in advance of the expiration of each term as a director, in due course, and, subject to the annual approval of the applicable nominating committee of the Board in accordance with its duties and responsibilities, shall be nominated for re-election to the Board so long as Executive is then serving as CEO of the Company. The Executive agrees to offer to resign as a member of the Company’s Board immediately upon ceasing to serve as the CEO.

e. The Executive acknowledges that the Executive shall be subject to and must comply with the Company’s policy with respect to ownership of Company common stock as it may be in effect from time to time.

4. **Compensation and Benefits.**

a. **Base Salary.** Commencing on the Effective Date, the Company shall pay to the Executive a base salary at the initial rate of \$1,100,000.00 per calendar year (the “**Base Salary**”), payable in substantially equal installments in accordance with the Company’s regular payroll and prorated for partial years of employment. The Base Salary shall be reviewed for increase by the Management Development and Compensation Committee of the Board (the “**Compensation Committee**”) no less frequently than annually during the customary annual review period for other senior executives and may be increased in the discretion of the Compensation Committee. The Executive’s Base Salary may not be decreased during the Employment Period other than pursuant to a like proportionate reduction of base salaries of other senior executives of the Company.

b. **Equity Grants.**

i. **Inducement Equity Grants.** As an inducement for the Executive to commence employment with Company, the Company shall grant the following equity awards to Executive:

- (a) **Sign-On RSU Grant.** On, or as soon as administratively practicable after the Effective Date, the Company will grant the Executive an award of restricted stock units (“**RSUs**”) (the “**Sign-On RSU Grant**”) outside the Company’s 2023 Omnibus Incentive Plan (the “**Omnibus Plan**”) with an aggregate grant date fair value of approximately \$6,250,000.00 (subject to rounding), using the average closing price of the Company’s common stock over the thirty (30) trading days immediately preceding the Effective Date to calculate the number of RSUs, provided that the number of RSUs granted will be no less than 1,250,000 and no more than 1,400,000. The terms of the Sign-On RSUs will be reflected in an award agreement which will provide that (i) one-third of the RSUs granted will vest on each of the first three anniversaries of the Effective Date, subject to the Executive’s continuous service to the Company through each such date and (ii) vesting shall accelerate as provided in the Company’s form of Restricted Stock Unit Agreement.
- (b) **Sign-On PSU Grant.** On, or as soon as administratively practicable after the Effective Date, the Company will grant the Executive an award of performance shares (“**PSUs**”) outside the Omnibus Plan (the “**Sign-On PSUs**”) with an aggregate grant date fair value of approximately \$6,250,000.00 (subject to rounding), using the average closing price of the Company’s common stock over the thirty (30) trading days immediately preceding the Effective Date to calculate the target number of PSUs, provided that the target number of PSUs to be granted will be no less than 1,250,000

and no more than 1,400,000. The terms of the Sign-On PSUs will be reflected in an award agreement which will provide that (i) the PSUs shall cliff vest on the third anniversary of the Effective Date, subject to the Executive's continuous service to the Company through such date, (ii) the number of shares awarded shall be based on performance goals tied to Revenue and Adjusted EBITDA margin as provided in the Company's 2025 form of PSU award agreement, except that the relative weighing of each performance year will be 20%/40%/40% and the goals for 2025 will be modified for the truncated 2025 performance year to provide for certain individual objectives; and (iii) in the event of an involuntary Separation from Service without Cause or voluntary Separation from Service for Good Reason (as such terms are defined in the award agreement), in either case within 24 months after the consummation of a Change in Control, if such separation occurs less than one year from the Effective Date, one-third (1/3rd) of the Sign-On PSUs will vest on the date of Separation from Service and, if such separation occurs on or after one year from the Effective Date, acceleration will be pro rata on a monthly basis (so that the number of Target Performance Shares (as such term is defined in the award agreement) vested is determined based on a fraction, the numerator of which is the number of full months that have elapsed since the Effective Date and the denominator of which is 36).

ii. **2027 Annual Long-Term Incentive Equity Grants.** Subject to approval of the Company's Board or the applicable committee thereof, for the 2027 grant cycle, the Executive shall receive one or more awards of Company equity with an aggregate grant date fair value of approximately \$2,500,000.00 (subject to rounding) each calendar year, consistent with the Company's practice for determining such value, comprised of 50% RSUs and 50% PSUs which will have a maximum term of ten years, and, (A) in the case of the RSUs will vest and be settled in substantially equal installments on each of the first through third anniversaries of the date of grant and (B) in the case of the PSUs will vest on the same terms and conditions as the PSUs awarded to other senior executives in the Board's unfettered discretion. The grants under this Section 4(b)(ii) shall be subject to the terms and conditions of the Omnibus Plan and form of award agreement. Any other equity awards will be determined by the Board or the applicable committee thereof.

i. **2028 Annual Long-Term Incentive Equity Grant** Subject to Company performance and the approval of the Company's Board or the applicable committee thereof, beginning with the 2028 grant cycle, the Executive shall receive one or more awards of Company equity with a target aggregate grant date fair value that will place the Executive at least at the 75th percentile of the Company's peer group, consistent with the Company's practice for determining such value, comprised of 50% RSUs and 50% PSUs, and, (A) in the case of the RSUs will vest and be settled in substantially equal installments on each of the first through third anniversaries of the date of grant and (B) in the case of the PSUs will vest on the same terms and conditions as the PSUs awarded to other senior executives in the

Board's unfettered discretion. The grants under this Section 4(b)(iii) shall be subject to the terms and conditions of the Omnibus Plan and form of award agreement. Any other equity awards will be determined by the Board or the applicable committee thereof. The grants under Section 4(b)(ii) and Section 4(b)(iii) are collectively referred to in this Agreement as the "LTI Grants."

c. **Annual Bonus.** For each calendar year that ends during the Employment Period beginning with calendar year 2025, the Executive shall be eligible to receive an annual bonus pursuant to the Company's management incentive bonus plan or any successor plan that is in effect from time to time (any such bonus, the "**Incentive Bonus**"). The Executive's target Incentive Bonus amount for a particular calendar year shall equal 150% of the Executive's Base Salary for that calendar year (the "**Target Bonus Amount**"); provided that the Executive's actual Incentive Bonus payout for a particular calendar year shall be determined by the Compensation Committee in its sole and unfettered discretion taking into account performance objectives (which may include corporate and individual objectives initially established with respect to a particular calendar year by the Compensation Committee in consultation with the Executive paid on the same basis as similar awards held by the Company's other senior executives who participate in the Company's management incentive bonus plan or its successor,) and may be more or less than the Target Bonus Amount. For the calendar year 2025, the Executive's Target Bonus Amount shall be prorated (calculated to be \$687,500.00, which is the Target Bonus Amount for the entire 2025 calendar year multiplied by 5/12). The Target Bonus Amount shall be reviewed by the Compensation Committee no less frequently than annually during the customary annual review period for other senior executives and may be increased in the discretion of the Compensation Committee. Any such increase in the Target Bonus Amount shall constitute the "Target Bonus Amount" for purposes of this Offer Letter. Except as otherwise set forth herein, the Executive must be actively employed by the Company throughout the applicable bonus measurement period and shall not have given notice of termination other than for Good Reason (as set forth below), or been given notice by the Company of the termination of the Executive's employment for Cause (as set forth below) where the circumstance giving rise to Cause or Good Reason is not cured, at any time during the applicable bonus measurement period to be eligible to receive the Incentive Bonus.

d. **Employee Benefits.** During the Employment Period, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time, that are generally made available to senior executives of the Company. The Company reserves the right to amend, modify, or cancel any employee benefit plans, practices, and programs, and any fringe benefits and perquisites at any time and without the consent of the Executive.

e. **Clawback/Recoupment.** Notwithstanding any other provisions in this Offer Letter to the contrary, any incentive-based compensation, including the Incentive Bonus, the Inducement Equity Grants, and the LTI Grants, or any other compensation, paid to the Executive pursuant to this Offer Letter or any other agreement or arrangement with the Company shall be subject to the terms of the Company's Compensation Clawback Policy, as separately provided to the Executive,

and as the same may be amended from time to time or replaced by any successor Company policy, including to implement Section 10D of the Securities Exchange Act of 1934, as amended and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any applicable national securities exchange). Except as otherwise provided herein, all compensation provided to the Executive shall be in accordance with the Company's compensation plans and policies.

5. **Expenses.** The Company shall reimburse the Executive for all expenses reasonably and actually incurred in accordance with the Company's current policies promptly upon presentation by the Executive of an itemized account, including reasonable substantiation, of such expenses.

6. **Termination of Employment.**

a. **Permitted Terminations.** (x) This Offer Letter may be terminated by the Company prior to the Effective Date under the following circumstances: (i) the Executive's death or Disability (as defined below), (ii) if an event that would constitute Cause, as defined below, had the Executive then been employed by the Company occurs, whether or not the Executive is then employed by the Company, or (iii) by the Company for any other reason, and for the avoidance of doubt none of the foregoing terminations shall constitute a Qualifying Termination under the Severance Plan. (y) The Executive's employment hereunder may be terminated during the Employment Period under the following circumstances:

i. **Death.** The Executive's employment hereunder shall terminate upon the Executive's death.

ii. **By the Company.**

A. **Disability.** The Company may terminate the Executive's employment if the Executive is unable to perform each of the essential duties of the Executive's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months (a "**Disability**"). The Executive agrees, in the event of any dispute as to whether a Disability exists, and if requested by the Company, to submit to a physical examination by a licensed physician selected by mutual consent of the Company and the Executive, the cost of such examination to be paid by the Company. The written medical opinion of such physician shall be conclusive and binding upon each of the parties hereto as to whether a Disability exists and the date when such Disability arose. This Section shall be interpreted and applied to comply with the Americans with Disabilities Act (to the extent applicable) and any applicable state or local laws. Any termination for Disability shall not constitute a Qualifying Termination under the Severance Plan; or

- B. **With or without Cause.** The Company may terminate the Executive's employment for Cause or without Cause. If the Company terminates the Executive's employment for Cause, the Company shall not be required to give advance notice. If the Company terminates the Executive's employment without Cause, the Company shall provide written notice to the Executive at least 30 days prior to the Date of Termination. For purposes of this Offer Letter (including, but not limited to, the Inducement Equity Grants and LTI Grants), "**Cause**" shall have the meaning in the Severance Plan.
- iii. **By the Executive.** The Executive may terminate this Offer Letter for any reason prior to the Effective Date and may terminate the Executive's employment for any reason (including Good Reason) or for no reason during the Employment Period. If the Executive terminates the Executive's employment without Good Reason, then the Executive shall provide written notice to the Company at least 30 days prior to the Date of Termination, provided that the Company may, in its sole discretion, waive the provision of all or any portion of the notice period and immediately terminate the Executive, which termination shall not be deemed a termination without Cause or constitute grounds for termination for Good Reason.

For purposes of this Offer Letter (including, but not limited to, the Inducement Equity Grants and the LTI Grants), "**Good Reason**" shall have the meaning in the Severance Plan.

Notwithstanding the foregoing, "Good Reason" shall not include (i) a reduction in Base Salary where such reduction is pursuant to a like proportionate reduction of base salaries of other senior executives of the Company; (ii) the Executive's failure to be re-elected to the Company's Board by the Company's shareholders provided the Company's Board nominates the Executive for re-election to the Company's Board; or (iii) the end of the Executive's employment at the expiration of the Term. In order to invoke a termination for Good Reason, the Executive's termination must occur within 90 days after the occurrence of the Good Reason and after the Company has received notice of the Good Reason event and failed to cure within 30 days after receiving such notice. Otherwise, such termination shall be considered voluntary termination without Good Reason.

For purposes of this Offer Letter, "**Date of Termination**" means if this Offer Letter or the Executive's employment is terminated due to the Executive's death, the date of the Executive's death; if this Offer Letter or the Executive's employment is terminated because of the Executive's Disability, 30 days after Notice of Termination is given by the Company; or if the Executive's employment is terminated by the Company for any other reason or by the Executive pursuant to Section 6(a)(y)(iii), the date specified in the Notice of Termination. Notwithstanding any provision of this Offer Letter to the contrary, for purposes of any provision of

this Offer Letter providing for the payment of any amounts or benefits upon or following a termination of employment that are considered deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury Regulations thereunder (collectively, “Section 409A”), references to the Executive’s termination of employment (and corollary terms) with the Company shall be construed to refer to Executive’s “separation from service” (within the meaning of Treas. Reg. Section 1.409A-1(h)) with the Company.

b. **Termination.** Any termination of this Offer Letter prior to the Effective Date or of the Executive’s employment by the Company or the Executive (other than because of the Executive’s death) shall be communicated by a written Notice of Termination to the other party hereto in accordance with the requirements of this Offer Letter. For purposes of this Offer Letter, a “**Notice of Termination**” shall mean a notice which shall indicate the specific termination provision in this Offer Letter relied upon, if any, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated. Termination of the Executive’s employment shall take effect on the Date of Termination.

c. **Resignation of All Other Positions.** Upon termination of the Executive's employment for any reason, the Executive shall, unless otherwise requested, offer to resign from all positions that the Executive holds as an officer or member of the Company’s Board (or a committee thereof) and as an officer or member of the board of directors (or a committee thereof) of any Company subsidiaries or affiliates.

7. **Compensation Upon Termination.**

a. The Executive shall be a participant in the Severance Plan. The Executive’s entitlement to severance or other compensation upon termination, if any, shall be governed solely by the Severance Plan, and the Executive shall not be entitled to any severance payments or separation benefits except as provided for in the Severance Plan, including, but not limited to, the requirement to execute and not revoke a release of claims as a condition of receiving any severance payments or separation benefits.

b. **Section 409A.** To the extent the Executive would be subject to the additional 20% tax imposed on certain deferred compensation arrangements pursuant to Section 409A as a result of any provision of this Offer Letter, such provision shall be deemed amended to the minimum extent necessary to avoid application of such tax and preserve to the maximum extent possible the original intent and economic benefit to the Executive and the Company, and the parties shall promptly execute any amendment reasonably necessary to implement this Section 7(b).

8. **Confidentiality, Non-Competition, and Non-Solicitation Agreement.** In consideration of the employment and compensation terms set forth in this Offer Letter, the Executive agrees to execute and be bound by the terms of the Company’s Confidentiality/Non-Competition/Non-Solicitation Agreement attached as **Exhibit A**.

9. **Parachute Limitations.** Notwithstanding anything herein or in the Severance Plan to the contrary, in the event that the payments or distributions to be made by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Offer Letter, under some other plan, agreement, or arrangement, or otherwise) (a “**Payment**”) constitute “parachute payments” within the meaning of Section 280G of the Code, then the Payment to the Executive shall be reduced to \$1 below the safe harbor limit (as described in Section 280G(b)(2)(A)(ii) of the Code) if said reduction in Payment would result in the Executive retaining a larger amount, on an after-tax basis, taking into account the excise and income taxes imposed on the payments and benefits.

10. **Indemnification.** The Company shall indemnify the Executive to the maximum extent that its officers, directors, and employees are entitled to indemnification pursuant to the Company’s certificate of incorporation, bylaws, and any indemnification agreements then in force, subject to applicable law. The Executive shall also be covered as an insured under any contract of directors and officers liability insurance to the same extent as such contract covers members of the Board. The Executive’s rights under this Section 10 shall survive any termination or expiration of this Offer Letter and any termination of the Executive’s employment for all periods thereafter during which the Executive may be subject to liability for any acts or omissions occurring during Executive’s employment or service as a member of the Board that is otherwise subject to indemnification and coverage under directors and officers liability insurance.

11. **Professional Fees Incurred in Negotiating the Agreement.** The Company shall pay or the Executive shall be reimbursed for the Executive’s reasonable professional fees and costs incurred in connection with this Offer Letter up to a maximum of \$25,000. Any payment required under this Section 11 shall be made within 60 days following the Effective Date.

12. **Notices.** All notices, demands, requests, or other communications which may be or are required to be given or made by any party to any other party pursuant to this Offer Letter shall be in writing and shall be hand delivered; mailed by first-class registered or certified mail, return receipt requested, postage prepaid; or delivered by overnight air courier, addressed as follows:

If to the Company:

Fortrea Holdings Inc.
8 Moore Drive
Durham, NC 27709
Attention: General Counsel

With a copy to:

Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.
150 Fayetteville Street, Suite 2300
Raleigh, North Carolina 27601
Attention: Gerald F. Roach

Fortrea Inc.
8 Moore Drive
Durham, NC, 27709
United States of America

fortrea.com

If to Executive:

At the last address shown on the payroll records of the Company.

Each party may designate by notice in writing a new address to which any notice, demand, request, or communication may thereafter be so given, served or sent. Each notice, demand, request, or communication that shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, confirmation of facsimile transmission or the affidavit of messenger being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

13. **Severability.** The invalidity or unenforceability of any one or more provisions of this Offer Letter shall not affect the validity or enforceability of the other provisions of this Offer Letter, which shall remain in full force and effect.

14. **Effect on Other Agreements; Inconsistency.** This Offer Letter (including its Exhibits) and all other agreements identified hereunder constitute the entire Offer Letter between the parties respecting the employment of the Executive and supersedes all prior and contemporaneous understandings, offer letters, representations and warranties, both written and oral, with respect to such subject matter. In the event of any inconsistency between this Offer Letter (and Exhibits) and any other plan, program, practice or agreement of the Company in which the Executive is a participant or a party, whether applicable on the Effective Date or at any time thereafter, this Offer Letter (and Exhibits) shall control unless, with the Executive's prior written consent, such other plan, program or practice, or in such agreement with the Executive, specifically refers to this Offer Letter (or Exhibits) as not so controlling.

15. **Assignment.** The rights and obligations of the parties to this Offer Letter shall not be assignable or delegable, except that (a) in the event of the Executive's death, the personal representative or legatees or distributees of the Executive's estate, as the case may be, shall have the right to receive any amount owing and unpaid to the Executive hereunder, and (b) the rights and obligations of the Company hereunder shall be assignable and may be assumed by a successor entity in connection with (x) any subsequent merger, consolidation, sale of all or substantially all of the assets or equity interests of the Company, or similar transaction involving the Company or a successor entity or (y) the formation of a holding company or similar corporate reorganization approved by the Board. If the Company's rights and obligations are assigned or assumed as provided in the preceding sentence, the term "**Company**" as used herein shall refer to such successor entity.

16. **Binding Effect.** Subject to any provisions hereof restricting assignment, this Offer Letter shall be binding upon the parties hereto and shall inure to the benefit of the parties and their respective heirs, devisees, executors, administrators, legal representatives, and permitted successors and assigns.

17. **Amendment; Waiver.** This Offer Letter shall not be amended, altered or modified except by an instrument in writing duly executed by the party against whom enforcement is sought. Neither the waiver by either of the parties hereto of a breach of or a default under any of the provisions of this Offer Letter, nor the failure of either of the parties, on one or more occasions, to enforce any of the provisions of this Offer Letter or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

18. **Headings.** Section and subsection headings contained in this Offer Letter are inserted for convenience of reference only, shall not be deemed to be a part of this Offer Letter for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

19. **Governing Law: Jurisdiction and Venue.** This Offer Letter, for all purposes, shall be construed in accordance with the laws of North Carolina without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Offer Letter shall be brought only in a state or federal court located in the state of North Carolina. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

20. **Entire Agreement.** This Offer Letter and the Severance Plan constitute the entire agreement between the parties respecting the employment of the Executive, there being no representations, warranties or commitments except as set forth herein and in the Severance Plan. If any provisions of this Offer Letter conflict with the Severance Plan, this Offer Letter shall control.

21. **Counterparts.** This Offer Letter may be executed in two counterparts, each of which shall be an original and all of which shall be deemed to constitute one and the same instrument.

22. **Withholding.** The Company may withhold from any benefit payment or any other payment or amount under this Offer Letter all federal, state, city, or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

23. **Representations of the Executive.** The Executive represents and warrants to the Company that (a) the Executive has furnished to the Company all agreements respecting any post-employment restrictions applicable to the Executive with Executive's immediately preceding employer; and (b) there are no other agreements to which the Executive is a party that conflict with the Executive's acceptance of employment with the Company or would be violated or breached by Executive's acceptance of employment with the Company, including any non-solicitation, non-competition or other similar covenant or agreement. The Executive agrees that the Executive will perform Executive's duties to the Company in a manner that complies with all such agreements.

(Signature Page Follows)

(Signature Page to Offer Letter)

Please sign below to confirm your acceptance of this Offer Letter.

Sincerely,

FORTREA HOLDINGS INC

By: /s/ David Cooper

Name: David Cooper

Title: Chief Administrative Officer

Agreed and Accepted:

By: /s/ Anshul Thakral

Name: Anshul Thakral

Date: June 11, 2025

cc: Dr. Amrit Ray

Chair, Management Development and
Compensation Committee

Fortrea Inc.
8 Moore Drive
Durham, NC, 27709
United States of America

[fortrea.com](https://www.fortrea.com)

May 9, 2025

Peter M. Neupert
Fortrea Holdings, Inc.
8 Moore Drive
Durham, NC 27709

Dear Peter:

Fortrea Holdings, Inc. (“**Company**”) is pleased to extend an offer of employment to you on the following terms and conditions (“**Offer Letter**”):

1. **Position.** We are pleased to offer you the position of interim Chief Executive Officer of the Company. In your capacity as an executive of the Company, you will report to the Board of Directors of the Company (“**Board**”) and will carry out and perform the lawful orders, directions, and policies given to you by the Board. You will devote as much time and attention as is reasonably required to fulfill your responsibilities to the Company under this Offer Letter and will use good faith efforts to discharge your responsibilities under this Offer Letter to the best of your ability. You will continue to serve as a member of the Board, although you will not be considered an independent director during the term of your employment, and your membership on the Board is subject to applicable provisions in the Company’s governance documents and policies, including shareholder approval (when applicable). For the avoidance of doubt, other than the consideration set forth in Section 3 of this Offer Letter, you will receive no additional consideration for your service on the Board during your employment as interim Chief Executive Officer.

2. **Start Date.** If you accept this offer, your employment with the Company will begin on May 13, 2025 (“**Start Date**”). This Offer Letter does not create an express or implied employment contract, or a promise of employment for any specific period of time. All employment with the Company is at-will employment, which may be terminated by you or the Company at any time for any reason. No person with the Company has the authority to create any oral agreement modifying the terms of the at-will employment relationship or to make any express or implied promises regarding employment on which you should rely. Any changes to the at-will employment relationship must be in writing from the Board.

3. **Compensation and Benefits.**

a. **Base Salary.** The initial base pay will be at a rate of \$100,000 per month paid no less frequently than monthly.

b. **Equity Award.** In consideration of your accepting this employment, the Company will grant you Restricted Stock Units (“RSUs”) under the Company’s 2023 Omnibus Incentive Plan (“Plan”) equal to \$710,000 in value, calculated using the fair market value as of the date of grant. The RSU grant will vest on the one-year anniversary of the grant date provided you remain in continuous service with the Company through the vesting date, including continuing service as a director following conclusion of your service as interim Chief Executive Officer. This grant will be subject to the terms of the Plan and related grant agreement, which you will be required to execute.

c. **Benefits.** You will be able to participate in the Company’s benefit plans to receive the benefits for which you are eligible, upon commencement of your employment, commensurate with your position subject to the terms of each benefit plan. These benefits may be modified or changed at the sole discretion of the Board, and the provision of such benefits to you in no way changes or impacts your status as an at-will employee.

d. **Business Expenses.** The Company shall pay or reimburse you for all business and travel expenses reasonably and necessarily incurred by you in the performance of your duties, consistent with the Company’s expense reimbursement policies then in effect.

4. **Outside Service on Board.** You may, subject to policies and procedures applicable to Board members then in effect including any applicable governance documents or policies, (a) serve on corporate, civic, or charitable boards or committees, (b) manage personal investments, and (c) with the prior approval of the Board, serve as an employee for other companies where you are currently an employee, if any, so long as these activities, whether individually or in the aggregate, do not interfere or conflict with your performance of your responsibilities under this Offer Letter.

5. **Successors.** This Offer Letter is personal to you and will not be assignable by you otherwise than by will or the laws of descent and distribution. This Offer Letter will inure to the benefit of, and be enforceable by, your legal representatives. This Offer Letter will inure to the benefit of and be binding upon the Company and its successors and assigns.

6. **Governing Law.** This Offer Letter shall be construed, interpreted, and governed in accordance with and by North Carolina law and the applicable provisions of federal law. All claims, controversies, and causes of action arising out of or relating to this Offer Letter or your employment as interim Chief Executive Officer, whether sounding in contract, tort, or statute, shall be governed by the laws of the state of North Carolina, including its statutes of limitations,

except for applicable federal law, without giving effect to any North Carolina conflict-of-laws rule that would result in the application of the laws of a different jurisdiction.

7. **Withholding.** The Company will be entitled to withhold (or to cause the withholding of) the amount, if any, of all taxes of any applicable jurisdiction required to be withheld by an employer with respect to any amount paid to you as a Company employee or pursuant to this Offer Letter. The Company, in its sole and absolute discretion, will make all determinations as to whether it is obligated to withhold any taxes hereunder and the amount thereof.

8. **Before Starting.** Any employment with the Company is contingent on your eligibility to work in the United States. On the first day of employment, you must complete a Form I-9 and provide the Company with the required forms of identification specified on the Form I-9.

9. **Section 409A.** The parties intend that payments and benefits provided pursuant to this Offer Letter be exempt from or comply with Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder and, accordingly, to the maximum extent permitted, this offer will be interpreted to be in compliance therewith.

10. **Complete Agreement.** This Offer Letter sets forth the entire agreement of the parties regarding its subject matter and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee, or representative of any party regarding the subject matter of this Offer Letter.

11. **Miscellaneous.** This Offer Letter may be executed in any number of counterparts, each of which will constitute an original and all of which together will constitute one agreement. Original signatures transmitted and received via facsimile or other electronic transmission are true and valid signatures for all purposes under this Offer Letter and will bind the parties to the same extent as that of an original signature.

Please sign below to confirm your acceptance of this Offer Letter.

Sincerely,
FORTREA HOLDINGS INC

By: /s/ David Cooper

Name: David Cooper

Title: Chief Administrative Officer

Agreed and Accepted:

By: /s/ Peter M Neupert

Name: Peter M Neupert

Date: May 9, 2025

cc: Dr. Amrit Ray
Chair, Management
Development and
Compensation Committee

CONSULTING AGREEMENT

This Consulting Agreement (this “*Agreement*”) is made by and between Thomas H. Pike (“*Consultant*”) and Fortrea Holdings Inc. (the “*Company*”) (each a “*Party*” and jointly referred to as the “*Parties*”):

WHEREAS, Laboratory Corporation of America Holdings and Consultant entered into an Executive Employment Agreement dated January 4, 2023 (the “*Employment Agreement*”) under which Consultant was employed to serve as the President and Chief Executive Officer of Laboratory Corporation of America Holdings’ Clinical Development Business Unit;

WHEREAS, the Company was spun off from Laboratory Corporation of America Holdings, and Consultant served as the President and Chief Executive Officer of the Company pursuant to the Employment Agreement;

WHEREAS, Consultant received a Sign-On Equity Grant on January 1, 2023, in conjunction with which the Company and Consultant entered into a Restricted Stock Unit Agreement, and an Initial Spinco Equity Grant on August 17, 2023 in conjunction with which the Company and Consultant entered into a Restricted Stock Unit Agreement and a Non-Qualified Option Agreement, all as provided under the Employment Agreement, and, further, the Consultant received a grant of restricted stock units on March 20, 2025 in conjunction with which the Company and Consultant entered into a Restricted Stock Unit Agreement (all such agreements, collectively, the “*Stock Agreements*”);

WHEREAS, Consultant will separate from the positions of President and Chief Executive Officer and from the Board of Directors, effective May 13, 2025 (the “*Termination Date*”) and Consultant and the Company are Parties to a General Release (the “*General Release*”) that Consultant will execute on or after the Termination Date;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

1. **Consulting Term and Nature of Services.** Beginning immediately following the Termination Date, provided Consultant executes and does not revoke the General Release, and continuing until terminated under this Agreement (the “*Consulting Term*”), Consultant shall serve as a special consultant to the Company and will perform such reasonable duties mutually agreed to between Consultant and the Company’s Chairman of the Board of Directors or the then Chief Executive Officer or his or her designee (the “*Consulting Arrangement*”).

(a) **Compensation for Consulting Services.** For the Consulting Term, the benefits set forth in this Agreement shall be deemed full compensation for the delivery of services by Consultant, regardless of the number of hours spent by Consultant on such consulting services. Consultant shall not receive any cash compensation for the Consulting Arrangement.

(b) Independent Contractor Status. The Parties hereby acknowledge and agree that Consultant's provision of services under the Consulting Arrangement shall be provided strictly as an independent contractor. Nothing in this Agreement shall be construed to render Consultant an employee, co-venturer, agent, or other representative of the Company during the Consulting Term. Consultant understands that he must comply with all tax laws applicable to a self-employed individual, including the filing of any necessary tax returns and the payment of all income and self-employment taxes. The Company shall not be responsible for, and shall not obtain, worker's compensation, disability benefits insurance, or unemployment security insurance coverage for Consultant. Consultant is not eligible for, nor entitled to, and shall not participate in, any of the Company's benefit plans. Consistent with Consultant's duties and obligations under this Consulting Arrangement, Consultant shall, at all times, maintain sole and exclusive control over the manner and method by which Consultant performs services.

(c) Termination of Consulting Term. The Company may terminate the Consulting Term and this Agreement immediately with written notice to Consultant if Consultant has engaged in any of the following conduct: (i) Consultant's breach of Consultant's obligations under the General Release, any confidentiality, non-solicitation, non-compete agreement executed by Consultant, or the Stock Agreements; (ii) willful inattention to or misconduct in the performance of consulting services; or (iii) conviction of or entering of a guilty plea or plea of no contest with respect to a felony, a crime of moral turpitude or any other crime with respect to which imprisonment is a possible punishment. Beginning September 30, 2025, the Company may terminate the Consulting Term and this Agreement immediately with written notice to Consultant for any reason or no reason. Consultant may terminate the Consulting Term and this Agreement at any time with written notice to the Company.

2. Consideration. Conditioned upon Consultant's fulfillment of Consultant's obligations under the Consulting Arrangement and continued compliance with all other terms of this Agreement, the Consultant shall qualify as a "Service Provider" as that term is defined in the Fortrea Holdings Inc. 2023 Omnibus Incentive Plan.

3. Notices. Any other notices required under this Agreement shall be served by certified mail, return receipt requested, or by expressed delivery by a nationally recognized delivery service company such as Federal Express as follows:

If to the Company:

Fortrea Holdings, Inc.
8 Moore Drive
Durham, NC 27709
Attention: Peter M. Neupert

With a copy to:

Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.
150 Fayetteville Street, Suite 2300
Raleigh, North Carolina 27601
Attention: Gerald F. Roach

If to Consultant:

Tom Pike

4. **Governing Law and Interpretation.** This Agreement shall be governed and conformed in accordance with the laws of the state of North Carolina.

5. **Amendment.** This Agreement may not be modified, altered, or changed except in writing and signed by both Parties wherein specific reference is made to this Agreement.

6. **Entire Agreement.** This Agreement, and any Stock Agreements entered into by Consultant and the Company represent the entire agreement and understanding between the Company and Consultant concerning the subject matter of this Agreement and Consultant's relationship with the Company and supersede and replace all prior agreements and understandings between the Parties concerning the subject matter of this Agreement and Consultant's relationship with the Company. For the avoidance of doubt, the Parties expressly agree that the General Release and any confidentiality, non-solicitation, non-compete agreements executed by Consultant remain in full force and effect and are not modified in any way by this Agreement.

7. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument. Any Party may execute this Agreement by signing any such counterpart.

8. **Waiver of Breach.** A waiver of any breach of this Agreement shall not constitute a waiver of any other provision of this Agreement or any subsequent breach of this Agreement.

[Signatures on the following page]

IN WITNESS WHEREOF, each of the Parties has executed this Agreement, in the case of the Company by a duly authorized officer, as of the date written below each Party's signature.

COMPANY:

FORTREA HOLDINGS, INC.

By: /s/ David Cooper
David Cooper
Chief Administrative Officer

Date: May 9, 2025

THOMAS H. PIKE

By: /s/ Thomas Pike

Date: May 9, 2025

FORTREA INC.**First Amendment to
Master Senior Executive Severance Plan**

THIS FIRST AMENDMENT to the Fortrea Inc. Master Senior Executive Severance Plan is dated as of June 10, 2025.

RECITALS

WHEREAS, Fortrea Inc. (the “Company”) has previously adopted the Fortrea Inc. Master Senior Executive Severance Plan, effective as of July 1, 2023 (the “Plan”);

WHEREAS, Section 7.1 of the Plan reserves to the Company the right to amend the Plan at any time, subject to certain limitations set forth in such section; and

WHEREAS, the Board of Directors of the Company has determined that, in conjunction with the hiring of a new Chief Executive Officer, it is in the best interests of the Company to amend the Plan to add the Chief Executive Officer to the Designated Group eligible to participate in the Plan as set out on Schedule I to the Plan.

NOW, THEREFORE, the Plan shall be amended as follows:

1. Schedule I to the Plan shall be deleted in its entirety and the attached Schedule I inserted in lieu thereof.
2. Except as herein amended by this Amendment, the terms and provisions of the Plan shall remain in full force and effect as originally executed without modification or revision.
3. This First Amendment and the original Plan, as amended and modified by this First Amendment, shall constitute and be construed as a single document.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned hereby certifies that this First Amendment was duly adopted by the Board of Directors of the Company effective as of the date first above written.

FORTREA INC.

By: /s/ Stillman Hanson
Stillman Hanson
General Counsel

**Schedule I to
Fortrea Inc. Master Senior Executive Severance Plan**

(As Amended June 10, 2025)

**Designated Groups
and Benefit Levels**

Designated Group	Severance Benefit as a Multiple of Base Salary Plus Target Bonus for a Qualifying Termination without a Change in Control	Severance Benefit as a Multiple of Base Salary Plus Target Bonus for a Termination Occurring within 24 months following a Change in Control
CEO and Executive Vice Presidents	1X	2X

**FORTREA HOLDINGS INC.
2023 OMNIBUS INCENTIVE PLAN
(as amended and restated)**

1. PURPOSE

The Plan is intended to provide a means of recruiting, rewarding, and retaining key personnel and to provide to such persons incentives and rewards for service, performance and/or contributions to the Company. In addition, this Plan permits the granting of awards in substitution for or adjustment of awards relating to the common stock of Labcorp immediately prior to the spin-off of the Company from Labcorp (the “**Spinoff**”), in accordance with the terms of the Employee Matters Agreement into which Labcorp and the Company intend to enter in connection with the Spinoff (the “**Employee Matters Agreement**”). To this end, the Plan permits the grant of Awards of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Unrestricted Stock, Dividend Equivalent Rights, Performance Shares and other Performance-Based Awards, Other Equity-Based Awards, and cash bonus awards. Any of these Awards may, but need not, be made as performance incentives to reward the holders of such Awards for the achievement of performance goals in accordance with the terms of the Plan. Options granted under the Plan may be Non-qualified Stock Options or Incentive Stock Options, as provided herein.

2. DEFINITIONS

For purposes of interpreting the Plan documents, including the Plan and Award Agreements, the following capitalized terms shall have the meanings specified below, unless the context clearly indicates otherwise:

2.1. “Adjusted Award” means an award that is granted under this Plan in accordance with the terms of the Employee Matters Agreement in substitution for or adjustment of an award that was granted under a Labcorp Plan. Notwithstanding anything in this Plan to the contrary, the Adjusted Awards will reflect substantially the original terms of the awards being so adjusted or substituted, and they need not comply with other specific terms of this Plan.

2.2. “Affiliate” shall mean any Person that controls, is controlled by, or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary. For purposes of grants of Options or Stock Appreciation Rights, an entity may not be considered an Affiliate unless the Company holds a Controlling Interest in such entity.

2.3. “Applicable Laws” shall mean the legal requirements relating to the Plan and the Awards under (a) applicable provisions of the Code, the Securities Act, the Exchange Act, any rules or regulations thereunder, and any other laws, rules, regulations, and government orders of any jurisdiction applicable to the Company or its Affiliates, (b) applicable provisions of the corporate, securities, tax, and other laws, rules, regulations, and government orders of any jurisdiction applicable to Awards granted to residents thereof, and (c) the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

2.4. “Award” shall mean a grant under the Plan of an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, a Performance Share or other Performance-Based Award, an Other Equity-Based Award, or cash.

2.5. “Award Agreement” shall mean the agreement, certificate, resolution or other type or form of writing or other evidence as determined by the Committee, that evidences and sets forth the terms and conditions of an Award. Solely as determined by the Committee in its discretion, an Award Agreement may be in electronic medium, may be limited to notation on the books and records of the Company, and/or need not be signed by a representative of the Company or the Grantee. In addition, in the sole discretion of the Committee, with respect to Adjusted Awards, the term also includes any memorandum or summary of terms that may be specified by the Committee, together with any evidence of an award under any Labcorp Plan that may be referred to therein.

2.6. “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

2.7. "Benefit Arrangement" shall mean any formal or informal plan or other arrangement for the direct or indirect provision of compensation to a Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee.

2.8. "Board" shall mean the Board of Directors of the Company.

2.9. "Cause" shall have the meaning set forth in an applicable agreement between a Grantee and the Company or an Affiliate, and in the absence of any such agreement, shall mean, with respect to any Grantee and as determined by the Committee, (a) gross negligence or willful misconduct in connection with the performance of duties; (b) conviction of, or pleading guilty or *nolo contendere* to, a criminal offense (other than minor traffic offenses); or (c) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property, or non-competition agreements, if any, between such Grantee and the Company or an Affiliate. Any determination by the Committee regarding whether an event constituting Cause shall have occurred shall be final, binding, and conclusive.

2.10. "Capital Stock" shall mean, with respect to any Person, any and all shares, interests, participations, or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Effective Date or issued thereafter, including, without limitation, all shares of Stock.

2.11. "Change in Control" shall mean, subject to **Section 18.11**, and unless otherwise set forth in an applicable Award Agreement, the occurrence of any of the following:

(a) Any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any Person (other than any employee benefit plan (or related trust) of the Company) owning thirty percent (30%) or more of the combined voting power of all classes of Voting Stock; excluding, however, the following: (i) any acquisition directly from the Company, other than as a result of the exercise of a conversion privilege, (ii) any repurchase by the Company, (iii) any acquisition by any employee benefit plan (or related trust) of the Company or any entity controlled by the Company, or (iv) any acquisition pursuant to a transaction described in **Section 2.11(c)(i), (ii) or (iii)**;

(b) Individuals who constitute the Board on the Effective Date (the "**Incumbent Board**") cease for any reason to constitute at least a majority thereof, provided that any Person becoming a director subsequent to the date hereof whose election was approved by a vote of at least three-quarters (3/4) of the directors comprising the Incumbent Board, or whose nomination for election by the Company's stockholders was approved by the Incumbent Board, shall be for purposes of this clause (b), considered as though he or she were a member of the Incumbent Board; and provided, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, including by reason of any agreement intended to avoid or settle any election or proxy contest;

(c) The Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company (regardless of whether the Company is the surviving Person), other than any such transaction in which (i) all or substantially all of the Prior Stockholders own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such reorganization, merger, or consolidation transaction immediately after such transaction, (ii) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such reorganization, merger or consolidation) will beneficially own, directly or indirectly, thirty percent (30%) or more of the combined voting power of the Voting Stock of the surviving Person in such reorganization, merger or consolidation, except to the extent such ownership derives from ownership that existed prior to such reorganization, merger or consolidation, and (iii) individuals who were members of the Board immediately prior to such reorganization, consolidation or merger will constitute at least a majority of the members of the board of directors of the surviving Person resulting from such reorganization, merger or consolidation;

(d) Stockholder approval of the dissolution or liquidation of the Company; or

(e) Sale of substantially all of the assets of the Company to another Person.

The Board shall have full and final authority, in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control, and any incidental matters relating thereto.

2.12. “**Code**” shall mean the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto. References in the Plan to any Code Section shall be deemed to include, as applicable, regulations and guidance promulgated under such Code section.

2.13. “**Committee**” shall mean a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in **Section 3.1.2** and **Section 3.1.3** (or, if no Committee has been so designated, the Board).

2.14. “**Company**” shall mean Fortrea Holdings Inc., a Delaware corporation, and any successor thereto.

2.15. “**Controlling Interest**” shall have the meaning set forth in Treasury Regulation Section 1.414(c)-2(b)(2)(i); provided that (a) except as specified in clause (b) below, an interest of “at least 50 percent” shall be used instead of an interest of “at least 80 percent” in each case where “at least 80 percent” appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i), and (b) where a grant of Options or Stock Appreciation Rights is based upon a legitimate business criterion, an interest of “at least 20 percent” shall be used instead of an interest of “at least 80 percent” in each case where “at least 80 percent” appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i).

2.16. “**Deferred Stock Unit**” shall mean a Restricted Stock Unit, the terms of which provide for delivery of the underlying shares of Stock, cash, or a combination thereof subsequent to the date of vesting, at a time or times consistent with the requirements of Code Section 409A.

2.17. “**Disability**” shall mean, except as otherwise provided in an applicable Award Agreement, the inability of a Grantee to perform each of the essential duties of such Grantee’s position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than twelve (12) months; provided that, with respect to rules regarding the expiration of an Incentive Stock Option following termination of a Grantee’s Service, Disability shall mean the inability of such Grantee to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

2.18. “**Disqualified Individual**” shall have the meaning set forth in Code Section 280G(c).

2.19. “**Distribution Date**” shall mean the effective date of the distribution, in connection with the Spinoff, of Stock to the holders of common stock of Labcorp.

2.20. “**Dividend Equivalent Right**” shall mean a right, granted to a Grantee pursuant to **Article 12**, entitling the Grantee thereof to receive, or to receive credits for the future payment of, cash, Stock, other Awards, or other property equal in value to dividend payments or distributions, or other periodic payments, declared or paid with respect to the number of shares of Stock specified in such Dividend Equivalent Right (or other Award to which such Dividend Equivalent Right relates) as if such shares of Stock had been issued to and held by the Grantee of such Dividend Equivalent Right as of the record date.

2.21. “**Effective Date**” shall mean the Distribution Date.

2.22. “**Employee**” shall mean, as of any date of determination, an employee (including an officer) of the Company or an Affiliate.

2.23. “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, as now in effect or as hereafter amended, and any successor thereto.

2.24. “**Fair Market Value**” shall mean the fair market value of a share of Stock for purposes of the Plan, which shall be, as of any date of determination:

(a) If on such date the shares of Stock are listed on a Stock Exchange, or are publicly traded on another Securities Market, the Fair Market Value of a share of Stock shall be the closing price of the Stock as reported on such Stock Exchange or such Securities Market (provided that, if there is more than one such Stock Exchange or Securities Market, the Committee shall designate the appropriate Stock Exchange or Securities Market for purposes of the Fair Market Value determination). If there is no such reported closing price on such date, the Fair Market Value of a share of Stock shall be the closing price of the Stock on the next preceding day on which any sale of Stock shall have been reported on such Stock Exchange or such Securities Market.

(b) If on such date the shares of Stock are not listed on a Stock Exchange or publicly traded on a Securities Market, the Fair Market Value of a share of Stock shall be the value of the Stock as determined by the Committee by the reasonable application of a reasonable valuation method, in a manner consistent with Code Section 409A.

Notwithstanding this **Section 2.24** or **Section 18.3**, for purposes of determining taxable income and the amount of the related tax withholding obligation pursuant to **Section 18.3**, the Fair Market Value shall be determined by the Committee in good faith using any reasonable method as it deems appropriate, to be applied consistently with respect to Grantees; provided, further, that the Committee shall determine the Fair Market Value of shares of Stock for tax withholding obligations due in connection with sales, by or on behalf of a Grantee, of such shares of Stock subject to an Award to pay the Option Price, SAR Price, and/or any tax withholding obligation on the same date on which such shares may first be sold pursuant to the terms of the applicable Award Agreement (including broker-assisted cashless exercises of Options and Stock Appreciation Rights, as described in **Section 14.3**, and sell-to-cover transactions) in any manner consistent with applicable provisions of the Code, including but not limited to using the sale price of such shares on such date (or if sales of such shares are effectuated at more than one sale price, the weighted average sale price of such shares on such date) as the Fair Market Value of such shares, so long as such Grantee has provided the Company, or its designee or agent, with advance written notice of such sale.

2.25. "Family Member" shall mean, with respect to any Grantee as of any date of determination, (a) a Person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of such Grantee, (b) any Person sharing such Grantee's household (other than a tenant or employee), (c) a trust in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the beneficial interest, (d) a foundation in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) control the management of assets, and (e) any other entity in which one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the voting interests.

2.26. "Grant Date" shall mean, as determined by the Committee, the latest to occur of (a) the date as of which the Committee approves the Award, (b) the date on which the recipient of an Award first becomes eligible to receive an Award under **Article 6** hereof (e.g., in the case of a new hire, the first date on which such new hire performs any Service), or (c) such subsequent date specified by the Committee in the corporate action approving the Award.

2.27. "Grantee" shall mean a Person who receives or holds an Award under the Plan.

2.28. "Incentive Stock Option" shall mean an "incentive stock option" within the meaning of Code Section 422.

2.29. "Labcorp" shall mean Laboratory Corporation of America Holdings, a Delaware corporation.

2.30. "Labcorp Plan" shall mean the Laboratory Corporation of America Holdings 2016 Omnibus Incentive Plan, the Laboratory Corporation of America Holdings 2012 Omnibus Incentive Plan, and the Laboratory Corporation of America Holdings 2008 Stock Incentive Plan, in each case as amended or amended and restated from time to time.

2.31. "Non-qualified Stock Option" shall mean an Option that is not an Incentive Stock Option.

2.32. "Non-Employee Director" shall have the meaning set forth in Rule 16b-3 under the Exchange Act.

2.33. "Officer" shall have the meaning set forth in Rule 16a-1(f) under the Exchange Act.

2.34. "Option" shall mean an option to purchase one or more shares of Stock at a specified Option Price awarded to a Grantee pursuant to **Article 8**.

2.35. "Option Price" shall mean the per share exercise price for shares of Stock subject to an Option.

2.36. "Other Agreement" shall mean any agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or an Affiliate, except an agreement, contract, or understanding that expressly addresses Code Section 280G and/or Code Section 4999.

2.37. "Other Equity-Based Award" shall mean an Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, other than an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, or a Performance Share.

2.38. "Parachute Payment" shall mean a "parachute payment" within the meaning of Code Section 280G(b)(2). **2.39**

2.39. "Performance-Based Award" shall mean an Award of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares, Other Equity-Based Awards, or cash made subject to the achievement of performance goals (as provided in **Article 13**) over a Performance Period specified by the Committee.

2.40. "Performance Measures" shall mean measures as specified in **Section 13.7** on which the performance goal or goals under Performance-Based Awards are based.

2.41. "Performance Period" shall mean the period of time, up to ten (10) years, during or over which the performance goals under Performance-Based Awards must be met in order to determine the degree of payout and/or vesting with respect to any such Performance-Based Awards.

2.42. "Performance Shares" shall mean a Performance-Based Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, made subject to the achievement of performance goals (as provided in **Article 13**) over a Performance Period.

2.43. "Person" shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof; provided that, for purposes of **Section 2.11(a)**, **Section 2.11(c)** and **Section 2.11(d)**, Person shall have the meaning set forth in Sections 13(d) and 14(d) (2) of the Exchange Act.

2.44. "Plan" shall mean this Fortrea Holdings Inc. 2023 Omnibus Incentive Plan, as amended from time to time.

2.45. "Prior Stockholders" shall mean the holders of equity securities that represented one hundred percent (100%) of the Voting Stock of the Company immediately prior to a reorganization, merger, or consolidation involving the Company.

2.46. "Restricted Period" shall mean a period of time established by the Committee during which an Award of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is subject to restrictions.

2.47. "Restricted Stock" shall mean shares of Stock awarded to a Grantee pursuant to **Article 10**.

2.48. "Restricted Stock Unit" shall mean a bookkeeping entry representing the equivalent of one (1) share of Stock awarded to a Grantee pursuant to **Article 10** that may be settled, subject to the terms and conditions of the applicable Award Agreement, in shares of Stock, cash, or a combination thereof.

2.49. "SAR Price" shall mean the per share exercise price of a SAR.

2.50. "Securities Act" shall mean the Securities Act of 1933, as amended, as now in effect or as hereafter amended, and any successor thereto.

2.51. "Securities Market" shall mean an established securities market.

2.52. "Separation from Service" shall have the meaning set forth in Code Section 409A.

2.53. "Service" shall mean service qualifying a Grantee as a Service Provider to the Company or an Affiliate. Unless otherwise provided in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, any determination by the Committee whether a termination of Service shall have occurred for purposes of the Plan shall be final, binding, and conclusive. If a Service Provider's employment or other Service relationship is with an Affiliate and the applicable entity ceases to be an Affiliate, a termination of Service shall be deemed to have occurred when such entity ceases to be an Affiliate unless the Service Provider transfers his or her employment or other Service relationship to the Company or any other Affiliate.

2.54. "Service Provider" shall mean (a) an Employee or director of the Company or an Affiliate, or (b) a consultant or adviser to the Company or an Affiliate (i) who is a natural person, (ii) who is currently providing bona fide services to the Company or an Affiliate, and (iii) whose services are not in connection with the Company's sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's Capital Stock.

2.55. "Service Recipient Stock" shall have the meaning set forth in Code Section 409A.

2.56. "Share Limit" shall have the meaning set forth in **Section 4.1**.

2.57. "Short-Term Deferral Period" shall have the meaning set forth in Code Section 409A.

2.58. "Stock" shall mean the common stock, par value \$0.001 per share, of the Company, or any security into which shares of Stock may be changed or for which shares of Stock may be exchanged as provided in **Section 16.1**.

2.59. "Stock Appreciation Right" or "SAR" shall mean a right granted to a Grantee pursuant to **Article 9**.

2.60. "Stock Exchange" shall mean the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market, or another established national or regional stock exchange.

2.61. "Subsidiary" shall mean any corporation (other than the Company) or non-corporate entity with respect to which the Company owns, directly or indirectly, fifty percent (50%) or more of the total combined voting power of all classes of Voting Stock. In addition, any other entity may be designated by the Committee as a Subsidiary, provided that (a) such entity could be considered as a subsidiary according to generally accepted accounting principles in the United States of America and (b) in the case of an Award of Options or Stock Appreciation Rights, such Award would be considered to be granted in respect of Service Recipient Stock under Code Section 409A.

2.62. "Substitute Award" shall mean an Award granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan of the Company, an Affiliate, or a business entity acquired or to be acquired by the Company or an Affiliate or with which the Company or an Affiliate has combined or will combine.

2.63. "Ten Percent Stockholder" shall mean a natural Person who owns more than ten percent (10%) of the total combined voting power of all classes of Voting Stock of the Company, the Company's parent (if any), or any of the Company's Subsidiaries. In determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

2.64. "Unrestricted Stock" shall mean Stock that is free of any restrictions.

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

3. ADMINISTRATION OF THE PLAN

3.1. Committee.

3.1.1. Powers and Authorities.

The Committee shall administer the Plan and shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and bylaws and Applicable Laws. Without limiting the generality of the foregoing, the Committee shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award, or any Award Agreement and shall have full power and authority to take all such other actions and to make all such other determinations not inconsistent with the specific terms and provisions of the Plan which the Committee deems to be necessary or appropriate to the administration of the Plan, any Award, or any Award Agreement. For the avoidance of doubt, the Committee reserves the right to accelerate the vesting of all Awards granted under the Plan. All such actions and determinations shall be made by (a) the affirmative vote of a majority of the members of the Committee present at a meeting at which a quorum is present, or (b) the unanimous consent of the members of the Committee executed in writing or evidenced by electronic transmission in accordance with the Company's certificate of incorporation, bylaws and Applicable Laws. Unless otherwise expressly determined by the Board, the Committee shall have the authority to interpret and construe all provisions of the Plan, any Award, and any Award Agreement, and any such interpretation or construction, and any other determination contemplated to be made under the Plan or any Award Agreement, by the Committee shall be final, binding, and conclusive on all Persons, whether or not expressly provided for in any provision of the Plan, such Award, or such Award Agreement.

Equity-based Awards granted under the Plan shall not provide for such Awards to vest, become exercisable, or settle, in whole or in part, prior to the one-year anniversary of the Grant Date, except that: (a) Awards that result in the issuance of an aggregate of up to 5% of the Shares reserved for issuance under the Plan may be granted without regard to such minimum vesting, exercisability and distribution restrictions; (b) similarly, Awards that are delivered in lieu of fully vested cash obligations may be granted without regard to such restrictions; (c) annual equity grants to non-employee directors that occur in connection with the Company's annual meeting of stockholders may vest on the earlier of the one-year anniversary of the grant date and the date of the Company's next annual meeting of stockholders; and (d) Awards may provide for accelerated vesting in the event of death or Disability at any time. The foregoing restrictions do not limit the Committee's discretion to provide for accelerated vesting, exercisability or settlement of any Award, including in cases of retirement or other termination of employment.

In the event that the Plan, any Award, or any Award Agreement provides for any action to be taken by the Board or any determination to be made by the Board, such action may be taken or such determination may be made by the Committee constituted in accordance with this **Section 3.1** if the Board has delegated the power and authority to do so to such Committee.

3.1.2. Composition of the Committee.

The Committee shall be composed of such members with such characteristics as are set forth in the Committee charter, as the same may be amended from time to time.

3.1.3. Other Committees.

The Board also may appoint one or more committees of the Board, each composed of one or more directors of the Company, which (a) may administer the Plan with respect to Grantees who are not Officers or directors of the Company, (b) may grant Awards under the Plan to such Grantees, and (c) may determine all terms of such Awards, subject, if applicable, to the requirements of Rule 16b-3 under the Exchange Act and the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

3.1.4. Delegation by the Committee.

To the extent permitted by Applicable Laws, the Committee may, by resolution, delegate some or all of its authority with respect to the Plan and Awards to the Chief Executive Officer of the Company and/or any other officer of the Company designated by the Committee, provided that the Committee may not delegate its authority hereunder (a) to make Awards to directors of the Company, (b) to make Awards to (i) Officers, or (ii) officers of the Company who are delegated authority by the Committee pursuant to this **Section 3.1.4**, or (c) to interpret the Plan, any Award, or any Award Agreement. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Committee to delegate authority to any officer of the Company, and the Committee may at any time rescind the authority delegated to an officer of the Company appointed hereunder and delegate authority to one or more other officers of the Company. At all times, an officer of the Company delegated authority pursuant to this **Section 3.1.4** shall serve in such capacity at the pleasure of the Committee. Any action undertaken by any such officer of the Company in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the "Committee" shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to each such officer.

3.2. Board.

The Board, from time to time, may exercise any or all of the powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** and other applicable provisions of the Plan, as the Board shall determine, consistent with the Company's certificate of incorporation, bylaws and Applicable Laws.

3.3. Terms of Awards.

3.3.1. Committee Authority.

Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority to:

- (a) designate Grantees;
- (b) determine the type or types of Awards to be made to a Grantee;
- (c) determine the number of shares of Stock to be subject to an Award or to which an Award relates;
- (d) subject to **Section 3.1.1**, establish the terms and conditions of each Award (including the Option Price, the SAR Price, and the purchase price for applicable Awards; the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto; the treatment of an Award in the event of a Change in Control (subject to applicable agreements); and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options);
- (e) prescribe the form of each Award Agreement evidencing an Award;

(f) subject to the limitation on repricing in **Section 3.4**, amend, modify, or supplement the terms of any outstanding Award, which authority shall include the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make Awards or to modify outstanding Awards made to eligible natural Persons who are foreign nationals or are natural Persons who are employed outside the United States to reflect differences in local law, tax policy, or custom; provided that, notwithstanding the foregoing, no amendment, modification, or supplement of the terms of any outstanding Award shall, without the consent of the Grantee thereof, materially impair such Grantee's rights under such Award; and

(g) make Substitute Awards and/or Adjusted Awards.

3.3.2. Forfeiture; Recoupment.

The Committee may reserve the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Grantee in violation or breach of, or in conflict with, any (a) employment agreement, (b) non-competition agreement, (c) agreement prohibiting solicitation of Employees or clients of the Company or an Affiliate, (d) confidentiality obligation with respect to the Company or an Affiliate, (e) Company or Affiliate policy or procedure, (f) other agreement, or (g) other obligation of such Grantee to the Company or an Affiliate, as and to the extent specified in such Award Agreement. If the Grantee of an outstanding Award is an Employee of the Company or an Affiliate and such Grantee's Service is terminated for Cause, the Committee may annul such Grantee's outstanding Award as of the date of the Grantee's termination of Service for Cause.

Any Award granted pursuant to the Plan shall be subject to mandatory forfeiture and/or repayment by the Grantee to the Company (i) to the extent set forth in this Plan or an Award Agreement, (ii) to the extent the Grantee is, or in the future becomes, subject to (1) any Company or Affiliate "clawback" or recoupment policy, including those that are adopted to comply with the requirements of any Applicable Laws, or (2) any Applicable Laws which impose mandatory recoupment, under circumstances set forth in such Applicable Laws, or (iii) upon such terms and conditions as may be required by the Board or the Committee or under Section 10D of the Exchange Act and/or any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of Stock may be traded.

3.4. No Repricing.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Stock, other securities, or other property), stock split, extraordinary dividend, recapitalization, Change in Control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Stock, or other securities or similar transaction), the Company may not: (a) amend the terms of outstanding Options or SARs to reduce the Option Price or SAR Price, as applicable, of such outstanding Options or SARs; (b) cancel outstanding Options or SARs in exchange for or substitution of Options or SARs with an Option Price or SAR Price, as applicable, that is less than the Option Price or SAR Price, as applicable, of the original Options or SARs; or (c) cancel outstanding Options or SARs with an Option Price or SAR Price, as applicable, above the current Fair Market Value in exchange for cash or other securities, in each case, unless such action is subject to and approved by the Company's stockholders. This **Section 3.4** is intended to prohibit the repricing of "underwater" Options and SARs and will not be construed to prohibit the adjustments provided for in **Section 4.2** and/or **Article 16** of this Plan.

3.5. Deferral Arrangement.

The Committee may permit or require the deferral of any payment pursuant to any Award into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or Dividend Equivalent Rights and, in connection therewith, provisions for converting such credits into Deferred Stock Units and for restricting deferrals to comply with hardship distribution rules affecting tax-qualified retirement plans subject to Code Section 401(k)(2)(B)(IV); provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. Any such deferrals shall be made in a manner that complies with Code Section 409A, including, if applicable, with respect to when a Separation from Service occurs.

3.6. Registration; Share Certificates.

Notwithstanding any provision of the Plan to the contrary, the ownership of the shares of Stock issued under the Plan may be evidenced in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates.

4. STOCK SUBJECT TO THE PLAN

4.1. Number of Shares of Stock Available for Awards.

Subject to adjustment pursuant to **Article 16**, the maximum number of shares of Stock reserved for issuance under the Plan shall be equal to seventeen million five hundred thousand (17,500,000) (the "**Share Limit**"). Such shares of Stock may be authorized and unissued shares of Stock, treasury shares of Stock, or any combination of the foregoing, as may be determined from time to time by the Board or by the Committee. Any of the shares of Stock reserved and available for issuance under the Plan may be used for any type of Award under the Plan. Notwithstanding anything to the contrary contained in this Plan, and subject to adjustment pursuant to **Article 16**, the aggregate number of shares of Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed seventeen million five hundred thousand (17,500,000).

4.2. Adjustments in Authorized Shares of Stock.

In connection with mergers, reorganizations, separations, or other transactions to which Code Section 424(a) applies, the Committee shall have the right to cause the Company to assume awards previously granted under a compensatory plan of another business entity that is a party to such transaction and to grant Substitute Awards under the Plan for such awards. The Share Limit shall neither be increased nor decreased by the number of shares of Stock subject to any such assumed awards and Substitute Awards. Shares available for issuance under a stockholders -approved plan of a business entity that is a party to such transaction (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Stock otherwise available for issuance under the Plan, subject to applicable rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded. Substitute Awards may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for shares of Stock substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

4.3. Share Usage.

(a) Shares of Stock subject to an Award shall be counted as used as of the Grant Date for purposes of calculating the number of shares of Stock available for issuance under **Section 4.1**.

(b) Any shares of Stock that are subject to Awards, including shares of Stock acquired through dividend reinvestment pursuant to **Article 10**, shall be counted against the Share Limit as: (i) one (1) share of Stock for every one (1) share of Stock subject to an Award other than Options or SARs and (ii) one (1) share of Stock for every one (1) share of Stock subject to an Award of Options or SARs. The number of shares of Stock subject to an Award of stock-settled SARs shall be counted against the Share Limit as one (1) share of Stock for every one (1) share of Stock subject to such Award regardless of the number of shares of Stock actually issued to settle such SARs upon the exercise of the SARs. A number of shares of Stock at least equal to the target number of shares issuable under Performance Shares shall be counted against the Share Limit as of the Grant Date, but such number shall be adjusted to equal the actual number of shares issued upon settlement of the Performance Shares to the extent different from such number of shares.

(c) If any shares of Stock subject to an Award are not purchased or are forfeited or expire or otherwise terminate without delivery of any Stock subject thereto or are settled in cash in lieu of shares, then the number of shares of Stock counted against the Share Limit with respect to such Award shall, to the extent of any such forfeiture, termination, expiration, or settlement, again be available for making Awards under the Plan.

(d) The number of shares of Stock available for issuance under the Plan shall not be increased by the number of shares of Stock (i) tendered, withheld, or, while subject to an Award granted under the Plan, surrendered in connection with the payment of the Option Price upon exercise of an Option or other purchase of shares of Stock; (ii) tendered or withheld in connection with the Company's tax withholding obligations, (iii) that were not issued upon the net settlement or net exercise of a Stock-settled SAR granted under the Plan, or (iv) purchased by the Company with proceeds from Option exercises.

5. TERM; AMENDMENT, SUSPENSION, AND TERMINATION

5.1. Term.

The Plan shall become effective as of the Effective Date. The Plan shall terminate on the first to occur of (a) the day before the tenth (10th) anniversary of the Effective Date, and (b) the date determined in accordance with **Section 5.2**; provided, however, that Incentive Stock Options may not be granted under the Plan on or after the tenth (10th) anniversary of the Effective Date. Upon such termination of the Plan, all outstanding Awards shall continue to have full force and effect in accordance with the provisions of the terminated Plan and the applicable Award Agreement (or other documents evidencing such Awards).

5.2. Amendment, Suspension, and Termination.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan; provided that, with respect to Awards theretofore granted under the Plan, no amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair the rights or obligations under any such Award. The effectiveness of any amendment to the Plan shall be contingent on approval of such amendment by the Company's stockholders to the extent provided by the Board or required by Applicable Laws; provided that no amendment shall be made to the no-repricing provisions of **Section 3.4**, the Option Pricing provisions of **Section 8.1**, or the SAR Pricing provisions of **Section 9.1** without the approval of the Company's stockholders. Notwithstanding the foregoing or any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Code Section 409A, the Board reserves the right to make amendments to this Plan and grants hereunder as the Board deems necessary or desirable to avoid the imposition of taxes or penalties under Code Section 409A.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Eligible Grantees.

Subject to this **Article 6**, Awards may be made under the Plan to (a) any Service Provider, as the Committee shall determine and designate from time to time, and (b) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Committee. Notwithstanding the foregoing, a Service Provider may not be granted an Award under this Plan if such Service Provider does not satisfy the Form S-8 definition of an "employee" on the Grant Date.

6.2. Limitation on Non-Employee Director Compensation.

During any time when the Company has any class of common equity securities registered under Section 12 of the Exchange Act, but subject to adjustment as provided in **Article 16**, the aggregate maximum value of compensation granted to any non-employee director for such service in any one (1) calendar year (including the value of Awards granted to such non-employee director, taken together with any cash fees paid to such non-employee director, in each case, granted during such year), shall not exceed \$600,000 in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes); provided, that the Board may make exceptions to this limit for individual non-employee directors in extraordinary circumstances as the Board may determine in its sole discretion, so long as (a) the aggregate limit does not exceed \$750,000 in total value during a fiscal year and (b) the non-employee director receiving such additional compensation does not participate in the decision to award such compensation.

6.3. Stand-Alone, Additional, Tandem, and Substitute Awards.

Subject to **Section 3.4**, Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, (a) any other Award, (b) any award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, or (c) any other right of a Grantee to receive payment from the Company or an Affiliate. Such additional, tandem, exchange, or Substitute Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, or for an award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, the Committee shall require the surrender of such other Award or award under such other plan in consideration for the grant of such exchange or Substitute Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash payments under other plans of the Company or an Affiliate. Notwithstanding **Section 8.1** and **Section 9.1**, but subject to **Section 3.4**, and except with respect to Adjusted Awards, the Option Price of an Option or the SAR Price of a SAR that is a Substitute Award may be less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the original Grant Date; provided that such Option Price or SAR Price is determined in accordance with the principles of Code Section 424 for any Incentive Stock Option and consistent with Code Section 409A for any other Option or SAR.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, which shall be in such form or forms as the Committee shall from time to time determine. Award Agreements utilized under the Plan from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and, in the absence of such specification, such Options shall be deemed to constitute Non-qualified Stock Options. In the event of any inconsistency between the Plan and an Award Agreement, the provisions of the Plan shall control.

8. TERMS AND CONDITIONS OF OPTIONS

8.1. Option Price.

The Option Price of each Option shall be fixed by the Committee and stated in the Award Agreement evidencing such Option. Except in the case of Substitute Awards or Adjusted Awards, the Option Price of each Option shall be at least the Fair Market Value of one (1) share of Stock on the Grant Date; provided that, in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of one (1) share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of one (1) share of Stock.

8.2. Vesting and Exercisability.

Subject to **Section 3.1.1** and **Section 8.3**, each Option granted under the Plan shall become vested and/or exercisable at such times and under such conditions as shall be determined by the Committee and stated in the Award Agreement, in another agreement with the Grantee, or otherwise in writing; provided that no Option shall be granted to Grantees who are entitled to overtime under Applicable Laws that will vest or be exercisable within a six (6)-month period starting on the Grant Date.

8.3. Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, on the day before the tenth (10th) anniversary of the Grant Date of such Option, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such Option; provided that, in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the day before the fifth (5th) anniversary of the Grant Date of such Option.

8.4. Termination of Service.

Each Award Agreement with respect to the grant of an Option shall set forth the extent to which the Grantee thereof, if at all, shall have the right to exercise such Option following termination of such Grantee's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

8.5. Limitations on Exercise of Option.

Notwithstanding any provision of the Plan to the contrary, in no event may any Option be exercised, in whole or in part, after the occurrence of an event referred to in **Article 16** which results in the termination of such Option.

8.6. Method of Exercise.

Subject to the terms of **Article 14** and **Section 18.3**, an Option that is exercisable may be exercised by the Grantee's delivery to the Company or its designee or agent of notice of exercise on any business day, at the Company's principal office or the office of such designee or agent, on the form specified by the Company and in accordance with any additional procedures specified by the Committee. Such notice shall specify the number of shares of Stock with respect to which such Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares of Stock for which such Option is being exercised, plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to the exercise of such Option.

8.7. Rights of Holders of Options.

A Grantee or other Person holding or exercising an Option shall have none of the rights of a stockholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Stock subject to such Option, to direct the voting of the shares of Stock subject to such Option, or to receive notice of any meeting of the Company's stockholders) until the shares of Stock subject thereto are fully paid and issued to such Grantee or other Person. Except as provided in **Article 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock subject to an Option for which the record date is prior to the date of issuance of such shares of Stock.

8.8. Delivery of Stock.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price with respect thereto, such Grantee shall be entitled to receive such evidence of such Grantee's ownership of the shares of Stock subject to such Option as shall be consistent with **Section 3.6**.

8.9. Transferability of Options.

Except as provided in **Section 8.10**, during the lifetime of a Grantee of an Option, only such Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such Option. Except as provided in **Section 8.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

8.10. Family Transfers.

If authorized in the applicable Award Agreement or by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 8.10**, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 8.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to such transfer. Subsequent transfers of transferred Options shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The provisions of **Section 8.4** relating to termination of Service shall continue to be applied with respect to the original Grantee of the Option, following which such Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

8.11. Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (a) if the Grantee of such Option is an Employee of the Company or any corporate Subsidiary (as defined in **Section 2.61(a)**), (b) to the extent specifically provided in the related Award Agreement, and (c) to the extent that the aggregate Fair Market Value (determined at the time such Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Company and its Affiliates) does not exceed one hundred thousand dollars (\$100,000). Except to the extent provided in the regulations under Code Section 422, this limitation shall be applied by taking Options into account in the order in which they were granted.

8.12. Notice of Disqualifying Disposition.

If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances provided in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition immediately but in no event later than ten (10) days thereafter.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1. Right to Payment and SAR Price.

A SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of one (1) share of Stock on the date of exercise, over (b) the SAR Price as determined by the Committee. The Award Agreement for a SAR shall specify the SAR Price, which, except in the case of a Substitute Award or an Adjusted Award, shall be no less than the Fair Market Value of one (1) share of Stock on the Grant Date of such SAR. SARs may be granted in tandem with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in combination with all or any part of any other Award, or without regard to any Option or other Award; provided that a SAR that is granted in tandem with all or part of an Option shall have the same term, and expire at the same time, as the related Option.

9.2. Other Terms.

Subject to **Section 3.1.1**, the Committee shall determine, on the Grant Date or thereafter, the time or times at which, and the circumstances under which, a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future Service requirements); the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions; the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which shares of Stock shall be delivered or deemed to be delivered to Grantees, whether or not a SAR shall be granted in tandem or in combination with any other Award; and any and all other terms and conditions of any SAR; provided that no SARs shall be granted to Grantees who are entitled to overtime under Applicable Laws that will vest or be exercisable within a six (6)-month period starting on the Grant Date.

9.3. Term.

Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, on the day before the tenth (10th) anniversary of the Grant Date of such SAR or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such SAR.

9.4. Rights of Holders of SARs.

A Grantee or other Person holding or exercising a SAR shall have none of the rights of a stockholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Stock underlying such SAR, to direct the voting of the shares of Stock underlying such SAR, or to receive notice of any meeting of the Company's stockholders) until the shares of Stock underlying such SAR, if any, are issued to such Grantee or other Person. Except as provided in **Article 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock underlying a SAR for which the record date is prior to the date of issuance of such shares of Stock, if any.

9.5. Transferability of SARs.

Except as provided in **Section 9.6**, during the lifetime of a Grantee of a SAR, only the Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such SAR. Except as provided in **Section 9.6**, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

9.6. Family Transfers.

If authorized in the applicable Award Agreement or by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this **Section 9.6**, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 9.6**, any such SAR shall continue to be subject to the same terms and conditions as were in effect immediately prior to such transfer. Subsequent transfers of transferred SARs shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 9.6** or by will or the laws of descent and distribution.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND DEFERRED STOCK UNITS

10.1. Grant of Restricted Stock, Restricted Stock Units, and Deferred Stock Units.

Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may be made for consideration or for no consideration, other than the par value of the shares of Stock, which shall be deemed paid by past Service or, if so provided in the related Award Agreement or a separate agreement, the promise by the Grantee to perform future Service to the Company or an Affiliate.

10.2. Restrictions.

At the time a grant of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is made, the Committee may, in its sole discretion, (a) establish a Restricted Period applicable to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units; and (b) prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the achievement of corporate or individual performance goals, which may be applicable to all or any portion of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units as provided in **Article 13**. Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may not be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Committee with respect to such Awards.

10.3. Registration; Restricted Stock Certificates.

Pursuant to **Section 3.6**, to the extent that ownership of Restricted Stock is evidenced by a book-entry registration or direct registration (including transaction advices), such registration shall be notated to evidence the restrictions imposed on such Award of Restricted Stock under the Plan and the applicable Award Agreement. Subject to **Section 3.6** and the immediately following sentence, the Company may issue, in the name of each Grantee to whom Restricted Stock has been granted, certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date of such Restricted Stock. The Committee may provide in an Award Agreement with respect to an Award of Restricted Stock that either (a) the Secretary of the Company shall hold such certificates for such Grantee's benefit until such time as such shares of Restricted Stock are forfeited to the Company or the restrictions applicable thereto lapse and such Grantee shall deliver a stock power to the Company with respect to each certificate, or (b) such certificates shall be delivered to such Grantee, provided that such certificates shall bear legends that comply with Applicable Laws and make appropriate reference to the restrictions imposed on such Award of Restricted Stock under the Plan and such Award Agreement.

10.4. Rights of Holders of Restricted Stock.

Unless the Committee provides otherwise in an Award Agreement and subject to the restrictions set forth in the Plan, any applicable Company program, and the applicable Award Agreement, holders of Restricted Stock shall have the right to vote such shares of Restricted Stock and the right to receive any dividend payments or distributions declared or paid with respect to such shares of Restricted Stock. The Committee shall provide in an Award Agreement evidencing a grant of Restricted Stock that (a) any cash dividend payments or distributions paid on Restricted Stock shall be reinvested in shares of Stock, subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock, or (b) any dividend payments or distributions declared or paid on shares of Restricted Stock shall only be made or paid upon satisfaction of the vesting conditions and restrictions applicable to such shares of Restricted Stock. Dividend payments or distributions declared or paid on shares of Restricted Stock which vest or are earned based upon the achievement of performance goals shall not vest unless such performance goals for such shares of Restricted Stock are achieved, and if such performance goals are not achieved, the Grantee of such shares of Restricted Stock shall promptly forfeit and, to the extent already paid or distributed, repay to the Company such dividend payments or distributions. All stock dividend payments or distributions, if any, received by a Grantee with respect to shares of Restricted Stock as a result of any stock split, stock dividend, combination of stock, or other similar transaction shall be subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock.

10.5. Rights of Holders of Restricted Stock Units and Deferred Stock Units.

10.5.1. Voting and Dividend Rights.

Holders of Restricted Stock Units and Deferred Stock Units shall have no rights as stockholders of the Company (for example, the right to receive dividend payments or distributions attributable to the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, to direct the voting of the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, or to receive notice of any meeting of the Company's stockholders). The Committee may provide in an Award Agreement evidencing an Award of Restricted Stock Units or Deferred Stock Units that the holder thereof shall be entitled to receive Dividend Equivalent Rights with respect to each Restricted Stock Unit or Deferred Stock Unit, provided that such Dividend Equivalent Rights are subject to the same restrictions and risk of forfeiture as the underlying Restricted Stock Units or Deferred Stock Units and are not paid or settled unless and until all the restrictions applicable to such Restricted Stock Units or Deferred Stock Units have lapsed.

10.5.2. Creditor's Rights.

A holder of Restricted Stock Units or Deferred Stock Units shall have no rights other than those of a general unsecured creditor of the Company. Restricted Stock Units and Deferred Stock Units represent unfunded and unsecured obligations of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.6. Termination of Service.

Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of Grantee's Service, upon the termination of such Grantee's Service, any Restricted Stock, Restricted Stock Units, or Deferred Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units, the Grantee thereof shall have no further rights with respect thereto, including any right to vote such Restricted Stock or any right to receive dividends or Dividend Equivalent Rights, as applicable, with respect to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units.

10.7. Purchase of Restricted Stock and Shares of Stock Subject to Restricted Stock Units and Deferred Stock Units.

The Grantee of an Award of Restricted Stock, vested Restricted Stock Units, or vested Deferred Stock Units shall be required, to the extent required by Applicable Laws, to purchase such Restricted Stock or the shares of Stock subject to such vested Restricted Stock Units or Deferred Stock Units from the Company at a purchase price equal to the greater of (a) the aggregate par value of the shares of Stock represented by such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units or (b) the purchase price, if any, specified in the Award Agreement relating to such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units. Such purchase price shall be payable in a form provided in **Article 14** or, in the sole discretion of the Committee, in consideration for Service rendered or to be rendered by the Grantee to the Company or an Affiliate.

10.8. Delivery of Shares of Stock.

Following the expiration or termination of any Restricted Period and the satisfaction of any other conditions prescribed by the Committee, including, without limitation, any performance goals or delayed delivery period, the restrictions applicable to Restricted Stock, Restricted Stock Units, or Deferred Stock Units settled in shares of Stock shall lapse, and, unless otherwise provided in the applicable Award Agreement, a book-entry or direct registration (including transaction advices) or a certificate evidencing ownership of such shares of Stock shall, consistent with **Section 3.6**, be issued, free of all such restrictions, to the Grantee thereof or such Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Restricted Stock Unit or Deferred Stock Unit once the shares of Stock represented by such Restricted Stock Unit or Deferred Stock Unit have been delivered in accordance with this **Section 10.8**.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS AND OTHER EQUITY-BASED AWARDS

11.1. Unrestricted Stock Awards.

The Committee may, in its sole discretion, grant (or sell at the par value of a share of Stock or at such other higher purchase price as shall be determined by the Committee) an Award to any Grantee pursuant to which such Grantee may receive shares of Unrestricted Stock under the Plan. Awards of Unrestricted Stock may be granted or sold to any Grantee as provided in the immediately preceding sentence in respect of Service rendered or, if so provided in the related Award Agreement or a separate agreement, to be rendered by the Grantee to the Company or an Affiliate or other valid consideration, in lieu of or in addition to any cash compensation due to such Grantee.

11.2. Other Equity-Based Awards.

The Committee may, in its sole discretion, grant Awards in the form of Other Equity-Based Awards, as deemed by the Committee to be consistent with the purposes of the Plan. Awards granted pursuant to this **Section 11.2** may be granted with vesting, value, and/or payment contingent upon the achievement of one or more performance goals. The Committee shall determine the terms and conditions of Other Equity-Based Awards on the Grant Date or thereafter. Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of Grantee's Service, upon the termination of a Grantee's Service, any Other Equity-Based Awards held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of any Other Equity-Based Award, the Grantee thereof shall have no further rights with respect to such Other Equity-Based Award.

12. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS

12.1. Dividend Equivalent Rights.

A Dividend Equivalent Right may be granted hereunder, provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Agreement therefor. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid when due (with or without being subject to forfeiture or a repayment obligation) or may be deemed to be reinvested in additional shares of Stock or Awards, which may thereafter accrue additional Dividend Equivalent Rights (with or without being subject to forfeiture or a repayment obligation). Dividend Equivalent Rights may be settled in cash, shares of Stock, or a combination thereof, in a single installment or in multiple installments, all as determined in the sole discretion of the Committee. A Dividend Equivalent Right granted as a component of another Award may contain terms and conditions which are different from the terms and conditions of such other Award, provided that such Dividend Equivalent Right is subject to the same vesting or other restrictions (including performance-based vesting or restrictions) and risk of forfeiture as the underlying Award and is not paid or settled unless and until the Award has vested and any other restrictions applicable to the underlying Awards have lapsed (or any performance goals have been achieved).

12.2. Termination of Service.

Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon such Grantee's termination of Service for any reason.

13. TERMS AND CONDITIONS OF PERFORMANCE-BASED AWARDS

13.1. Grant of Performance-Based Awards.

Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance-Based Awards in such amounts and upon such terms as the Committee shall determine.

13.2. Value of Performance-Based Awards.

Each grant of a Performance-Based Award shall have an initial cash value or an actual or target number of shares of Stock that is established by the Committee as of the Grant Date. The Committee shall set performance goals in its discretion which, depending on the extent to which they are achieved, shall determine the value and/or number of shares of Stock subject to a Performance-Based Award that shall be paid out to the Grantee thereof.

13.3. Earning of Performance-Based Awards.

Subject to the terms of the Plan, in particular **Section 13.7**, after the applicable Performance Period has ended, the Grantee of a Performance-Based Award shall be entitled to receive a payout of the value earned under such Performance-Based Award by such Grantee over such Performance Period.

13.4. Form and Timing of Payment of Performance-Based Awards.

Payment of the value earned under Performance-Based Awards shall be made, as determined by the Committee, in the form, at the time, and in the manner described in the applicable Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay the value earned under Performance-Based Awards in the form of cash, shares of Stock, other Awards, or a combination thereof, including shares of Stock and/or Awards that are subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Performance-Based Awards shall be set forth in the Award Agreement therefor.

13.5. Performance Goals Generally.

The right of a Grantee to exercise or to receive a grant or settlement of any Performance-Based Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. The performance goals for Performance-Based Awards may consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 13.5**. The Committee may determine that such Awards shall be granted, exercised, and/or settled upon achievement of any single performance goal or of two (2) or more performance goals. Performance goals may differ for Performance-Based Awards granted to any one Grantee or to different Grantees.

13.6. Payment of Awards; Other Terms.

Payment of Performance-Based Awards shall be in cash, shares of Stock, other Awards, or a combination thereof, including shares of Stock and/or Awards that are subject to any restrictions deemed appropriate by the Committee, in each case as determined in the sole discretion of the Committee. The Committee may, in its sole discretion, reduce the amount of a payment otherwise to be made in connection with such Performance-Based Awards. The Committee shall specify the circumstances in which such Performance-Based Awards shall be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a Performance Period or settlement of such Performance-Based Awards. In the event payment of the Performance-Based Award is made in the form of another Award subject to Service-based vesting, the Committee shall specify the circumstances in which the payment Award shall be paid or forfeited in the event of a termination of Service.

13.7. Performance Measures.

The performance goals upon which the vesting or payment of a Performance-Based Award may be conditioned may include one or more, or a combination, of metrics under the following non-exhaustive list of Performance Measures, or such other measures as may be determined by the Committee, with or without adjustment (including pro forma adjustments):

(a) earnings before interest, taxes, depreciation, and/or amortization;

(b) earnings before interest, taxes, depreciation, and/or amortization as adjusted to exclude any one or more of the following: (i) stock-based compensation expense, (ii) income from discontinued operations, (iii) gain on cancellation of debt, (iv) debt extinguishment and related costs, (v) restructuring, separation, and/or integration charges and costs, (vi) reorganization and/or recapitalization charges and costs, (vii) impairment charges, (viii) merger-related events, (ix) gain or loss related to investments, (x) sales and use tax settlements, and (xi) gain on non-monetary transactions;

- (c) operating income, earnings, or profits;
- (d) return measures, including return on equity, assets, revenue, capital, capital employed, or investment;
- (e) pre-tax or after-tax operating income, earnings, or profits;
- (f) net income;
- (g) earnings or book value per share;
- (h) cash flow(s), including (i) operating cash flow, (ii) free cash flow, (iii) levered cash flow, (iv) cash flow return on equity, and (v) cash flow return on investment;
- (i) total sales or revenues growth or targets or sales or revenues per employee, product, service, or customer;
- (j) Stock price, including growth measures and total stockholder return;
- (k) dividends;
- (l) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures or any combination thereof. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, stockholders' equity and/or shares outstanding, or to assets or net assets;
- (m) gross or operating margins;
- (n) productivity ratios;
- (o) costs, reductions in cost, and cost control measures;
- (p) expense targets;
- (q) market or market segment share or penetration;
- (r) financial ratios as provided in credit agreements of the Company and its subsidiaries;
- (s) working capital targets;
- (t) regulatory achievements or compliance;
- (u) customer satisfaction measurements;

- (v) execution of contractual arrangements or satisfaction of contractual requirements or milestones;
- (w) product development achievements; and
- (x) any combination of the foregoing business criteria.

Performance under any of the foregoing Performance Measures (i) may be used to measure the performance of (1) the Company, its Subsidiaries, and other Affiliates as a whole, (2) the Company, any Subsidiary, any other Affiliate, or any combination thereof, or (3) any one or more business units or operating segments of the Company, any Subsidiary, and/or any other Affiliate, in each case as the Committee, in its sole discretion, deems appropriate and (ii) may be compared to the performance of one or more other companies or one or more published or special indices designated or approved by the Committee for such comparison, as the Committee, in its sole discretion, deems appropriate. In addition, the Committee, in its sole discretion, may select performance under the Performance Measure specified in clause (j) above for comparison to performance under one or more stock market indices designated or approved by the Committee. The Committee shall also have the authority to provide for accelerated vesting of any Performance-Based Award based on the achievement of performance goals pursuant to the Performance Measures specified in this **Article 13**.

13.8. Evaluation of Performance.

The Committee may provide in any Performance-Based Award that an evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (a) asset write-downs; (b) litigation or claims, judgments, or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (d) any reorganization or restructuring events or programs; (e) extraordinary, non-core, non-operating, or non-recurring items and items that are either of an unusual nature or of a type that indicates infrequency of occurrence as a separate component of income from continuing operations; (f) acquisitions or divestitures; (g) foreign exchange gains and losses; (h) impact of shares of Stock purchased through share repurchase programs; (i) tax valuation allowance reversals; (j) impairment expense; (k) environmental expense; and (l) such other events or conditions as may be determined by the Committee. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Measures unsuitable, the Committee may in its discretion modify such Performance Measures or the goals or actual levels of achievement regarding the Performance Measures, in whole or in part, as the Committee deems appropriate and equitable.

14. FORMS OF PAYMENT

14.1. General Rule.

Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of an Option or the purchase price (if any), for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units shall be made in cash or in cash equivalents acceptable to the Company.

14.2. Surrender of Shares of Stock.

To the extent that the applicable Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option or the purchase price (if any), for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units may be made all or in part through the tender or attestation to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which such Option Price or purchase price has been paid thereby, at their fair market value on the date of such tender or attestation.

14.3. Cashless Exercise.

To the extent permitted by Applicable Laws and to the extent the Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the proceeds of such sale to the Company in payment of such Option Price and/or any withholding taxes described in **Section 18.3**.

14.4. Other Forms of Payment.

To the extent that the applicable Award Agreement so provides and/or unless otherwise specified in an Award Agreement, payment of the Option Price for shares of Stock purchased pursuant to exercise of an Option or the purchase price (if any, for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units) may be made in any other form that is consistent with Applicable Laws, including (a) with respect to Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units only, Service rendered or to be rendered by the Grantee thereof to the Company or an Affiliate, (b) with the consent of (and subject to any conditions or limitations established by) the Committee, by the Company withholding the number of shares of Stock that would otherwise vest or be issuable in an amount equal in value to the Option Price or purchase price and/or the required tax withholding amount, or (c) by such other methods as may be approved by the Committee.

15. REQUIREMENTS OF LAW

15.1. General.

The Company shall not be required to offer, sell, or issue any shares of Stock under any Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, if the offer, sale, or issuance of such shares of Stock would constitute a violation by the Grantee, the Company, an Affiliate, or any other Person of any provision of the Company's certificate of incorporation, bylaws or of Applicable Laws, including any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration, or qualification of any shares of Stock subject to an Award upon any Stock Exchange or Securities Market or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the offering, sale, issuance, or purchase of shares of Stock in connection with any Award, no shares of Stock may be offered, sold, or issued to the Grantee or any other Person under such Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, unless such listing, registration, or qualification shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of such Award. Without limiting the generality of the foregoing, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock subject to such Award, the Company shall not be required to offer, sell, or issue such shares of Stock unless the Committee shall have received evidence satisfactory to it that the Grantee or any other Person exercising such Option or SAR or accepting delivery of such shares may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any determination by the Committee in connection with the foregoing shall be final, binding, and conclusive. The Company may register, but shall in no event be obligated to register, any shares of Stock or other securities issuable pursuant to the Plan pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock or other securities issuable pursuant to the Plan or any Award to comply with any Applicable Laws. As to any jurisdiction that expressly imposes the requirement that an Option or SAR that may be settled in shares of Stock shall not be exercisable until the shares of Stock subject to such Option or SAR are registered under the securities laws thereof or are exempt from such registration, the exercise of such Option or SAR under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

15.2. Rule 16b-3.

During any time when the Company has any class of common equity securities registered under Section 12 of the Exchange Act, it is the intention of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder, that would otherwise be subject to Section 16(b) of the Exchange Act, shall qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of such Rule 16b-3, such provision or action shall be deemed inoperative with respect to such Awards to the extent permitted by Applicable Laws and deemed advisable by the Committee and shall not affect the validity of the Plan. In the event that such Rule 16b-3 is revised or replaced, the Committee may exercise its discretion to modify the Plan in any respect necessary or advisable in its judgment to satisfy the requirements of, or to permit the Company to avail itself of the benefits of, the revised exemption or its replacement.

16. EFFECT OF CHANGES IN CAPITALIZATION

16.1. Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number of shares or kind of Capital Stock or other securities of the Company on account of any merger, reorganization, recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of stock, exchange of stock, stock dividend or other distribution payable in capital stock, or other increase or decrease in shares of Stock effected without receipt of consideration by the Company occurring after the Effective Date, or, in each case, any other transaction or event having an effect similar to the foregoing, the number and kinds of shares of Capital Stock for which grants of Options and other Awards may be made under the Plan, including the Share Limit set forth in **Section 4.1**, and the individual share limitations set forth in **Section 6.2** shall be adjusted equitably and accordingly by the Committee; provided, however, that any such adjustment to the number specified in the last sentence of **Section 4.1** of this Plan will be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail to so qualify. In addition, the number and kind of shares of Capital Stock covered by outstanding Awards, the Option Price and SAR Price provided in outstanding Options and SARs, respectively, and any other terms applicable to such Awards (including cash awards), shall be adjusted equitably and accordingly by the Committee in its sole discretion, exercised in good faith, as it determines is equitably required so that the interest of the Grantee therein immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Price payable with respect to shares that are subject to the unexercised portion of such outstanding Options or SARs, as applicable, but shall include a corresponding proportionate adjustment in the per share Option Price or SAR Price, as the case may be in a manner that complies with Code Section 409A. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary dividend, but excluding a non-extraordinary dividend, declared and paid by the Company) without receipt of consideration by the Company, the Board or the Committee constituted pursuant to **Section 3.1.2** shall, in such manner as the Board or the Committee deems appropriate, adjust (a) the Share limit set forth in **Section 4.1**, the individual share limitations set forth in **Section 6.2**, (b) the number and kind of shares of Capital Stock subject to outstanding Awards, (c) the aggregate and per share Option Price of outstanding Options and the aggregate and per share SAR Price of outstanding SARs, and/or (d) other Award terms, as required to reflect such distribution; provided, however, that any such adjustment to the number specified in the last sentence of **Section 4.1** of this Plan will be made only if and to the extent that such adjustment would not cause any Option intended to qualify as an Incentive Stock Option to fail to so qualify. Moreover, in the event of any such transaction or event or in the event of a Change in Control (as described in **Section 16.3** below), the Committee may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the surrender of all awards so replaced in a manner that complies with Code Section 409A. In addition, for each Option or SAR with an Option Price or SAR Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option or SAR without any payment to the holder of such Option or SAR.

16.2. Reorganization in Which the Company Is the Surviving Entity Which Does Not Constitute a Change in Control.

Subject to **Section 16.3**, if the Company shall undergo any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Change in Control, unless otherwise determined by the Committee pursuant to **Section 16.1**, any Award theretofore granted pursuant to the Plan shall pertain to and apply to the Capital Stock to which a holder of the number of shares of Stock subject to such Award would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the per share Option Price or SAR Price of any outstanding Option or SAR so that the aggregate Option Price or SAR Price thereafter shall be the same as the aggregate Option Price or SAR Price of the shares of Stock remaining subject to the Option or SAR as in effect immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee, any restrictions applicable to such Award shall apply as well to any replacement shares of Capital Stock subject to such Award, or received by the Grantee, as a result of such reorganization, merger, or consolidation. In the event of any reorganization, merger, or consolidation of the Company referred to in this **Section 16.2**, unless otherwise determined by the Committee pursuant to **Section 16.1**, Performance-Based Awards shall be adjusted (including any adjustment to the Performance Measures applicable to such Awards deemed appropriate by the Committee) so as to apply to the Capital Stock that a holder of the number of shares of Stock subject to the Performance-Based Awards would have been entitled to receive immediately following such reorganization, merger, or consolidation.

16.3. Change in Control in Which Awards Are Not Assumed.

Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee (including in the agreement governing such Change in Control), upon the occurrence of a Change in Control in which outstanding Awards are not being assumed or continued, the following provisions shall apply to such Award, to the extent not assumed or continued:

(a) Immediately prior to the occurrence of such Change in Control, in each case with the exception of Performance-Based Awards, all outstanding shares of Restricted Stock, and all Restricted Stock Units, Deferred Stock Units, and Dividend Equivalent Rights shall be deemed to have vested, and all shares of Stock and/or cash subject to such Awards shall be delivered; and either or both of the following two (2) actions shall be taken:

(i) At least fifteen (15) days prior to the scheduled consummation of such Change in Control, all Options and SARs outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen (15) days. Any exercise of an Option or SAR during this fifteen (15)-day period shall be conditioned upon the consummation of the applicable Change in Control and shall be effective only immediately before the consummation thereof, and upon consummation of such Change in Control, the Plan and all outstanding but unexercised Options and SARs shall terminate, with or without consideration (including, without limitation, consideration in accordance with clause (ii) below) as determined by the Committee in its sole discretion. The Committee shall send notice of an event that shall result in such a termination to all Persons who hold Options and SARs not later than the time at which the Company gives notice thereof to its stockholders;

and/or

(ii) The Committee may elect, in its sole discretion, to cancel any outstanding Awards of Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, and/or Dividend Equivalent Rights and pay or deliver, or cause to be paid or delivered (in a manner that complies with Code Section 409A), to the holder thereof an amount in cash or Capital Stock having a value (as determined by the Committee acting in good faith), in the case of Restricted Stock, Restricted Stock Units, Deferred Stock Units, and Dividend Equivalent Rights (for shares of Stock subject thereto), equal to the formula or fixed price per share paid to holders of shares of Stock pursuant to such Change in Control and, in the case of Options or SARs, equal to the product of the number of shares of Stock subject to such Options or SARs multiplied by the amount, if any, by which (1) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (2) the Option Price or SAR Price applicable to such Options or SARs.

(b) For Performance-Based Awards, if less than half of the Performance Period has lapsed, such Performance-Based Awards shall be treated as though target performance has been achieved. If at least half of the Performance Period has lapsed, actual performance to date shall be determined as of a date reasonably proximal to the date of consummation of the Change in Control as determined by the Committee, in its sole discretion, and that level of performance thus determined shall be treated as achieved immediately prior to occurrence of the Change in Control. For purposes of the preceding sentence, if, based on the discretion of the Committee, actual performance is not determinable, the Performance-Based Awards shall be treated as though target performance has been achieved. After application of this **Section 16.3(b)**, if any Awards arise from application of this **Article 16**, such Awards shall be settled under the applicable provision of **Section 16.3(a)**.

(c) Other Equity-Based Awards shall be governed by the terms of the applicable Award Agreement.

16.4. Change in Control in Which Awards Are Assumed.

Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee (including in the agreement governing such Change in Control), upon the occurrence of a Change in Control in which outstanding Awards are being assumed or continued, the following provisions shall apply to such Award, to the extent assumed or continued:

The Plan and the Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards granted under the Plan shall continue in the manner and under the terms so provided in the event of any Change in Control to the extent that provision is made in writing in connection with such Change in Control for the assumption or continuation of such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards, or for the substitution for such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards of new stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, dividend equivalent rights, and other equity-based awards relating to the Capital Stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and exercise prices of options and stock appreciation rights.

Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee (including in the agreement governing such Change in Control), in the event an Award is assumed, continued, or substituted upon the consummation of any Change in Control and the Service of such Grantee with the Company or an Affiliate is terminated without Cause within one (1) year (or such longer or shorter period as may be determined by the Committee) following the consummation of such Change in Control, such Award shall be fully vested and may be exercised in full, to the extent applicable, beginning on the date of such termination and for the one (1)-year period (or such longer or shorter period as may be determined by the Committee) immediately following such termination or for such longer period as the Committee shall determine.

16.5. Adjustments.

Adjustments under this **Article 16** related to shares of Stock or other Capital Stock of the Company shall be made by the Committee, whose determination in that respect shall be final, binding, and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Committee may provide in the applicable Award Agreement as of the Grant Date, in another agreement with the Grantee, or otherwise in writing at any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those provided in **Sections 16.1, 16.2, 16.3, and 16.4**. This **Article 16** shall not limit the Committee's ability to provide for alternative treatment of Awards outstanding under the Plan in the event of an internal reorganization change in control event involving the Company that is not a Change in Control.

16.6. No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets (including all or any part of the business or assets of any Subsidiary or other Affiliate) or to engage in any other transaction or activity.

17. PARACHUTE LIMITATIONS

If any Grantee is a Disqualified Individual, then, notwithstanding any other provision of the Plan or of any Other Agreement to the contrary and notwithstanding any Benefit Arrangement, any right of the Grantee to any exercise, vesting, payment, or benefit under the Plan shall be reduced or eliminated:

(a) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under the Plan, all Other Agreements, and all Benefit Arrangements, would cause any exercise, vesting, payment, or benefit to the Grantee under the Plan to be considered a Parachute Payment; and

(b) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under the Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment.

Except as required by Code Section 409A or to the extent that Code Section 409A permits discretion, the Committee shall have the right, in the Committee's sole discretion, to designate those rights, payments, or benefits under the Plan, all Other Agreements, and all Benefit Arrangements that should be reduced or eliminated so as to avoid having such rights, payments, or benefits be considered a Parachute Payment; provided, however, to the extent any payment or benefit constitutes deferred compensation under Code Section 409A, in order to comply with Code Section 409A, the Company shall instead accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of Performance-Based Awards, then by reducing or eliminating any accelerated vesting of Options or SARs, then by reducing or eliminating any accelerated vesting of Restricted Stock, Restricted Stock Units, or Deferred Stock Units, then by reducing or eliminating any other remaining Parachute Payments.

18. GENERAL PROVISIONS

18.1. Disclaimer of Rights.

No provision in the Plan, any Award, or any Award Agreement shall be construed (a) to confer upon any individual the right to remain in the Service of the Company or an Affiliate, (b) to interfere in any way with any contractual or other right or authority of the Company or an Affiliate either to increase or decrease the compensation or other payments to any Person at any time, or (c) to terminate any Service or other relationship between any Person and the Company or an Affiliate. In addition, notwithstanding any provision of the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, in another agreement with the Grantee, or otherwise in writing, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee thereof, so long as such Grantee continues to provide Service. The obligation of the Company to pay any benefits pursuant to the Plan shall be interpreted as a contractual obligation to pay only those amounts provided herein, in the manner and under the conditions prescribed herein. The Plan and Awards shall in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

18.2. Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board or the Committee to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board or the Committee in their discretion determine desirable.

18.3. Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by Applicable Laws to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or the exercise of an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to any other Award. At the time of such vesting, lapse, exercise, or settlement, the Grantee shall pay in cash to the Company or an Affiliate, as the case may be, any amount that the Company or such Affiliate may reasonably determine to be necessary to satisfy such withholding obligation; provided that if there is a same-day sale of shares of Stock subject to an Award, the Grantee shall pay such withholding obligation on the day on which such same-day sale is completed. Unless otherwise determined by the Committee, the Grantee may elect to satisfy such withholding obligation, in whole or in part, (a) by causing the Company or such Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (b) by delivering to the Company or such Affiliate shares of Stock already owned by the Grantee. The shares of Stock so withheld or delivered shall have an aggregate fair market value equal to such withholding obligation. The fair market value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or such Affiliate as of the date on which the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 18.3** may satisfy such Grantee's withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. The maximum number of shares of Stock that may be withheld from any Award to satisfy any federal, state, or local tax withholding requirements upon the exercise, vesting, or lapse of restrictions applicable to any Award or payment of shares of Stock pursuant to such Award, as applicable, may not exceed such number of shares of Stock having a fair market value equal to the minimum statutory amount required by the Company or the applicable Affiliate to be withheld and paid to any such federal, state, or local taxing authority with respect to such exercise, vesting, lapse of restrictions, or payment of shares of Stock unless (i) an additional amount can be withheld and not result in adverse accounting consequences, and (ii) such additional withholding amount is authorized by the Company.

18.4. Captions.

The use of captions in the Plan or any Award Agreement is for convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

18.5. Construction.

Unless the context otherwise requires, all references in the Plan to “including” shall mean “including without limitation.”

18.6. Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

18.7. Number and Gender.

With respect to words used in the Plan, the singular form shall include the plural form, and the masculine gender shall include the feminine gender, as the context requires.

18.8. Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

18.9. Governing Law.

The validity and construction of the Plan and the instruments evidencing the Awards hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

18.10. Foreign Jurisdictions.

To the extent the Committee determines that the material terms set by the Committee imposed by the Plan preclude the achievement of the material purposes of the Plan in jurisdictions outside the United States, the Committee shall have the authority and discretion to modify those terms and provide for such additional terms and conditions as the Committee determines to be necessary, appropriate, or desirable to accommodate differences in local law, policy, or custom or to facilitate administration of the Plan. The Committee may adopt or approve sub-plans, appendices, or supplements to, or amendments, restatements, or alternative versions of the Plan as in effect for any other purposes (which, in each case, will be considered part of this Plan). The special terms and any appendices, supplements, amendments, restatements, or alternative versions, however, shall not include any provisions that are inconsistent with the terms of the Plan as in effect, unless the Plan could have been amended to eliminate such inconsistency without further approval by the Company's stockholders.

18.11. Section 409A of the Code.

The Plan is intended to comply with Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance with Code Section 409A. Any payments described in the Plan that are due within the Short-Term Deferral Period shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding any provision of the Plan to the contrary, to the extent required to avoid accelerated taxation and tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6)-month period immediately following the Grantee's Separation from Service shall instead be paid on the first payroll date after the six (6)-month anniversary of the Grantee's Separation from Service (or the Grantee's death, if earlier).

Furthermore, notwithstanding anything in the Plan to the contrary, in the case of an Award that is characterized as deferred compensation under Code Section 409A, and pursuant to which settlement and delivery of the cash or shares of Stock subject to the Award is triggered based on a Change in Control, in no event shall a Change in Control be deemed to have occurred for purposes of such settlement and delivery of cash or shares of Stock if the transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). If an Award characterized as deferred compensation under Code Section 409A is not settled and delivered on account of the provision of the preceding sentence, the settlement and delivery shall occur on the next succeeding settlement and delivery triggering event that is a permissible triggering event under Code Section 409A. No provision of this paragraph shall in any way affect the determination of a Change in Control for purposes of vesting in an Award that is characterized as deferred compensation under Code Section 409A.

Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Code Section 409A, and neither the Company or an Affiliate nor the Board or the Committee shall have any liability to any Grantee for such tax or penalty.

18.12. Limitation on Liability.

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award, or any Award Agreement. Notwithstanding any provision of the Plan to the contrary, neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee shall be liable to any Grantee or to the estate or beneficiary of any Grantee or to any other holder of an Award under the Plan by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Code Section 422 or Code Section 409A or by reason of Code Section 4999, or otherwise asserted with respect to the Award; provided, that this **Section 18.12** shall not affect any of the rights or obligations set forth in an applicable agreement between the Grantee and the Company or an Affiliate.

18.13. Miscellaneous.

Notwithstanding anything in this Plan or an Award Agreement to the contrary, nothing in this Plan or in an Award Agreement prevents a Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

FORTREA HOLDINGS INC.
2025 INDUCEMENT AWARD PLAN

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FORTREA HOLDINGS INC.

2025 INDUCEMENT AWARD PLAN

1. PURPOSE

The Plan is intended to provide a means of recruiting, rewarding, and retaining key personnel by allowing the Company to grant equity interests in the Company as an inducement material to such persons entering into employment with the Company. To this end, the Plan permits the grant of Awards of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Unrestricted Stock, Dividend Equivalent Rights, Performance Shares and other Performance-Based Awards, Other Equity-Based Awards, and cash bonus awards. Any of these Awards may, but need not, be made as performance incentives to reward the holders of such Awards for the achievement of performance goals in accordance with the terms of the Plan. Each Award under the Plan is intended to qualify under NASDAQ Listing Rule 5635(c)(4) (the “**Inducement Listing Rule**”) as an employment inducement grant or under an exemption applicable to Awards relating to an acquisition or merger as permitted under NASDAQ Listing Rule IM-5635-1.

2. DEFINITIONS

For purposes of interpreting the Plan documents, including the Plan and Award Agreements, the following capitalized terms shall have the meanings specified below, unless the context clearly indicates otherwise:

2.1. “Affiliate” shall mean any Person that controls, is controlled by, or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary. For purposes of grants of Options or Stock Appreciation Rights, an entity may not be considered an Affiliate unless the Company holds a Controlling Interest in such entity.

2.2. “Applicable Laws” shall mean the legal requirements relating to the Plan and the Awards under (a) applicable provisions of the Code, the Securities Act, the Exchange Act, any rules or regulations thereunder, and any other laws, rules, regulations, and government orders of any jurisdiction applicable to the Company or its Affiliates, (b) applicable provisions of the corporate, securities, tax, and other laws, rules, regulations, and government orders of any jurisdiction applicable to Awards granted to residents thereof, and (c) the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

2.3. “Award” shall mean a grant under the Plan of an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, a Performance Share or other Performance-Based Award, an Other Equity-Based Award, or cash.

2.4. “Award Agreement” shall mean the agreement, certificate, resolution or other type or form of writing or other evidence as determined by the Committee, that evidences and sets forth the terms and conditions of an Award. Solely as determined by the Committee in its discretion, an Award Agreement may be in electronic medium, may be limited to notation on the books and records of the Company, and/or need not be signed by a representative of the Company or the Grantee.

2.5. “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

2.6. “Benefit Arrangement” shall mean any formal or informal plan or other arrangement for the direct or indirect provision of compensation to a Grantee (including groups or classes of Grantees or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee.

2.7. “Board” shall mean the Board of Directors of the Company.

2.8. “Cause” shall have the meaning set forth in an applicable agreement between a Grantee and the Company or an Affiliate, and in the absence of any such agreement, shall mean, with respect to any Grantee and as determined by the Committee, (a) gross negligence or willful misconduct in connection with the performance of duties; (b) conviction of, or pleading guilty or *nolo contendere* to, a criminal offense (other than minor traffic offenses); or (c) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property, or non-competition agreements, if any, between such Grantee and the Company or an Affiliate. Any determination by the Committee regarding whether an event constituting Cause shall have occurred shall be final, binding, and conclusive.

2.9. “Capital Stock” shall mean, with respect to any Person, any and all shares, interests, participations, or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Effective Date or issued thereafter, including, without limitation, all shares of Stock.

2.10. “Change in Control” shall mean, subject to **Section 18.11**, and unless otherwise set forth in an applicable Award Agreement, the occurrence of any of the following:

(a) Any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any Person (other than any employee benefit plan (or related trust) of the Company) owning thirty percent (30%) or more of the combined voting power of all classes of Voting Stock; excluding, however, the following: (i) any acquisition directly from the Company, other than as a result of the exercise of a conversion privilege, (ii) any repurchase by the Company, (iii) any acquisition by any employee benefit plan (or related trust) of the Company or any entity controlled by the Company, or (iv) any acquisition pursuant to a transaction described in **Section 2.10(c)(i), (ii) or (iii)**;

(b) Individuals who constitute the Board on the Effective Date (the “**Incumbent Board**”) cease for any reason to constitute at least a majority thereof, provided that any Person becoming a director subsequent to the date hereof whose election was approved by a vote of at least three-quarters (3/4) of the directors comprising the Incumbent Board, or whose nomination for election by the Company’s shareholders was approved by the Incumbent Board, shall be for purposes of this clause (b), considered as though he or she were a member of the Incumbent Board; and provided, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, including by reason of any agreement intended to avoid or settle any election or proxy contest;

(c) The Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company (regardless of whether the Company is the surviving Person), other than any such transaction in which (i) all or substantially all of the Prior Shareholders own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such reorganization, merger, or consolidation transaction immediately after such transaction, (ii) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such reorganization, merger or consolidation) will beneficially own, directly or indirectly, thirty percent (30%) or more of the combined voting power of the Voting Stock of the surviving Person in such reorganization, merger or consolidation, except to the extent such ownership derives from ownership that existed prior to such reorganization, merger or consolidation, and (iii) individuals who were members of the Board immediately prior to such reorganization, consolidation or merger will constitute at least a majority of the members of the board of directors of the surviving Person resulting from such reorganization, merger or consolidation;

(d) Shareholder approval of the dissolution or liquidation of the Company; or

(e) Sale of substantially all of the assets of the Company to another Person.

The Board shall have full and final authority, in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control, and any incidental matters relating thereto.

2.11. “**Code**” shall mean the Internal Revenue Code of 1986, as amended, as now in effect or as hereafter amended, and any successor thereto. References in the Plan to any Code Section shall be deemed to include, as applicable, regulations and guidance promulgated under such Code Section.

2.12. “**Committee**” shall mean a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in **Section 3.1.2** and **Section 3.1.3** (or, if no Committee has been so designated, the Board).

2.13. “Company” shall mean Fortrea Holdings Inc., a Delaware corporation, and any successor thereto; provided that, for purposes of **Section 6.1**, Company shall mean Fortrea Holdings Inc., a Delaware corporation, and any successor thereto, along with any Affiliate to the extent Employees of such Affiliate may qualify as Eligible Grantees pursuant to this Plan in accordance with the Inducement Listing Rule.

2.14. “Controlling Interest” shall have the meaning set forth in Treasury Regulation Section 1.414(c)-2(b)(2)(i); provided that (a) except as specified in clause (b) below, an interest of “at least 50 percent” shall be used instead of an interest of “at least 80 percent” in each case where “at least 80 percent” appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i), and (b) where a grant of Options or Stock Appreciation Rights is based upon a legitimate business criterion, an interest of “at least 20 percent” shall be used instead of an interest of “at least 80 percent” in each case where “at least 80 percent” appears in Treasury Regulation Section 1.414(c)-2(b)(2)(i).

2.15. “Deferred Stock Unit” shall mean a Restricted Stock Unit, the terms of which provide for delivery of the underlying shares of Stock, cash, or a combination thereof subsequent to the date of vesting, at a time or times consistent with the requirements of Code Section 409A.

2.16. “Disability” shall mean, except as otherwise provided in an applicable Award Agreement, the inability of a Grantee to perform each of the essential duties of such Grantee’s position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than twelve (12) months.

2.17. “Disqualified Individual” shall have the meaning set forth in Code Section 280G(c).

2.18. “Dividend Equivalent Right” shall mean a right, granted to a Grantee pursuant to **Article 12**, entitling the Grantee thereof to receive, or to receive credits for the future payment of, cash, Stock, other Awards, or other property equal in value to dividend payments or distributions, or other periodic payments, declared or paid with respect to the number of shares of Stock specified in such Dividend Equivalent Right (or other Award to which such Dividend Equivalent Right relates) as if such shares of Stock had been issued to and held by the Grantee of such Dividend Equivalent Right as of the record date.

2.19. “Effective Date” shall mean the date on which the Plan is approved by the Board. In accordance with the Inducement Listing Rule, it is expressly intended that approval of the Plan by the Company’s shareholders not be required as a condition of the effectiveness of the Plan.

2.20. “Eligible Grantee” shall mean an Employee eligible to receive an Award under the Plan pursuant to the Inducement Listing Rule as determined by the Committee in accordance with **Section 6.1** below. Neither service as a Director nor payment of a director’s fee by the Company will constitute “employment” by the Company.

2.21. “Employee” shall mean, as of any date of determination, an employee (including an officer) of the Company or an Affiliate.

2.22. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, as now in effect or as hereafter amended, and any successor thereto.

2.23. “Fair Market Value” shall mean the fair market value of a share of Stock for purposes of the Plan, which shall be, as of any date of determination:

(a) If on such date the shares of Stock are listed on a Stock Exchange, or are publicly traded on another Securities Market, the Fair Market Value of a share of Stock shall be the closing price of the Stock as reported on such Stock Exchange or such Securities Market (provided that, if there is more than one such Stock Exchange or Securities Market, the Committee shall designate the appropriate Stock Exchange or Securities Market for purposes of the Fair Market Value determination). If there is no such reported closing price on such date, the Fair Market Value of a share of Stock shall be the closing price of the Stock on the next preceding day on which any sale of Stock shall have been reported on such Stock Exchange or such Securities Market.

(b) If on such date the shares of Stock are not listed on a Stock Exchange or publicly traded on a Securities Market, the Fair Market Value of a share of Stock shall be the value of the Stock as determined by the Committee by the reasonable application of a reasonable valuation method, in a manner consistent with Code Section 409A.

Notwithstanding this **Section 2.23** or **Section 18.3**, for purposes of determining taxable income and the amount of the related tax withholding obligation pursuant to **Section 18.3**, the Fair Market Value shall be determined by the Committee in good faith using any reasonable method as it deems appropriate, to be applied consistently with respect to Grantees; provided, further, that the Committee shall determine the Fair Market Value of shares of Stock for tax withholding obligations due in connection with sales, by or on behalf of a Grantee, of such shares of Stock subject to an Award to pay the Option Price, SAR Price, and/or any tax withholding obligation on the same date on which such shares may first be sold pursuant to the terms of the applicable Award Agreement (including broker-assisted cashless exercises of Options and Stock Appreciation Rights, as described in **Section 14.3**, and sell-to-cover transactions) in any manner consistent with applicable provisions of the Code, including but not limited to using the sale price of such shares on such date (or if sales of such shares are effectuated at more than one sale price, the weighted average sale price of such shares on such date) as the Fair Market Value of such shares, so long as such Grantee has provided the Company, or its designee or agent, with advance written notice of such sale.

2.24. “Family Member” shall mean, with respect to any Grantee as of any date of determination, (a) a Person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of such Grantee, (b) any Person sharing such Grantee’s household (other than a tenant or employee), (c) a trust in which any one or more of the Persons specified in clauses (a) and (b) above (and such

Grantee) own more than fifty percent (50%) of the beneficial interest, (d) a foundation in which any one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) control the management of assets, and (e) any other entity in which one or more of the Persons specified in clauses (a) and (b) above (and such Grantee) own more than fifty percent (50%) of the voting interests.

2.25. “Grant Date” shall mean, as determined by the Committee, the latest to occur of (a) the date as of which the Committee approves the Award, (b) the date on which the recipient of an Award first becomes eligible to receive an Award under **Article 6** hereof (e.g., in the case of a new hire, the first date on which such new hire performs any Service), or (c) such subsequent date specified by the Committee in the corporate action approving the Award.

2.26. “Grantee” shall mean a Person who receives or holds an Award under the Plan.

2.27. “Incentive Stock Option” shall mean an “incentive stock option” within the meaning of Code Section 422.

2.28. “Independent Director” shall mean a director of the Company who is not an employee of the Company and who qualifies as “independent” within the meaning of NASDAQ Listing Rule 5605 (as applicable to members of a compensation committee), or any successor rule, if the Company’s Securities are traded on the NASDAQ, and/or the applicable requirements of any other Stock Exchange on which the Company’s securities are traded, as applicable, as such rules and requirements may be amended from time to time.

2.29. “Inducement Listing Rule” shall have the meaning set forth in **Article 1**.

2.30. “NASDAQ” shall mean the NASDAQ Stock Market or its successor.

2.31. “Non-qualified Stock Option” shall mean an Option that is not an Incentive Stock Option.

2.32. “NYSE” shall mean the New York Stock Exchange or its successor.

2.33. “Officer” shall have the meaning set forth in Rule 16a-1(f) under the Exchange Act.

2.34. “Option” shall mean an option to purchase one or more shares of Stock at a specified Option Price awarded to a Grantee pursuant to **Article 8**. For the avoidance of doubt, no Options granted under this Plan shall be classified or granted as an Incentive Stock Option.

2.35. “Option Price” shall mean the per share exercise price for shares of Stock subject to an Option.

2.36. “Other Agreement” shall mean any agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or an Affiliate, except an agreement, contract, or understanding that expressly addresses Code Section 280G and/or Code Section 4999.

2.37. “Other Equity-Based Award” shall mean an Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, other than an Option, a Stock Appreciation Right, Restricted Stock, a Restricted Stock Unit, a Deferred Stock Unit, Unrestricted Stock, a Dividend Equivalent Right, or a Performance Share.

2.38. “Parachute Payment” shall mean a “parachute payment” within the meaning of Code Section 280G(b)(2).

2.39. “Performance-Based Award” shall mean an Award of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Performance Shares, Other Equity-Based Awards, or cash made subject to the achievement of performance goals (as provided in **Article 13**) over a Performance Period specified by the Committee.

2.40. “Performance Measures” shall mean measures as specified in **Section 13.7** on which the performance goal or goals under Performance-Based Awards are based.

2.41. “Performance Period” shall mean the period of time, up to ten (10) years, during or over which the performance goals under Performance-Based Awards must be met in order to determine the degree of payout and/or vesting with respect to any such Performance-Based Awards.

2.42. “Performance Shares” shall mean a Performance-Based Award representing a right or other interest that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to Stock, made subject to the achievement of performance goals (as provided in **Article 13**) over a Performance Period.

2.43. “Person” shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof; provided that, for purposes of **Section 2.10(a)**, **Section 2.10(c)** and **Section 2.10(d)**, Person shall have the meaning set forth in Sections 13(d) and 14(d) (2) of the Exchange Act.

2.44. “Plan” shall mean this Fortrea Holdings Inc. 2025 Inducement Award Plan, as amended from time to time.

2.45. “Prior Shareholders” shall mean the holders of equity securities that represented one hundred percent (100%) of the Voting Stock of the Company immediately prior to a reorganization, merger, or consolidation involving the Company.

2.46. “Restricted Period” shall mean a period of time established by the Committee during which an Award of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is subject to restrictions.

- 2.47. “Restricted Stock”** shall mean shares of Stock awarded to a Grantee pursuant to **Article 10**.
- 2.48. “Restricted Stock Unit”** shall mean a bookkeeping entry representing the equivalent of one (1) share of Stock awarded to a Grantee pursuant to **Article 10** that may be settled, subject to the terms and conditions of the applicable Award Agreement, in shares of Stock, cash, or a combination thereof.
- 2.49. “SAR Price”** shall mean the per share exercise price of a SAR.
- 2.50. “Securities Act”** shall mean the Securities Act of 1933, as amended, as now in effect or as hereafter amended, and any successor thereto.
- 2.51. “Securities Market”** shall mean an established securities market.
- 2.52. “Separation from Service”** shall have the meaning set forth in Code Section 409A.
- 2.53. “Service”** shall mean service qualifying a Grantee as a Service Provider to the Company or an Affiliate. Unless otherwise provided in the applicable Award Agreement, a Grantee’s change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, any determination by the Committee whether a termination of Service shall have occurred for purposes of the Plan shall be final, binding, and conclusive. If a Service Provider’s employment or other Service relationship is with an Affiliate and the applicable entity ceases to be an Affiliate, a termination of Service shall be deemed to have occurred when such entity ceases to be an Affiliate unless the Service Provider transfers his or her employment or other Service relationship to the Company or any other Affiliate.
- 2.54. “Service Provider”** shall mean (a) an Employee or director of the Company or an Affiliate, or (b) a consultant or adviser to the Company or an Affiliate (i) who is a natural person, (ii) who is currently providing bona fide services to the Company or an Affiliate, and (iii) whose services are not in connection with the Company’s sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s Capital Stock.
- 2.55. “Service Recipient Stock”** shall have the meaning set forth in Code Section 409A.
- 2.56. “Share Limit”** shall have the meaning set forth in **Section 4.1**.
- 2.57. “Short-Term Deferral Period”** shall have the meaning set forth in Code Section 409A.
- 2.58. “Stock”** shall mean the common stock, par value \$0.001 per share, of the Company, or any security into which shares of Stock may be changed or for which shares of Stock may be exchanged as provided in **Section 16.1**.

2.59. “Stock Appreciation Right” or “SAR” shall mean a right granted to a Grantee pursuant to **Article 9**.

2.60. “Stock Exchange” shall mean the New York Stock Exchange, the NASDAQ Capital Market, the NASDAQ Global Market, the NASDAQ Global Select Market, or another established national or regional stock exchange.

2.61. “Subsidiary” shall mean any corporation (other than the Company) or non-corporate entity with respect to which the Company owns, directly or indirectly, fifty percent (50%) or more of the total combined voting power of all classes of Voting Stock. In addition, any other entity may be designated by the Committee as a Subsidiary, provided that (a) such entity could be considered as a subsidiary according to generally accepted accounting principles in the United States of America and (b) in the case of an Award of Options or Stock Appreciation Rights, such Award would be considered to be granted in respect of Service Recipient Stock under Code Section 409A.

2.62. “Substitute Award” shall mean an Award granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan of the Company, an Affiliate, or a business entity acquired or to be acquired by the Company or an Affiliate or with which the Company or an Affiliate has combined or will combine.

2.63. “Unrestricted Stock” shall mean Stock that is free of any restrictions.

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

3. ADMINISTRATION OF THE PLAN

3.1 Committee.

3.1.1 Powers and Authorities.

The Committee shall administer the Plan and shall have such powers and authorities related to the administration of the Plan as are consistent with the Company’s certificate of incorporation and bylaws and Applicable Laws. Without limiting the generality of the foregoing, the Committee shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award, or any Award Agreement and shall have full power and authority to take all such other actions and to make all such other determinations not inconsistent with the specific terms and provisions of the Plan which the Committee deems to be necessary or appropriate to the administration of the Plan, any Award, or any Award Agreement. For the avoidance of doubt, the Committee reserves the right to accelerate the vesting of all Awards granted under the Plan. All such actions and determinations shall be made by (a) the affirmative vote of a majority of the members of the Committee present at a meeting at which a quorum is present, or (b) the unanimous consent of the members of the Committee executed in writing or evidenced by electronic transmission in accordance with the Company’s certificate of incorporation, bylaws and Applicable Laws. Unless otherwise

expressly determined by the Board, the Committee shall have the authority to interpret and construe all provisions of the Plan, any Award, and any Award Agreement, and any such interpretation or construction, and any other determination contemplated to be made under the Plan or any Award Agreement, by the Committee shall be final, binding, and conclusive on all Persons, whether or not expressly provided for in any provision of the Plan, such Award, or such Award Agreement.

Equity-based Awards granted under the Plan shall not provide for such Awards to vest, become exercisable, or settle, in whole or in part, prior to the one-year anniversary of the Grant Date, except that: (a) Awards that result in the issuance of an aggregate of up to 5% of the Shares reserved for issuance under the Plan may be granted without regard to such minimum vesting, exercisability and distribution restrictions; (b) similarly, Awards that are delivered in lieu of fully vested cash obligations may be granted without regard to such restrictions; and (c) Awards may provide for accelerated vesting in the event of death or Disability at any time. The foregoing restrictions do not limit the Committee's discretion to provide for accelerated vesting, exercisability or settlement of any Award, including in cases of retirement or other termination of employment.

In the event that the Plan, any Award, or any Award Agreement provides for any action to be taken by the Board or any determination to be made by the Board, such action may be taken or such determination may be made by the Committee constituted in accordance with this **Section 3.1** if the Board has delegated the power and authority to do so to such Committee.

3.1.2 Composition of the Committee.

The Committee shall be composed of such members with such characteristics as are set forth in the Committee charter, as the same may be amended from time to time, provided that, if shares of Stock are traded on the NASDAQ or NYSE, the Committee shall have at least two members and all of the members of the Committee shall be Independent Directors.

3.1.3 Other Committees.

The Board also may appoint one or more committees of the Board, each composed of one or more directors of the Company, which (a) may administer the Plan with respect to Grantees who are not Officers or directors of the Company and (b) may determine all terms of Awards to such Grantees, provided that such other committees may not grant any Awards under the Plan to any Grantees, and subject, if applicable, to the requirements of Rule 16b-3 under the Exchange Act and the rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded.

3.1.4 Delegation by the Committee.

To the extent permitted by Applicable Laws, the Committee may, by resolution, delegate some or all of its authority with respect to the Plan and Awards to the Chief Executive Officer of the Company and/or any other officer of the Company designated by the Committee, provided that the Committee may not delegate its authority (a) to make Awards or (b) to interpret the Plan, any Award, or any Award Agreement. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Committee to delegate authority to any officer of the Company, and the Committee may at any time rescind the authority delegated to an officer of the Company appointed hereunder and delegate authority to one or more other officers of the Company. At all times, an officer of the Company delegated authority pursuant to this **Section 3.1.4** shall serve in such capacity at the pleasure of the Committee. Any action undertaken by any such officer of the Company in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the "Committee" shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to each such officer.

3.2 Board.

The Board, from time to time, may exercise any or all of the powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** and other applicable provisions of the Plan, as the Board shall determine, consistent with the Company's certificate of incorporation, bylaws and Applicable Laws; provided that any grant of an Award under the Plan by the Board shall require approval by the majority of the Independent Directors.

3.3 Terms of Awards.

3.3.1 Committee Authority.

Subject to the other terms and conditions of the Plan, the Committee shall have full and final authority to:

- (a) designate Grantees after ensuring that the prospective Grantee is an Eligible Grantee in accordance with **Section 6.1** below;
- (b) determine the type or types of Awards to be made to a Grantee;
- (c) determine the number of shares of Stock to be subject to an Award or to which an Award relates;
- (d) establish the terms and conditions of each Award (including the Option Price, the SAR Price, and the purchase price for applicable Awards; the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto; and the treatment of an Award in the event of a Change in Control (subject to applicable agreements));
- (e) prescribe the form of each Award Agreement evidencing an Award;
- (f) subject to the limitation on repricing in **Section 3.4**, amend, modify, or supplement the terms of any outstanding Award, which authority shall include the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make Awards or to modify outstanding Awards made to eligible natural Persons who are foreign nationals or are natural Persons who are employed outside the United States to reflect differences in local law, tax policy, or custom; provided that, notwithstanding the foregoing, no amendment, modification, or supplement of the terms of any outstanding Award shall, without the consent of the Grantee thereof, materially impair such Grantee's rights under such Award; and
- (g) make Substitute Awards.

3.3.2 Forfeiture; Recoupment.

The Committee may reserve the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Grantee in violation or breach of, or in conflict with, any (a) employment agreement, (b) non-competition agreement, (c) agreement prohibiting solicitation of Employees or clients of the Company or an Affiliate, (d) confidentiality obligation with respect to the Company or an Affiliate, (e) Company or Affiliate policy or procedure, (f) other agreement, or (g) other obligation of such Grantee to the Company or an Affiliate, as and to the extent specified in such Award Agreement. If the Grantee of an outstanding Award is an Employee of the Company or an Affiliate and such Grantee's Service is terminated for Cause, the Committee may annul such Grantee's outstanding Award as of the date of the Grantee's termination of Service for Cause.

Any Award granted pursuant to the Plan shall be subject to mandatory forfeiture and/or repayment by the Grantee to the Company (i) to the extent set forth in this Plan or an Award Agreement, (ii) to the extent the Grantee is, or in the future becomes, subject to (1) any

Company or Affiliate “clawback” or recoupment policy, including those that are adopted to comply with the requirements of any Applicable Laws, or (2) any Applicable Laws which impose mandatory recoupment, under circumstances set forth in such Applicable Laws, or (iii) upon such terms and conditions as may be required by the Board or the Committee or under Section 10D of the Exchange Act and/or any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of Stock may be traded.

3.4 No Repricing.

Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, shares of Stock, other securities, or other property), stock split, extraordinary dividend, recapitalization, Change in Control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Stock, or other securities or similar transaction), the Company may not: (a) amend the terms of outstanding Options or SARs to reduce the Option Price or SAR Price, as applicable, of such outstanding Options or SARs; (b) cancel outstanding Options or SARs in exchange for or substitution of Options or SARs with an Option Price or SAR Price, as applicable, that is less than the Option Price or SAR Price, as applicable, of the original Options or SARs; or (c) cancel outstanding Options or SARs with an Option Price or SAR Price, as applicable, above the current Fair Market Value in exchange for cash or other securities, in each case, unless such action is subject to and approved by the Company’s shareholders. This **Section 3.4** is intended to prohibit the repricing of “underwater” Options and SARs and will not be construed to prohibit the adjustments provided for in **Section 4.2** and/or **Article 16** of this Plan.

3.5 Deferral Arrangement.

The Committee may permit or require the deferral of any payment pursuant to any Award into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or Dividend Equivalent Rights and, in connection therewith, provisions for converting such credits into Deferred Stock Units and for restricting deferrals to comply with hardship distribution rules affecting tax-qualified retirement plans subject to Code Section 401(k)(2)(B)(IV); provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. Any such deferrals shall be made in a manner that complies with Code Section 409A, including, if applicable, with respect to when a Separation from Service occurs.

3.6 Registration; Share Certificates.

Notwithstanding any provision of the Plan to the contrary, the ownership of the shares of Stock issued under the Plan may be evidenced in such a manner as the Committee, in its sole discretion, deems appropriate, including by book-entry or direct registration (including transaction advices) or the issuance of one or more share certificates.

3.7 Inducement Listing Rule Actions Required Upon Grant of Award

Following the issuance of any Award pursuant to this Plan, the Company shall, in accordance with the Inducement Listing Rule or other listing requirements of the applicable securities exchange, (a) promptly issue a press release disclosing the material terms of the Award, including the recipient(s) of the Award and the number of shares involved and (b) provide any required written notice to the NASDAQ or such other applicable securities exchange.

4. STOCK SUBJECT TO THE PLAN

4.1 Number of Shares of Stock Available for Awards.

Subject to adjustment pursuant to **Article 16**, the maximum number of shares of Stock reserved for issuance under the Plan shall be equal to two million eight hundred thousand (2,800,000) (the “**Share Limit**”). Such shares of Stock may be authorized and unissued shares of Stock, treasury shares of Stock, or any combination of the foregoing, as may be determined from time to time by the Board or by the Committee. Any of the shares of Stock reserved and available for issuance under the Plan may be used for any type of Award under the Plan.

4.2 Adjustments in Authorized Shares of Stock.

In connection with mergers, reorganizations, separations, or other transactions to which Code Section 424(a) applies, the Committee shall have the right to cause the Company to assume awards previously granted under a compensatory plan of another business entity that is a party to such transaction and to grant Substitute Awards under the Plan for such awards. The Share Limit shall neither be increased nor decreased by the number of shares of Stock subject to any such assumed awards and Substitute Awards. Shares available for issuance under a shareholder-approved plan of a business entity that is a party to such transaction (as appropriately adjusted, if necessary, to reflect such transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Stock otherwise available for issuance under the Plan, subject to applicable rules of any Stock Exchange or Securities Market on which the Stock is listed or publicly traded. Substitute Awards may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for shares of Stock substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

4.3 Share Usage.

(a) Shares of Stock subject to an Award shall be counted as used as of the Grant Date for purposes of calculating the number of shares of Stock available for issuance under **Section 4.1**.

(b) Any shares of Stock that are subject to Awards, including shares of Stock acquired through dividend reinvestment pursuant to **Article 10**, shall be counted against the Share Limit as: (i) one (1) share of Stock for every one (1) share of Stock subject to an Award

other than Options or SARs and (ii) one (1) share of Stock for every one (1) share of Stock subject to an Award of Options or SARs. The number of shares of Stock subject to an Award of stock-settled SARs shall be counted against the Share Limit as one (1) share of Stock for every one (1) share of Stock subject to such Award regardless of the number of shares of Stock actually issued to settle such SARs upon the exercise of the SARs. A number of shares of Stock at least equal to the target number of shares issuable under Performance Shares shall be counted against the Share Limit as of the Grant Date, but such number shall be adjusted to equal the actual number of shares issued upon settlement of the Performance Shares to the extent different from such number of shares.

(c) If any shares of Stock subject to an Award are not purchased or are forfeited or expire or otherwise terminate without delivery of any Stock subject thereto or are settled in cash in lieu of shares, then the number of shares of Stock counted against the Share Limit with respect to such Award shall, to the extent of any such forfeiture, termination, expiration, or settlement, again be available for making Awards under the Plan.

(d) The number of shares of Stock available for issuance under the Plan shall not be increased by the number of shares of Stock (i) tendered, withheld, or while subject to an Option granted under the Plan, surrendered in connection with the payment of the Option Price upon exercise of an Option or other purchase of shares of Stock (ii) tendered or withheld in connection with the Company's tax withholding obligations, (iii) that were not issued upon the net settlement or net exercise of a Stock-settled SAR granted under the Plan, or (iv) purchased by the Company with proceeds from Option exercises.

5. TERM; AMENDMENT, SUSPENSION, AND TERMINATION

5.1 Term.

The Plan shall become effective as of the Effective Date. The Plan shall terminate on the first to occur of (a) the day before the tenth (10th) anniversary of the Effective Date, and (b) the date determined in accordance with **Section 5.2**. Upon such termination of the Plan, all outstanding Awards shall continue to have full force and effect in accordance with the provisions of the terminated Plan and the applicable Award Agreement (or other documents evidencing such Awards).

5.2 Amendment, Suspension, and Termination.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan; provided that, with respect to Awards theretofore granted under the Plan, no amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, materially impair the rights or obligations under any such Award. The effectiveness of any amendment to the Plan shall be contingent on approval of such amendment by the Company's shareholders to the extent provided by the Board or required by Applicable Laws; provided that no amendment shall be made to the no-repricing provisions of **Section 3.4**, the Option Pricing provisions of **Section 8.1**, or the SAR Pricing provisions of **Section 9.1** without the approval of the Company's shareholders. Notwithstanding the foregoing or any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Code Section 409A, the Board reserves the right to make amendments to this Plan and grants hereunder as the Board deems necessary or desirable to avoid the imposition of taxes or penalties under Code Section 409A.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1 Eligible Grantees.

In exercising its authority to designate Grantees, the Committee may only grant Awards under the Plan to Employees who satisfy the following requirements:

(a) The Employee was not previously an Employee or a director of the Company, or the Employee is to become employed by the Company following bona fide period of non-employment (within the meaning of the Inducement Listing Rule); and

(b) The grant of an Award is made in connection with the Employee's commencement of employment with the Company and such Award is an inducement material to the Employee's entering into employment with the Company in accordance with the Inducement Listing Rule.

Notwithstanding the foregoing, an Employee may be granted an Award in connection with the Employee becoming such as a result of a merger or acquisition to the extent permitted by the Inducement Listing Rule. For the avoidance of doubt, although a person who is an Employee may also be a director of the Company, a person who is already serving as a director of the Company prior to becoming an Employee will not be eligible to be granted an Award under the Plan unless permitted by the Inducement Listing Rule. The Committee may, in the Committee's discretion, adopt procedures from time to time to ensure that a prospective employee is eligible to participate in the Plan prior to the granting of any Awards to such individual under the Plan (including without limitation a requirement that such prospective employee certify to the Company, prior to receipt of an Award under the Plan, that the Employee had a bona fide period of non-employment, and that the grant of Awards under the Plan is an inducement material to his or her agreement to enter into employment with the Company by virtue of an Individual Agreement or other documentation).

Notwithstanding the foregoing, an Employee may not be granted an Award under this Plan if such Employee does not satisfy the Form S-8 definition of an "employee" on the Grant Date.

6.2 Stand-Alone, Additional, Tandem, and Substitute Awards.

Subject to **Section 3.4**, Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, (a) any other Award, (b) any award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, or (c) any other right of a Grantee to receive payment from the Company or an Affiliate; provided that the Grantee is an Eligible Grantee at the time the grant is made. If an Award is granted in substitution or exchange for another Award, or for an award granted under another plan of the Company, an Affiliate, or any business entity that has been a party to a transaction with the Company or an Affiliate, the Committee shall require the surrender of such other Award or award under such other plan in consideration for the grant of such exchange or Substitute Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash payments under other plans of the Company or an Affiliate. Notwithstanding **Section**

8.1 and **Section 9.1**, but subject to **Section 3.4**, the Option Price of an Option or the SAR Price of a SAR that is a Substitute Award may be less than one hundred percent (100%) of the Fair Market Value of a share of Stock on the original Grant Date; provided that such Option Price or SAR Price is consistent with Code Section 409A for any Option or SAR.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, which shall be in such form or forms as the Committee shall from time to time determine. Award Agreements utilized under the Plan from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. In the event of any inconsistency between the Plan and an Award Agreement, the provisions of the Plan shall control.

8. TERMS AND CONDITIONS OF OPTIONS

8.1 Option Price.

The Option Price of each Option shall be fixed by the Committee and stated in the Award Agreement evidencing such Option. Except in the case of Substitute Awards, the Option Price of each Option shall be at least the Fair Market Value of one (1) share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of one (1) share of Stock.

8.2 Vesting and Exercisability.

8.3 Subject to **Section 3.1.1** and **Section 8.3**, each Option granted under the Plan shall become vested and/or exercisable at such times and under such conditions as shall be determined by the Committee and stated in the Award Agreement, in another agreement with the Grantee, or otherwise in writing; provided that no Option shall be granted to Grantees who are entitled to overtime under Applicable Laws that will vest or be exercisable within a six (6)-month period starting on the Grant Date.

8.4 Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, on the day before the tenth (10th) anniversary of the Grant Date of such Option, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such Option.

8.5 Termination of Service.

Each Award Agreement with respect to the grant of an Option shall set forth the extent to which the Grantee thereof, if at all, shall have the right to exercise such Option following termination of such Grantee's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

8.6 Limitations on Exercise of Option.

Notwithstanding any provision of the Plan to the contrary, in no event may any Option be exercised, in whole or in part, after the occurrence of an event referred to in **Article 16** which results in the termination of such Option.

8.7 Method of Exercise.

Subject to the terms of **Article 14** and **Section 18.3**, an Option that is exercisable may be exercised by the Grantee's delivery to the Company or its designee or agent of notice of exercise on any business day, at the Company's principal office or the office of such designee or agent, on the form specified by the Company and in accordance with any additional procedures specified by the Committee. Such notice shall specify the number of shares of Stock with respect to which such Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares of Stock for which such Option is being exercised, plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to the exercise of such Option.

8.8 Rights of Holders of Options.

A Grantee or other Person holding or exercising an Option shall have none of the rights of a shareholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Stock subject to such Option, to direct the voting of the shares of Stock subject to such Option, or to receive notice of any meeting of the Company's shareholders) until the shares of Stock subject thereto are fully paid and issued to such Grantee or other Person. Except as provided in **Article 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock subject to an Option for which the record date is prior to the date of issuance of such shares of Stock.

8.9 Delivery of Stock.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price with respect thereto, such Grantee shall be entitled to receive such evidence of such Grantee's ownership of the shares of Stock subject to such Option as shall be consistent with **Section 3.6**.

8.10 Transferability of Options.

Except as provided in **Section 8.10**, during the lifetime of a Grantee of an Option, only such Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such Option. Except as provided in **Section 8.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

8.11 Family Transfers.

If authorized in the applicable Award Agreement or by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of an Option to any Family Member. For the purpose of this **Section 8.10**, a transfer “not for value” is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 8.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to such transfer. Subsequent transfers of transferred Options shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 8.10** or by will or the laws of descent and distribution. The provisions of **Section 8.4** relating to termination of Service shall continue to be applied with respect to the original Grantee of the Option, following which such Option shall be exercisable by the transferee only to the extent, and for the periods specified, in **Section 8.4**.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1 Right to Payment and SAR Price.

A SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of one (1) share of Stock on the date of exercise, over (b) the SAR Price as determined by the Committee. The Award Agreement for a SAR shall specify the SAR Price, which, except in the case of a Substitute Award, shall be no less than the Fair Market Value of one (1) share of Stock on the Grant Date of such SAR. SARs may be granted in tandem with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in combination with all or any part of any other Award, or without regard to any Option or other Award; provided that a SAR that is granted in tandem with all or part of an Option shall have the same term, and expire at the same time, as the related Option.

9.2 Other Terms.

(a) Subject to **Section 3.1.1**, the Committee shall determine, on the Grant Date or thereafter, the time or times at which, and the circumstances under which, a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future Service requirements); the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions; the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which shares of Stock shall be delivered or deemed to be delivered to Grantees, whether or not a SAR shall be granted in tandem or in combination with any other Award; and any and all other terms and conditions of any SAR; provided that no SARs shall be granted to Grantees who are entitled to overtime under Applicable Laws that will vest or be exercisable within a six (6)-month period starting on the Grant Date.

9.3 Term.

Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, on the day before the tenth (10th) anniversary of the Grant Date of such SAR or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Committee and stated in the Award Agreement relating to such SAR.

9.4 Rights of Holders of SARs.

A Grantee or other Person holding or exercising a SAR shall have none of the rights of a shareholder of the Company (for example, the right to receive cash or dividend payments or distributions attributable to the shares of Stock underlying such SAR, to direct the voting of the shares of Stock underlying such SAR, or to receive notice of any meeting of the Company's shareholders) until the shares of Stock underlying such SAR, if any, are issued to such Grantee or other Person. Except as provided in **Article 16**, no adjustment shall be made for dividends, distributions, or other rights with respect to any shares of Stock underlying a SAR for which the record date is prior to the date of issuance of such shares of Stock, if any.

9.5 Transferability of SARs.

Except as provided in **Section 9.6**, during the lifetime of a Grantee of a SAR, only the Grantee (or, in the event of such Grantee's legal incapacity or incompetency, such Grantee's guardian or legal representative) may exercise such SAR. Except as provided in **Section 9.6**, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

9.6 Family Transfers.

If authorized in the applicable Award Agreement or by the Committee, in its sole discretion, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this **Section 9.6**, a transfer "not for value" is a transfer which is (a) a gift, (b) a transfer under a domestic relations order in settlement of marital property rights, or (c) unless Applicable Laws do not permit such transfer, a transfer to an entity in which more than fifty percent (50%) of the voting interests are owned by Family Members (and/or the Grantee) in exchange for an interest in such entity. Following a transfer under this **Section 9.6**, any such SAR shall continue to be subject to the same terms and conditions as were in effect immediately prior to such transfer. Subsequent transfers of transferred SARs shall be prohibited except to Family Members of the original Grantee in accordance with this **Section 9.6** or by will or the laws of descent and distribution.

10. TERMS AND CONDITIONS OF RESTRICTED STOCK, RESTRICTED STOCK UNITS, AND DEFERRED STOCK UNITS

10.1 Grant of Restricted Stock, Restricted Stock Units, and Deferred Stock Units.

Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may be made for consideration or for no consideration, other than the par value of the shares of Stock, which shall be deemed paid by past Service or, if so provided in the related Award Agreement or

a separate agreement, the promise by the Grantee to perform future Service to the Company or an Affiliate.

10.2 Restrictions.

At the time a grant of Restricted Stock, Restricted Stock Units, or Deferred Stock Units is made, the Committee may, in its sole discretion, (a) establish a Restricted Period applicable to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units; and (b) prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the achievement of corporate or individual performance goals, which may be applicable to all or any portion of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units as provided in **Article 13**. Awards of Restricted Stock, Restricted Stock Units, and Deferred Stock Units may not be sold, transferred, assigned, pledged, or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Committee with respect to such Awards.

10.3 Registration; Restricted Stock Certificates.

Pursuant to **Section 3.6**, to the extent that ownership of Restricted Stock is evidenced by a book-entry registration or direct registration (including transaction advices), such registration shall be notated to evidence the restrictions imposed on such Award of Restricted Stock under the Plan and the applicable Award Agreement. Subject to **Section 3.6** and the immediately following sentence, the Company may issue, in the name of each Grantee to whom Restricted Stock has been granted, certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date of such Restricted Stock. The Committee may provide in an Award Agreement with respect to an Award of Restricted Stock that either (a) the Secretary of the Company shall hold such certificates for such Grantee's benefit until such time as such shares of Restricted Stock are forfeited to the Company or the restrictions applicable thereto lapse and such Grantee shall deliver a stock power to the Company with respect to each certificate, or (b) such certificates shall be delivered to such Grantee, provided that such certificates shall bear legends that comply with Applicable Laws and make appropriate reference to the restrictions imposed on such Award of Restricted Stock under the Plan and such Award Agreement.

10.4 Rights of Holders of Restricted Stock.

Unless the Committee provides otherwise in an Award Agreement and subject to the restrictions set forth in the Plan, any applicable Company program, and the applicable Award Agreement, holders of Restricted Stock shall have the right to vote such shares of Restricted Stock and the right to receive any dividend payments or distributions declared or paid with respect to such shares of Restricted Stock. The Committee shall provide in an Award Agreement evidencing a grant of Restricted Stock that (a) any cash dividend payments or distributions paid on Restricted Stock shall be reinvested in shares of Stock, subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock, or (b) any dividend payments or distributions declared or paid on shares of Restricted Stock shall only be made or paid upon satisfaction of the vesting conditions and restrictions applicable to such shares of

Restricted Stock. Dividend payments or distributions declared or paid on shares of Restricted Stock which vest or are earned based upon the achievement of performance goals shall not vest unless such performance goals for such shares of Restricted Stock are achieved, and if such performance goals are not achieved, the Grantee of such shares of Restricted Stock shall promptly forfeit and, to the extent already paid or distributed, repay to the Company such dividend payments or distributions. All stock dividend payments or distributions, if any, received by a Grantee with respect to shares of Restricted Stock as a result of any stock split, stock dividend, combination of stock, or other similar transaction shall be subject to the same vesting conditions and restrictions as applicable to such underlying shares of Restricted Stock.

10.5 Rights of Holders of Restricted Stock Units and Deferred Stock Units.

10.5.1 Voting and Dividend Rights.

Holders of Restricted Stock Units and Deferred Stock Units shall have no rights as shareholders of the Company (for example, the right to receive dividend payments or distributions attributable to the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, to direct the voting of the shares of Stock underlying such Restricted Stock Units and Deferred Stock Units, or to receive notice of any meeting of the Company's shareholders). The Committee may provide in an Award Agreement evidencing an Award of Restricted Stock Units or Deferred Stock Units that the holder thereof shall be entitled to receive Dividend Equivalent Rights with respect to each Restricted Stock Unit or Deferred Stock Unit; provided that such Dividend Equivalent Rights are subject to the same restrictions and risk of forfeiture as the underlying Restricted Stock Units or Deferred Stock Units and are not paid or settled unless and until all the restrictions applicable to such Restricted Stock Units or Deferred Stock Units have lapsed.

10.5.2 Creditor's Rights.

A holder of Restricted Stock Units or Deferred Stock Units shall have no rights other than those of a general unsecured creditor of the Company. Restricted Stock Units and Deferred Stock Units represent unfunded and unsecured obligations of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.6 Termination of Service.

Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of Grantee's Service, upon the termination of such Grantee's Service, any Restricted Stock, Restricted Stock Units, or Deferred Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of such Restricted Stock, Restricted Stock Units, or Deferred Stock Units, the Grantee thereof shall have no further rights with respect thereto, including any right to vote such Restricted Stock or any right to receive dividends or Dividend Equivalent Rights, as applicable, with respect to such Restricted Stock, Restricted Stock Units, or Deferred Stock Units.

10.7 Purchase of Restricted Stock and Shares of Stock Subject to Restricted Stock Units and Deferred Stock Units.

The Grantee of an Award of Restricted Stock, vested Restricted Stock Units, or vested Deferred Stock Units shall be required, to the extent required by Applicable Laws, to purchase such Restricted Stock or the shares of Stock subject to such vested Restricted Stock Units or Deferred Stock Units from the Company at a purchase price equal to the greater of (a) the aggregate par value of the shares of Stock represented by such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units or (b) the purchase price, if any, specified in the Award Agreement relating to such Restricted Stock or such vested Restricted Stock Units or Deferred Stock Units. Such purchase price shall be payable in a form provided in **Article 14** or, in the sole discretion of the Committee, in consideration for Service rendered or to be rendered by the Grantee to the Company or an Affiliate.

10.8 Delivery of Shares of Stock.

Following the expiration or termination of any Restricted Period and the satisfaction of any other conditions prescribed by the Committee, including, without limitation, any performance goals or delayed delivery period, the restrictions applicable to Restricted Stock, Restricted Stock Units, or Deferred Stock Units settled in shares of Stock shall lapse, and, unless otherwise provided in the applicable Award Agreement, a book-entry or direct registration (including transaction advices) or a certificate evidencing ownership of such shares of Stock shall, consistent with **Section 3.6**, be issued, free of all such restrictions, to the Grantee thereof or such Grantee's beneficiary or estate, as the case may be. Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Restricted Stock Unit or Deferred Stock Unit once the shares of Stock represented by such Restricted Stock Unit or Deferred Stock Unit have been delivered in accordance with this **Section 10.8**.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS AND OTHER EQUITY-BASED AWARDS

11.1 Unrestricted Stock Awards.

The Committee may, in its sole discretion, grant (or sell at the par value of a share of Stock or at such other higher purchase price as shall be determined by the Committee) an Award to any Grantee pursuant to which such Grantee may receive shares of Unrestricted Stock under the Plan. Awards of Unrestricted Stock may be granted or sold to any Grantee as provided in the immediately preceding sentence in respect of Service rendered or, if so provided in the related Award Agreement or a separate agreement, to be rendered by the Grantee to the Company or an Affiliate or other valid consideration, in lieu of or in addition to any cash compensation due to such Grantee.

11.2 Other Equity-Based Awards.

The Committee may, in its sole discretion, grant Awards in the form of Other Equity-Based Awards, as deemed by the Committee to be consistent with the purposes of the Plan. Awards granted pursuant to this **Section 11.2** may be granted with vesting, value, and/or

payment contingent upon the achievement of one or more performance goals. The Committee shall determine the terms and conditions of Other Equity-Based Awards on the Grant Date or thereafter. Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, but prior to termination of Grantee's Service, upon the termination of a Grantee's Service, any Other Equity-Based Awards held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of any Other Equity-Based Award, the Grantee thereof shall have no further rights with respect to such Other Equity-Based Award.

12. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS

12.1 Dividend Equivalent Rights.

A Dividend Equivalent Right may be granted hereunder, provided that no Dividend Equivalent Rights may be granted in connection with, or related to, an Award of Options or SARs. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Agreement therefor. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid when due (with or without being subject to forfeiture or a repayment obligation) or may be deemed to be reinvested in additional shares of Stock or Awards, which may thereafter accrue additional Dividend Equivalent Rights (with or without being subject to forfeiture or a repayment obligation). Dividend Equivalent Rights may be settled in cash, shares of Stock, or a combination thereof, in a single installment or in multiple installments, all as determined in the sole discretion of the Committee. A Dividend Equivalent Right granted as a component of another Award may contain terms and conditions which are different from the terms and conditions of such other Award, provided that such Dividend Equivalent Right is subject to the same vesting or other restrictions (including performance-based vesting or restrictions) and risk of forfeiture as the underlying Award and is not paid or settled unless and until the Award has vested and any other restrictions applicable to the underlying Awards have lapsed (or any performance goals have been achieved).

12.2 Termination of Service.

Unless the Committee provides otherwise in an Award Agreement, in another agreement with the Grantee, or otherwise in writing after such Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon such Grantee's termination of Service for any reason.

13. TERMS AND CONDITIONS OF PERFORMANCE-BASED AWARDS

13.1 Grant of Performance-Based Awards.

Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Performance-Based Awards in such amounts and upon such terms as the Committee shall determine.

13.2 Value of Performance-Based Awards.

Each grant of a Performance-Based Award shall have an initial cash value or an actual or target number of shares of Stock that is established by the Committee as of the Grant Date. The Committee shall set performance goals in its discretion which, depending on the extent to which they are achieved, shall determine the value and/or number of shares of Stock subject to a Performance-Based Award that shall be paid out to the Grantee thereof.

13.3 Earning of Performance-Based Awards.

Subject to the terms of the Plan, in particular **Section 13.7**, after the applicable Performance Period has ended, the Grantee of a Performance-Based Award shall be entitled to receive a payout of the value earned under such Performance-Based Award by such Grantee over such Performance Period.

13.4 Form and Timing of Payment of Performance-Based Awards.

Payment of the value earned under Performance-Based Awards shall be made, as determined by the Committee, in the form, at the time, and in the manner described in the applicable Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay the value earned under Performance-Based Awards in the form of cash, shares of Stock, other Awards, or a combination thereof, including shares of Stock and/or Awards that are subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Performance-Based Awards shall be set forth in the Award Agreement therefor.

13.5 Performance Goals Generally.

The right of a Grantee to exercise or to receive a grant or settlement of any Performance-Based Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. The performance goals for Performance-Based Awards may consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this **Section 13.5**. The Committee may determine that such Awards shall be granted, exercised, and/or settled upon achievement of any single performance goal or of two (2) or more performance goals. Performance goals may differ for Performance-Based Awards granted to any one Grantee or to different Grantees.

13.6 Payment of Awards; Other Terms.

Payment of Performance-Based Awards shall be in cash, shares of Stock, other Awards, or a combination thereof, including shares of Stock and/or Awards that are subject to any restrictions deemed appropriate by the Committee, in each case as determined in the sole discretion of the Committee. The Committee may, in its sole discretion, reduce the amount of a payment otherwise to be made in connection with such Performance-Based Awards. The Committee shall specify the circumstances in which such Performance-Based Awards shall be

paid or forfeited in the event of termination of Service by the Grantee prior to the end of a Performance Period or settlement of such Performance-Based Awards. In the event payment of the Performance-Based Award is made in the form of another Award subject to Service-based vesting, the Committee shall specify the circumstances in which the payment Award shall be paid or forfeited in the event of a termination of Service.

13.7 Performance Measures.

The performance goals upon which the vesting or payment of a Performance-Based Award may be conditioned may include one or more, or a combination, of metrics under the following non-exhaustive list of Performance Measures, or such other measures as may be determined by the Committee, with or without adjustment (including pro forma adjustments):

- (a) earnings before interest, taxes, depreciation, and/or amortization;
- (b) earnings before interest, taxes, depreciation, and/or amortization as adjusted to exclude any one or more of the following: (i) stock-based compensation expense, (ii) income from discontinued operations, (iii) gain on cancellation of debt, (iv) debt extinguishment and related costs, (v) restructuring, separation, and/or integration charges and costs, (vi) reorganization and/or recapitalization charges and costs, (vii) impairment charges, (viii) merger-related events, (ix) gain or loss related to investments, (x) sales and use tax settlements, and (xi) gain on non-monetary transactions;
- (c) operating income, earnings, or profits;
- (d) return measures, including return on equity, assets, revenue, capital, capital employed, or investment;
- (e) pre-tax or after-tax operating income, earnings, or profits;
- (f) net income;
- (g) earnings or book value per share;
- (h) cash flow(s), including (i) operating cash flow, (ii) free cash flow, (iii) levered cash flow, (iv) cash flow return on equity, and (v) cash flow return on investment;
- (i) total sales or revenues growth or targets or sales or revenues per employee, product, service, or customer;
- (j) Stock price, including growth measures and total shareholder return;
- (k) dividends;
- (l) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures or any combination thereof. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares outstanding, or to assets or net assets;

- (m) gross or operating margins;
- (n) productivity ratios;
- (o) costs, reductions in cost, and cost control measures;
- (p) expense targets;
- (q) market or market segment share or penetration;
- (r) financial ratios as provided in credit agreements of the Company and its subsidiaries;
- (s) working capital targets;
- (t) regulatory achievements or compliance;
- (u) customer satisfaction measurements;
- (v) execution of contractual arrangements or satisfaction of contractual requirements or milestones;
- (w) product development achievements; and
- (x) any combination of the foregoing business criteria.

Performance under any of the foregoing Performance Measures (i) may be used to measure the performance of (1) the Company, its Subsidiaries, and other Affiliates as a whole, (2) the Company, any Subsidiary, any other Affiliate, or any combination thereof, or (3) any one or more business units or operating segments of the Company, any Subsidiary, and/or any other Affiliate, in each case as the Committee, in its sole discretion, deems appropriate and (ii) may be compared to the performance of one or more other companies or one or more published or special indices designated or approved by the Committee for such comparison, as the Committee, in its sole discretion, deems appropriate. In addition, the Committee, in its sole discretion, may select performance under the Performance Measure specified in clause (j) above for comparison to performance under one or more stock market indices designated or approved by the Committee. The Committee shall also have the authority to provide for accelerated vesting of any Performance-Based Award based on the achievement of performance goals pursuant to the Performance Measures specified in this **Article 13**.

13.8 Evaluation of Performance.

The Committee may provide in any Performance-Based Award that an evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (a) asset write-downs; (b) litigation or claims, judgments, or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (d) any reorganization or restructuring events or programs; (e) extraordinary, non-core, non-operating, or non-recurring items and items that are either of an unusual nature or of a type that indicates infrequency of occurrence as a separate component of income from continuing operations; (f) acquisitions or divestitures; (g) foreign exchange gains and losses; (h) impact of

shares of Stock purchased through share repurchase programs; (i) tax valuation allowance reversals; (j) impairment expense; (k) environmental expense; and (l) such other events or conditions as may be determined by the Committee. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Performance Measures unsuitable, the Committee may in its discretion modify such Performance Measures or the goals or actual levels of achievement regarding the Performance Measures, in whole or in part, as the Committee deems appropriate and equitable.

14. FORMS OF PAYMENT

14.1 General Rule.

Payment of the Option Price for the shares of Stock purchased pursuant to the exercise of an Option or the purchase price (if any), for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units shall be made in cash or in cash equivalents acceptable to the Company.

14.2 Surrender of Shares of Stock.

To the extent that the applicable Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option or the purchase price (if any), for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units may be made all or in part through the tender or attestation to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which such Option Price or purchase price has been paid thereby, at their fair market value on the date of such tender or attestation.

14.3 Cashless Exercise.

To the extent permitted by Applicable Laws and to the extent the Award Agreement so provides, payment of the Option Price for shares of Stock purchased pursuant to the exercise of an Option may be made all or in part by delivery (on a form acceptable to the Committee) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the proceeds of such sale to the Company in payment of such Option Price and/or any withholding taxes described in **Section 18.3**.

14.4 Other Forms of Payment.

To the extent that the applicable Award Agreement so provides and/or unless otherwise specified in an Award Agreement, payment of the Option Price for shares of Stock purchased pursuant to exercise of an Option or the purchase price (if any), for Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units may be made in any other form that is consistent with Applicable Laws, including (a) with respect to Restricted Stock, vested Restricted Stock Units, and/or vested Deferred Stock Units only, Service rendered or to be rendered by the Grantee thereof to the Company or an Affiliate, (b) with the consent of (and subject to any conditions or limitations established by) the Committee, by the Company

withholding the number of shares of Stock that would otherwise vest or be issuable in an amount equal in value to the Option Price or purchase price and/or the required tax withholding amount, or (c) by such other methods as may be approved by the Committee.

15. REQUIREMENTS OF LAW

15.1 General.

The Company shall not be required to offer, sell, or issue any shares of Stock under any Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, if the offer, sale, or issuance of such shares of Stock would constitute a violation by the Grantee, the Company, an Affiliate, or any other Person of any provision of the Company's certificate of incorporation, bylaws or of Applicable Laws, including any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration, or qualification of any shares of Stock subject to an Award upon any Stock Exchange or Securities Market or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the offering, sale, issuance, or purchase of shares of Stock in connection with any Award, no shares of Stock may be offered, sold, or issued to the Grantee or any other Person under such Award, whether pursuant to the exercise of an Option, a SAR, or otherwise, unless such listing, registration, or qualification shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of such Award. Without limiting the generality of the foregoing, upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock subject to such Award, the Company shall not be required to offer, sell, or issue such shares of Stock unless the Committee shall have received evidence satisfactory to it that the Grantee or any other Person exercising such Option or SAR or accepting delivery of such shares may acquire such shares of Stock pursuant to an exemption from registration under the Securities Act. Any determination by the Committee in connection with the foregoing shall be final, binding, and conclusive. The Company may register, but shall in no event be obligated to register, any shares of Stock or other securities issuable pursuant to the Plan pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock or other securities issuable pursuant to the Plan or any Award to comply with any Applicable Laws. As to any jurisdiction that expressly imposes the requirement that an Option or SAR that may be settled in shares of Stock shall not be exercisable until the shares of Stock subject to such Option or SAR are registered under the securities laws thereof or are exempt from such registration, the exercise of such Option or SAR under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

15.2 Rule 16b-3.

During any time when the Company has any class of common equity securities registered under Section 12 of the Exchange Act, it is the intention of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder, that would otherwise be

subject to Section 16(b) of the Exchange Act, shall qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Committee does not comply with the requirements of such Rule 16b-3, such provision or action shall be deemed inoperative with respect to such Awards to the extent permitted by Applicable Laws and deemed advisable by the Committee and shall not affect the validity of the Plan. In the event that such Rule 16b-3 is revised or replaced, the Committee may exercise its discretion to modify the Plan in any respect necessary or advisable in its judgment to satisfy the requirements of, or to permit the Company to avail itself of the benefits of, the revised exemption or its replacement.

16. EFFECT OF CHANGES IN CAPITALIZATION

16.1 Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number of shares or kind of Capital Stock or other securities of the Company on account of any merger, reorganization, recapitalization, reclassification, stock split, reverse stock split, spin-off, combination of stock, exchange of stock, stock dividend or other distribution payable in Capital Stock, or other increase or decrease in shares of Stock effected without receipt of consideration by the Company occurring after the Effective Date, or, in each case, any other transaction or event having an effect similar to the foregoing, the number and kinds of shares of Capital Stock for which grants of Options and other Awards may be made under the Plan, including the Share Limit set forth in **Section 4.1**, shall be adjusted equitably and accordingly by the Committee. In addition, the number and kind of shares of Capital Stock covered by outstanding Awards, the Option Price and SAR Price provided in outstanding Options and SARs, respectively, and any other terms applicable to such Awards (including cash awards), shall be adjusted equitably and accordingly by the Committee in its sole discretion, exercised in good faith, as it determines is equitably required so that the interest of the Grantee therein immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Price payable with respect to shares that are subject to the unexercised portion of such outstanding Options or SARs, as applicable, but shall include a corresponding proportionate adjustment in the per share Option Price or SAR Price, as the case may be in a manner that complies with Code Section 409A. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's shareholders of securities of any other entity or other assets (including an extraordinary dividend, but excluding a non-extraordinary dividend, declared and paid by the Company) without receipt of consideration by the Company, the Board or the Committee constituted pursuant to **Section 3.1.2** shall, in such manner as the Board or the Committee deems appropriate, adjust (a) the Share limit set forth in **Section 4.1**, (b) the number and kind of shares of Capital Stock subject to outstanding Awards, (c) the aggregate and per share Option Price of outstanding Options and the aggregate and per share SAR Price of outstanding SARs, and/or (d) other Award terms, as required to reflect such distribution. Moreover, in the event of any such transaction or event or in the event of a Change in Control (as described in **Section 16.3** below), the Committee may provide in substitution for any or all outstanding Awards under this Plan such alternative

consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the surrender of all awards so replaced in a manner that complies with Code Section 409A. In addition, for each Option or SAR with an Option Price or SAR Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option or SAR without any payment to the holder of such Option or SAR.

16.2 Reorganization in Which the Company Is the Surviving Entity Which Does Not Constitute a Change in Control.

Subject to **Section 16.3**, if the Company shall undergo any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Change in Control, unless otherwise determined by the Committee pursuant to **Section 16.1**, any Award theretofore granted pursuant to the Plan shall pertain to and apply to the Capital Stock to which a holder of the number of shares of Stock subject to such Award would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the per share Option Price or SAR Price of any outstanding Option or SAR so that the aggregate Option Price or SAR Price thereafter shall be the same as the aggregate Option Price or SAR Price of the shares of Stock remaining subject to the Option or SAR as in effect immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee, any restrictions applicable to such Award shall apply as well to any replacement shares of Capital Stock subject to such Award, or received by the Grantee, as a result of such reorganization, merger, or consolidation. In the event of any reorganization, merger, or consolidation of the Company referred to in this **Section 16.2**, unless otherwise determined by the Committee pursuant to **Section 16.1**, Performance-Based Awards shall be adjusted (including any adjustment to the Performance Measures applicable to such Awards deemed appropriate by the Committee) so as to apply to the Capital Stock that a holder of the number of shares of Stock subject to the Performance-Based Awards would have been entitled to receive immediately following such reorganization, merger, or consolidation.

16.3 Change in Control in Which Awards Are Not Assumed.

Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee (including in the agreement governing such Change in Control), upon the occurrence of a Change in Control in which outstanding Awards are not being assumed or continued, the following provisions shall apply to such Award, to the extent not assumed or continued:

(a) Immediately prior to the occurrence of such Change in Control, in each case with the exception of Performance-Based Awards, all outstanding shares of Restricted Stock, and all Restricted Stock Units, Deferred Stock Units, and Dividend Equivalent Rights shall be deemed to have vested, and all shares of Stock and/or cash subject to such Awards shall be delivered; and either or both of the following two (2) actions shall be taken:

(i) At least fifteen (15) days prior to the scheduled consummation of such Change in Control, all Options and SARs outstanding hereunder shall become

immediately exercisable and shall remain exercisable for a period of fifteen (15) days. Any exercise of an Option or SAR during this fifteen (15)-day period shall be conditioned upon the consummation of the applicable Change in Control and shall be effective only immediately before the consummation thereof, and upon consummation of such Change in Control, the Plan and all outstanding but unexercised Options and SARs shall terminate, with or without consideration (including, without limitation, consideration in accordance with clause (ii) below) as determined by the Committee in its sole discretion. The Committee shall send notice of an event that shall result in such a termination to all Persons who hold Options and SARs not later than the time at which the Company gives notice thereof to its shareholders;

and/or

(ii) The Committee may elect, in its sole discretion, to cancel any outstanding Awards of Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, and/or Dividend Equivalent Rights and pay or deliver, or cause to be paid or delivered (in a manner that complies with Code Section 409A), to the holder thereof an amount in cash or Capital Stock having a value (as determined by the Committee acting in good faith), in the case of Restricted Stock, Restricted Stock Units, Deferred Stock Units, and Dividend Equivalent Rights (for shares of Stock subject thereto), equal to the formula or fixed price per share paid to holders of shares of Stock pursuant to such Change in Control and, in the case of Options or SARs, equal to the product of the number of shares of Stock subject to such Options or SARs multiplied by the amount, if any, by which (1) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (2) the Option Price or SAR Price applicable to such Options or SARs.

(b) For Performance-Based Awards, if less than half of the Performance Period has lapsed, such Performance-Based Awards shall be treated as though target performance has been achieved. If at least half of the Performance Period has lapsed, actual performance to date shall be determined as of a date reasonably proximal to the date of consummation of the Change in Control as determined by the Committee, in its sole discretion, and that level of performance thus determined shall be treated as achieved immediately prior to occurrence of the Change in Control. For purposes of the preceding sentence, if, based on the discretion of the Committee, actual performance is not determinable, the Performance-Based Awards shall be treated as though target performance has been achieved. After application of this **Section 16.3(b)**, if any Awards arise from application of this **Article 16**, such Awards shall be settled under the applicable provision of **Section 16.3(a)**.

(c) Other Equity-Based Awards shall be governed by the terms of the applicable Award Agreement.

16.4 Change in Control in Which Awards Are Assumed.

Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee (including in the agreement governing such Change in Control), upon the occurrence of a Change in Control

in which outstanding Awards are being assumed or continued, the following provisions shall apply to such Award, to the extent assumed or continued:

The Plan and the Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards granted under the Plan shall continue in the manner and under the terms so provided in the event of any Change in Control to the extent that provision is made in writing in connection with such Change in Control for the assumption or continuation of such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards, or for the substitution for such Options, SARs, Restricted Stock, Restricted Stock Units, Deferred Stock Units, Dividend Equivalent Rights, and Other Equity-Based Awards of new stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, dividend equivalent rights, and other equity-based awards relating to the Capital Stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and exercise prices of options and stock appreciation rights.

Except as otherwise provided in the applicable Award Agreement, in another agreement with the Grantee, or as otherwise set forth in writing approved by the Committee (including in the agreement governing such Change in Control), in the event an Award is assumed, continued, or substituted upon the consummation of any Change in Control and the Service of such Grantee with the Company or an Affiliate is terminated without Cause within one (1) year (or such longer or shorter period as may be determined by the Committee) following the consummation of such Change in Control, such Award shall be fully vested and may be exercised in full, to the extent applicable, beginning on the date of such termination and for the one (1)-year period (or such longer or shorter period as may be determined by the Committee) immediately following such termination or for such longer period as the Committee shall determine.

16.5 Adjustments.

Adjustments under this **Article 16** related to shares of Stock or other Capital Stock of the Company shall be made by the Committee, whose determination in that respect shall be final, binding, and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Committee may provide in the applicable Award Agreement as of the Grant Date, in another agreement with the Grantee, or otherwise in writing at any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those provided in **Sections 16.1, 16.2, 16.3, and 16.4**. This **Article 16** shall not limit the Committee's ability to provide for alternative treatment of Awards outstanding under the Plan in the event of an internal reorganization change in control event involving the Company that is not a Change in Control.

16.6 No Limitations on Company.

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets (including all or any part of the business or assets of any Subsidiary or other Affiliate) or to engage in any other transaction or activity.

17. PARACHUTE LIMITATIONS

If any Grantee is a Disqualified Individual, then, notwithstanding any other provision of the Plan or of any Other Agreement to the contrary and notwithstanding any Benefit Arrangement, any right of the Grantee to any exercise, vesting, payment, or benefit under the Plan shall be reduced or eliminated:

(a) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under the Plan, all Other Agreements, and all Benefit Arrangements, would cause any exercise, vesting, payment, or benefit to the Grantee under the Plan to be considered a Parachute Payment; and

(b) if, as a result of receiving such Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under the Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment.

Except as required by Code Section 409A or to the extent that Code Section 409A permits discretion, the Committee shall have the right, in the Committee's sole discretion, to designate those rights, payments, or benefits under the Plan, all Other Agreements, and all Benefit Arrangements that should be reduced or eliminated so as to avoid having such rights, payments, or benefits be considered a Parachute Payment; provided, however, to the extent any payment or benefit constitutes deferred compensation under Code Section 409A, in order to comply with Code Section 409A, the Company shall instead accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of Performance-Based Awards, then by reducing or eliminating any accelerated vesting of Options or SARs, then by reducing or eliminating any accelerated vesting of Restricted Stock, Restricted Stock Units, or Deferred Stock Units, then by reducing or eliminating any other remaining Parachute Payments.

18. GENERAL PROVISIONS

18.1 Disclaimer of Rights.

No provision in the Plan, any Award, or any Award Agreement shall be construed (a) to confer upon any individual the right to remain in the Service of the Company or an Affiliate, (b) to interfere in any way with any contractual or other right or authority of the Company or an Affiliate either to increase or decrease the compensation or other payments to any Person at any time, or (c) to terminate any Service or other relationship between any Person and the Company

or an Affiliate. In addition, notwithstanding any provision of the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, in another agreement with the Grantee, or otherwise in writing, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee thereof, so long as such Grantee continues to provide Service. The obligation of the Company to pay any benefits pursuant to the Plan shall be interpreted as a contractual obligation to pay only those amounts provided herein, in the manner and under the conditions prescribed herein. The Plan and Awards shall in no way be interpreted to require the Company to transfer any amounts to a third-party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

18.2 Nonexclusivity of the Plan.

The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Board or the Committee to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board or the Committee in their discretion determine desirable.

18.3 Withholding Taxes.

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, state, or local taxes of any kind required by Applicable Laws to be withheld with respect to the vesting of or other lapse of restrictions applicable to an Award or the exercise of an Award or upon the issuance of any shares of Stock upon the exercise of an Option or pursuant to any other Award. At the time of such vesting, lapse, exercise, or settlement, the Grantee shall pay in cash to the Company or an Affiliate, as the case may be, any amount that the Company or such Affiliate may reasonably determine to be necessary to satisfy such withholding obligation; provided that if there is a same-day sale of shares of Stock subject to an Award, the Grantee shall pay such withholding obligation on the day on which such same-day sale is completed. Unless otherwise determined by the Committee, the Grantee may elect to satisfy such withholding obligation, in whole or in part, (a) by causing the Company or such Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (b) by delivering to the Company or such Affiliate shares of Stock already owned by the Grantee. The shares of Stock so withheld or delivered shall have an aggregate fair market value equal to such withholding obligation. The fair market value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or such Affiliate as of the date on which the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 18.3** may satisfy such Grantee's withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements. The maximum number of shares of Stock that may be withheld from any Award to satisfy any federal, state, or local tax withholding requirements upon the exercise, vesting, or lapse of restrictions applicable to any Award or payment of shares of Stock pursuant to such Award, as applicable, may not exceed such number of shares of Stock having a fair market value equal to the minimum statutory amount required by the Company or the applicable Affiliate to be withheld and paid to any such federal, state, or local taxing authority with respect to such exercise, vesting, lapse of restrictions, or payment of shares of Stock unless (i) an

additional amount can be withheld and not result in adverse accounting consequences, and (ii) such additional withholding amount is authorized by the Company.

18.4 Captions.

The use of captions in the Plan or any Award Agreement is for convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

18.5 Construction.

Unless the context otherwise requires, all references in the Plan to “including” shall mean “including without limitation.”

18.6 Other Provisions.

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Committee, in its sole discretion.

18.7 Number and Gender.

With respect to words used in the Plan, the singular form shall include the plural form, and the masculine gender shall include the feminine gender, as the context requires.

18.8 Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

18.9 Governing Law.

The validity and construction of the Plan and the instruments evidencing the Awards hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

18.10 Foreign Jurisdictions.

To the extent the Committee determines that the material terms set by the Committee imposed by the Plan preclude the achievement of the material purposes of the Plan in jurisdictions outside the United States, the Committee shall have the authority and discretion to modify those terms and provide for such additional terms and conditions as the Committee determines to be necessary, appropriate, or desirable to accommodate differences in local law, policy, or custom or to facilitate administration of the Plan. The Committee may adopt or approve sub-plans, appendices, or supplements to, or amendments, restatements, or alternative versions of the Plan as in effect for any other purposes (which, in each case, will be considered

part of this Plan). The special terms and any appendices, supplements, amendments, restatements, or alternative versions, however, shall not include any provisions that are inconsistent with the terms of the Plan as in effect, unless the Plan could have been amended to eliminate such inconsistency without further approval by the Company's shareholders.

18.11 Section 409A of the Code.

The Plan is intended to comply with Code Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance with Code Section 409A. Any payments described in the Plan that are due within the Short-Term Deferral Period shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding any provision of the Plan to the contrary, to the extent required to avoid accelerated taxation and tax penalties under Code Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6)-month period immediately following the Grantee's Separation from Service shall instead be paid on the first payroll date after the six (6)-month anniversary of the Grantee's Separation from Service (or the Grantee's death, if earlier).

Furthermore, notwithstanding anything in the Plan to the contrary, in the case of an Award that is characterized as deferred compensation under Code Section 409A, and pursuant to which settlement and delivery of the cash or shares of Stock subject to the Award is triggered based on a Change in Control, in no event shall a Change in Control be deemed to have occurred for purposes of such settlement and delivery of cash or shares of Stock if the transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). If an Award characterized as deferred compensation under Code Section 409A is not settled and delivered on account of the provision of the preceding sentence, the settlement and delivery shall occur on the next succeeding settlement and delivery triggering event that is a permissible triggering event under Code Section 409A. No provision of this paragraph shall in any way affect the determination of a Change in Control for purposes of vesting in an Award that is characterized as deferred compensation under Code Section 409A.

Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Code Section 409A, and neither the Company or an Affiliate nor the Board or the Committee shall have any liability to any Grantee for such tax or penalty.

18.12 Limitation on Liability.

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award, or any Award Agreement. Notwithstanding any provision of the Plan to the contrary, neither the Company, an Affiliate, the Board, the Committee, nor any person acting on behalf of the Company, an Affiliate, the Board, or the Committee shall be liable to any Grantee or to the estate or beneficiary of any Grantee or to any other holder of an Award under the Plan by reason of any acceleration of income, or any

additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Code Section 422 or Code Section 409A or by reason of Code Section 4999, or otherwise asserted with respect to the Award; provided, that this **Section 18.12** shall not affect any of the rights or obligations set forth in an applicable agreement between the Grantee and the Company or an Affiliate.

18.13 Miscellaneous.

Notwithstanding anything in this Plan or an Award Agreement to the contrary, nothing in this Plan or in an Award Agreement prevents a Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

FORTREA HOLDINGS INC.

2025 INDUCEMENT AWARD PLAN

NOTICE OF GRANT OF RESTRICTED STOCK UNIT AWARD

This Notice of Grant hereby evidences a grant of restricted stock units (the "Restricted Stock Units") relating to shares of common stock, par value \$0.001 per share, of Fortrea Holdings Inc., a Delaware corporation (the "Company"), to the Grantee named below, subject to the vesting and other conditions set forth below in this Notice of Grant. Additional terms and conditions of the grant are set forth in the attached Restricted Stock Unit Agreement (the "Agreement") and in the Company's 2025 Inducement Award Plan (as may be amended or amended and restated from time to time) (the "Plan").

Grant Date: _____, 20__

Name of Grantee: _____

Number of shares of Stock underlying the Restricted Stock Units: _____

Purchase Price per share of Stock: \$_____

Vesting Schedule: Subject to alternative vesting terms in the Agreement, _____ (each, a "Vesting Date"), provided Grantee has not had a Separation from Service prior to each such Vesting Date. The number of Restricted Stock Units that vest on each Vesting Date will be rounded to the nearest whole number, and Grantee cannot vest in more than the number of Restricted Stock Units set forth above.

By entering into this Agreement, you acknowledge and agree that prior to [Employment Commencement Date], you [were never employed by the Company OR have had a bona fide period of non-employment (as contemplated under the Inducement Listing Rule)], and that this grant of Restricted Stock Units was a material inducement to you to enter into an employment relationship with the Company. You further acknowledge that this award of Restricted Stock Units is being awarded as an inducement award pursuant to the Plan and in accordance with the Inducement Listing Rule.

This grant of Restricted Stock Units is subject to all of the terms and conditions described in this Notice of Grant, the Agreement and the Plan, a copy of which has been provided to you. You acknowledge that you have carefully reviewed the Agreement and the Plan, and agree that the Plan will control in the event any provision of this Notice of Grant or the Agreement should appear inconsistent. Certain capitalized terms used in this Notice of Grant that are not defined herein are defined in the Agreement or the Plan, and have the meanings set forth in the Agreement or the Plan, as applicable.

Grantee: _____ Date:____ (Signature)

Company: _____ Date: _____, 20__
(Signature)

Title: _____

FORTREA HOLDINGS INC.

2025 INDUCEMENT AWARD PLAN

RESTRICTED STOCK UNIT AGREEMENT

Restricted Stock Units	<p>This Agreement and the Notice of Grant evidence an award of Restricted Stock Units in the number of shares of Stock set forth on the Notice of Grant, and subject to the vesting and other conditions described below, in the Plan and on the Notice of Grant (the “Restricted Stock Units”).</p> <p>The Purchase Price for the shares of Stock underlying the Restricted Stock Units is deemed paid by your promise to perform future services to the Company.</p>
Transfer of Restricted Stock Units	<p>To the extent not yet vested, your Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of, whether by operation of law or otherwise, nor may your Restricted Stock Units be made subject to execution, attachment or similar process.</p>
Standard Vesting Schedule	<p>Your Restricted Stock Units shall vest in accordance with the vesting schedule shown on the Notice of Grant so long as you have not had a Separation from Service prior to the Vesting Dates set forth on the Notice of Grant.</p> <p>No additional Restricted Stock Units will vest after your Separation from Service for any reason except as set forth in this Agreement.</p>
Death, Disability, or Specified Terminations Following a Change in Control	<p>Notwithstanding the vesting schedule set forth under “Standard Vesting Schedule” above, if you have (a) a Separation from Service as a result of your (i) death or (ii) Disability, or (b) a Separation from Service for Good Reason (as defined below) or by the Company without Cause (as defined below), in each case within 24 months after the consummation of a Change in Control, 100% of the Restricted Stock Units that remain unvested on such separation date will vest on the date of your Separation from Service.</p>

<p>Separation Without Cause or for Good Reason not Related to a Change in Control</p>	<p>Notwithstanding the vesting schedules set forth under “Standard Vesting Schedule” and “Death, Disability, or Specified Terminations Following a Change in Control” above, if you have an involuntary Separation from Service without Cause (as defined below), or you have incurred a voluntary Separation from Service for Good Reason (as defined below), in each case, on or after 6 months following the Grant Date but not within 24 months after a Change in Control, the Restricted Stock Units that were scheduled to vest in accordance with the Standard Vesting Schedule within 12 months immediately following said Separation from Service will vest upon the occurrence of such Separation from Service.</p> <p>For purposes of this Agreement:</p> <p>a) “Cause” means the following events: (i) an intentional act of fraud, embezzlement, theft, or any other material violation of law in connection with your duties or in the course of your employment with the Company; (ii) your conviction of or entering of a plea of nolo contendere to a felony; (iii) your alcohol intoxication on the job or current illegal drug use; (iv) your intentional wrongful damage to tangible assets of the Company; (v) your intentional wrongful disclosure of material confidential information of the Company and/or material breach of the provisions of the Company’s Confidentiality/Non-Competition/Non-Solicitation Agreement or any other noncompetition or confidentiality provisions covering your activities; (vi) your knowing and intentional breach of any employment policy of the Company, including but not limited to the Code of Conduct and Ethics; (vii) gross neglect or gross misconduct, disloyalty, dishonesty, or breach of trust, or failure in the performance of your duties that is not corrected to the Company’s satisfaction within 30 days of your receiving notice thereof, <u>provided</u> that a period to cure any issues is reasonable and/or feasible; or (viii) your misconduct that causes reputational harm to the Company.</p> <p>b) “Good Reason” means, without your consent, (i) a material reduction in your base salary or target bonus as a percentage of your base salary; (ii) relocation to an office location more than 50 miles from your current office; or (iii) a material reduction in job responsibilities and duties or transfer to another job; <u>provided, however</u>, that Good Reason shall only be deemed to have occurred if (x) no later than 30 days after you learn of the circumstances constituting Good Reason, you provide written notice to the Company detailing the events that constitute Good Reason and your decision to terminate your employment with the Company, (y) the Company fails to cure such circumstances within 30 days after receipt of said notice (“Cure Period”), and (z) you actually have a Separation from Service within 30 days after the end of said Cure Period. Notwithstanding the foregoing, “Good Reason” shall not include a reduction in your base salary or target bonus where such reduction is pursuant to a Company-wide reduction of base salaries and/or target bonuses.</p>
<p>Forfeiture of Unvested Restricted Stock Units</p>	<p>Unless your Separation from Service triggers accelerated vesting or other treatment of your Restricted Stock Units pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or an Affiliate and you, you will automatically forfeit to the Company all of the Restricted Stock Units that have not yet vested as of your Separation from Service.</p>

Forfeiture of Rights	<p>If you (a) should take actions in violation or breach of or in conflict with any (i) employment agreement, (ii) non-competition agreement, (iii) agreement prohibiting solicitation of employees or clients of the Company or any Affiliate, (iv) confidentiality obligation with respect to the Company or any Affiliate, (v) Company policy or procedure, including but not limited to the Code of Conduct and Ethics, or (vi) other agreement, or (b) if you incur a Separation from Service for Cause, or you otherwise engage in conduct that would constitute Cause, the Company has the right to cause an immediate forfeiture of (A) your rights to any outstanding Restricted Stock Units, and (B) with respect to the period commencing 36 months prior to your Separation from Service and ending 36 months following such Separation from Service (1) a forfeiture of any gain recognized by you upon the sale of any shares of Stock received as a result of the vesting of any Restricted Stock Units, and (2) a forfeiture of any vested shares of Stock held by you as a result of the vesting of any Restricted Stock Units. For the avoidance of doubt, any Confidentiality/Non-Competition/Non-Solicitation Agreement entered into before or concurrently with this Agreement is covered by this provision as are any other applicable agreements whether executed before or after this Agreement.</p> <p>Moreover, nothing in this Agreement or the Plan shall prohibit you from (a) disclosing any confidential information to a government agency if you are required to produce the information pursuant to a subpoena, court order, administrative order or other legal process, (b) discussing terms and conditions of employment or engaging in other activities protected by the National Labor Relations Act, (c) communicating with the Securities and Exchange Commission about securities law violations, or (d) communicating with any other government entity or agency if such communication is to report a violation of applicable law.</p>
Leaves of Absence	<p>For purposes of this Agreement, you do not have a Separation from Service when you go on a <i>bona fide</i> employee leave of absence that was approved by your employer in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, you will be treated as having a Separation from Service 90 days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. You will incur a Separation from Service in any event when the approved leave ends unless you immediately return to active employee work.</p> <p>Your employer determines, in its sole discretion, which leaves count for this purpose, and when you have a Separation from Service for all purposes under the Plan, subject to applicable law. Notwithstanding the foregoing, the Company may determine, in its discretion, that a leave counts for this purpose even if your employer does not agree.</p>
Issuance of Stock	<p>The shares of Stock underlying your vested Restricted Stock Units will be issued within 60 days following each Vesting Date; <u>provided, however</u>, that if you incur a Separation from Service on which all or some of your unvested Restricted Stock Units vest as provided in this Agreement, the shares of Stock underlying such vested Restricted Stock Units shall be issued within 60 days of the date of your Separation from Service.</p>

Taxes	You agree, as a condition of this grant, that you will make acceptable arrangements to pay any applicable income taxes, employment taxes, social insurance, social contributions, national insurance contributions, other contributions, payroll taxes, levies, payment on account obligations and any other tax-related items (“Applicable Taxes”), that may be due as a result of grant or vesting of the Restricted Stock Units or the issuance of shares of Stock acquired under this grant. In the event that the Company or any Affiliate determines that any Applicable Taxes are required to be collected, withheld or accounted for relating to the grant or vesting of the Restricted Stock Units or the issuance of shares of Stock acquired from this grant, unless the Company provides notice of an alternate procedure in its discretion, you agree to facilitate the Company’s satisfaction of its withholding obligation by instructing a registered broker selected by the Company to sell the number of shares of Stock necessary to satisfy the Company’s withholding obligation, after deduction of the broker’s commission, and to remit the proceeds of such sale to the Company. Such sales shall be made pursuant to a mandatory “sell-to-cover” program instituted by the Company with no discretion on your part with respect to any sale. If the proceeds of such a sale exceed the Company’s withholding obligation, the Company will pay the excess to you as soon as practicable. If the proceeds of such a sale are less than the Company’s withholding obligation, you agree to pay any shortfall to the Company as soon as practicable, including through payroll withholding. You acknowledge that the Company and its broker are under no obligation to arrange for such sale at any particular price. In connection with the “sell-to-cover” program, you agree to execute any documents the broker may request to effectuate the sale of shares of Stock and satisfaction of the Stock and satisfaction of the Company’s withholding obligation.
Retention Rights	This Agreement and the Restricted Stock Units do not give you the right to be retained by the Company or any Affiliate in any capacity. The Company or any Affiliate reserves the right to terminate your Service at any time and for any reason, subject to applicable law.
Stockholder Rights	You, or your estate or heirs, have no rights as a stockholder of the Company until the shares of Stock have been issued upon vesting of your Restricted Stock Units and either a certificate evidencing your shares of Stock has been issued or an appropriate entry has been made on the Company’s books.
Insider Trading Policy	You acknowledge receipt of the Company’s Insider Trading Policy (the “Policy”), a copy of which has been provided to you. You agree to comply fully with the standards contained in the Policy (and related policies and procedures adopted by the company). You further understand that compliance with these standards, policies, and procedures is a condition of continued employment or association with the Company or any of its subsidiaries and that the Policy is only a statement of principles for individual and business conduct and does not, in any way, constitute an employment contract, an assurance of continued employment, or employment other than at-will. By acceptance of the Restricted Stock Units granted hereunder, you certify to your understanding of and intent to comply with the Policy.
Confidentiality/Non-Competition/Non-Solicitation Agreement	You acknowledge that you either (a) have entered into a Confidentiality/Non-Competition/Non-Solicitation Agreement with the Company or an Affiliate as of the date you accepted employment with the Company or an Affiliate or as of the date you were first granted Awards pursuant to the Plan, or (b) will concurrently enter into a Confidentiality/Non-Competition/Non-Solicitation Agreement if this Agreement and Notice of Grant relates to your first grant of an Award under the Plan. In consideration of the award of Restricted Stock Units granted pursuant to this Agreement, you agree to be bound by the obligations in, and covenant to comply with, such Confidentiality/Non-Competition/Non-Solicitation Agreement that you have either previously entered into with the Company or are entering into with the Company concurrently with this Agreement, and you further understand that a failure to comply with the Confidentiality/Non-Competition/Non-Solicitation Agreement’s terms and conditions may result in consequences as described in this Agreement.

Clawback	You acknowledge receipt of the Company’s Incentive Compensation Recoupment Policy (the “Recoupment Policy”). You agree that your Incentive Compensation (as defined in the Recoupment Policy), including Restricted Stock Units, is subject to the terms of the Recoupment Policy, which requires repayment by you to the Company of Incentive Compensation paid by the Company to you in the event that you fail to comply with, or violate, the terms or requirements of the Recoupment Policy. Notwithstanding anything in this Agreement to the contrary, you acknowledge and agree that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of any other clawback policy as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the shares of the Company may be traded).
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
The Plan	<p>The text of the Plan is incorporated in this Agreement by reference.</p> <p><i>Certain capitalized terms used in this Agreement that are not defined herein or in the Notice of Grant are defined in the Plan, and have the meanings set forth in the <u>Plan</u>.</i></p> <p>This Agreement, the Notice of Grant, and the Plan constitute the entire understanding between you and the Company regarding this grant of Restricted Stock Units. Any prior agreements, commitments or negotiations concerning this grant are superseded; except that any written employment, consulting, confidentiality, non-competition, non-solicitation, and/or severance agreement between you and the Company or any Affiliate shall supersede this Agreement with respect to its subject matter.</p> <p>If there is any conflict between this Agreement and the Plan, or if there is any ambiguity in this Agreement, any term that is not defined in this Agreement or any matter as to which this Agreement is silent, in any such case, the Plan shall govern, including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (a) interpret the Plan, (b) prescribe, amend and rescind rules and regulations relating to the Plan and (c) make all other determinations deemed necessary or advisable for the administration of the Plan.</p>

<p>Data Privacy</p>	<p><u>Data Protection (European Union/European Economic Area/United Kingdom)</u></p> <p>The Company and/or any of its local subsidiaries or other Affiliates, including your employer, will process your personal data in connection with the Plan and this Agreement in accordance with the terms of the privacy notice previously provided to you.</p> <p>In the event the Company and/or any of its local subsidiaries or other Affiliates may need to process information relating to your health or the identity of your spouse or civil partner in order to operate the Plan, the Company will seek your explicit consent (in the case of information relating to your health), or, their consent (in respect of information relating to the personal identity of your spouse or civil partner), where appropriate.</p> <p><u>Data Protection (Jurisdictions other than European Union/European Economic Area/United Kingdom)</u></p> <p>In order to administer the Plan, the Company may process personal data about you. The Company may instruct its Affiliates to administer the Plan on its behalf. For a list of the Company’s Affiliates from time to time please contact the Company’s Chief Legal Officer.</p> <p>The Company may process the following personal data in connection with the administration of the Plan:</p> <ul style="list-style-type: none"> • information provided in this Agreement and any changes thereto; • contact information such as your home and business addresses, telephone numbers and email address; • payroll information; • start and end dates of employment; • information about your employment which is relevant to awards under the Plan (for example details of performance required for performance-based awards); and • other personal data about you which is necessary for the administration of the Plan. <p>This information may be provided to the Company by you or your employer.</p> <p>By accepting this grant, you give explicit consent to the Company to process any such personal data or use Affiliates to process data on its behalf.</p> <p>You also give explicit consent to the Company and any Affiliate to transfer any such personal data outside the country in which you work or are employed, including, with respect to non-U.S. resident participants, to the United States, to transferees who shall include the Company, any Affiliate and other persons who are designated by the Company to administer the Plan.</p> <p>You are entitled to receive information about the processing of your personal data and to request that any incorrect data be rectified.</p>
<p>Notices</p>	<p>Any notices to be given under the terms of this Agreement shall be in writing and addressed to the Company at 8 Moore Drive, Durham, NC 27709, Attention: General Counsel, and to you at the address in the Company’s books and records, or at such address as either party may hereafter designate in writing to the other.</p>

Consent to Electronic Delivery	The Company may choose to deliver certain statutory materials relating to the Plan as well as any other documents related to the grant in electronic form. By accepting this grant, you agree that the Company may deliver the Plan prospectus, the Company’s annual report, and other grant-related materials to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please email your request for paper copies to StockCompliance@Fortrea.com .
Electronic Signature	All references to signatures and delivery of documents in this Agreement can be satisfied by procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents, including this Agreement. Your electronic signature is the same as, and shall have the same force and effect as, your manual signature. Any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
Code Section 409A	<p>It is intended that the Restricted Stock Units comply with Section 409A of the Code and the guidance and regulations promulgated thereunder (“Section 409A”) or an exemption from Section 409A. To the extent that the Company determines that you would be subject to the additional taxes or penalties imposed on certain non-qualified deferred compensation plans pursuant to Section 409A as a result of any provision of this Agreement, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional taxes or penalties. The nature of any such amendment shall be determined by the Company. Notwithstanding anything to the contrary in this Agreement or the Plan, to the extent required to avoid accelerated taxation and penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Agreement during the 6-month period immediately following your Separation from Service will instead be paid on the first payroll date after the 6-month anniversary of your Separation from Service (or your death, if earlier). Each installment of Restricted Stock Units that vests under this Agreement (if there is more than one installment) will be considered one of a series of separate payments for purposes of Section 409A.</p> <p>“Separation from Service” shall have the meaning set forth in Section 409A which includes when the Company reasonably anticipates that your level of Services will permanently decrease to no more than 20% of the average level of Services you have performed over the immediately preceding 36-month period (or such lesser period of your Service with the Company and its Affiliates), which shall be interpreted consistently with the provisions of Section 409A. It is intended that the Agreement comply with Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Agreement will be interpreted and administered to be in compliance with Section 409A.</p>
Additional Terms for Non-U.S. Grantees	Notwithstanding anything to the contrary in this Agreement, if you work and/or reside outside of the United States, you shall be subject to the Additional Terms and Conditions for Non-U.S. Grantees attached hereto as Addendum A and to any Country-Specific Terms and Conditions attached hereto as Addendum B. If you are a citizen or resident of a country (or are considered as such for local law purposes) other than the one in which you are currently working or residing or if you relocate to one of the countries included in the Country-Specific Terms and Conditions after the grant of the Restricted Stock Units, the special terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Additional Terms and Conditions for Non-U.S. Grantees and the Country-Specific Terms and Conditions constitute part of this Agreement and are incorporated herein by reference.

By electronically executing this Agreement, you agree to all of the terms and conditions described above, in the Plan, in the Confidentiality/Non-Competition/Non-Solicitation Agreement, in the Company’s Insider Trading Policy and in the Company’s Incentive Recoupment Policy.

FORTREA HOLDINGS INC.

2025 INDUCEMENT AWARD PLAN

NOTICE OF GRANT OF PERFORMANCE SHARE UNIT AWARD

Fortrea Holdings Inc., a Delaware corporation (the “Company”), hereby grants an award of Performance Share Units (the “Performance Share Unit Award”) under the Fortrea Holdings Inc. 2025 Inducement Award Plan (as may be amended or amended and restated from time to time, the “Plan”), to the Grantee named below, subject to the vesting and other terms and conditions set forth in this Notice of Grant and the attached Performance Share Unit Agreement (together, the “Agreement”). Under the Performance Share Unit Award, the Grantee is eligible to receive a number of shares of common stock, par value \$0.001 per share, of the Company (“Stock”) based on the extent to which the applicable performance goals specified in **Exhibit A** of this Agreement for the Performance Period specified therein have been attained. The initial number of shares of Stock that shall be used to determine the Grantee’s rights pursuant to this Performance Share Unit Award is set forth below (the “Target Performance Share Units”). The number of Target Performance Share Units shall be used solely to calculate the actual number of shares of Stock that may be issued to the Grantee under this Agreement.

Certain capitalized terms used but not defined in this Agreement have the meanings given such terms in the Plan.

Grant Date:

Name of Grantee:

Target Performance Share Units:

This Performance Share Unit Award is subject to all of the terms and conditions described in this Agreement and in the Plan, a copy of which has been provided to you. You acknowledge that you have carefully reviewed the Plan and agree that the Plan will control in the event any provision of this Agreement should appear inconsistent.

By entering into this Agreement, you acknowledge and agree that prior to [Employment Commencement Date], you [were never employed by the Company OR have had a bona fide period of non-employment (as contemplated under the Inducement Listing Rule)], and that this grant of Performance Share Units was a material inducement to you to enter into an employment relationship with the Company. You further acknowledge that this award of Performance Share Units is being awarded as an inducement award pursuant to the Plan and in accordance with the Inducement Listing Rule.

Grantee: _____

(Signature)

Company: _____

Name:
Title:

**FORTREA HOLDINGS INC.
2025 INDUCEMENT AWARD PLAN**

PERFORMANCE SHARE UNIT AGREEMENT

Determination of the Number of Shares	The number of shares of Stock, if any, that may be issued pursuant to the terms of this Agreement shall be calculated based on the attainment of specified performance goals, as set forth on the attached <u>Exhibit A</u> , by the end of the Performance Period (as defined in <u>Exhibit A</u>). The minimum number of shares of Stock that may be issued is 0% of the Target Performance Share Units. The maximum number of shares of Stock that may be issued is 200% of the Target Performance Share Units. The Management Development and Compensation Committee of the Board (the “Committee”) will determine, in its sole discretion, whether, and to what extent, the performance goals set forth on the attached <u>Exhibit A</u> have been satisfied.
Transfer of Performance Share Unit Award	Your Performance Share Unit Award may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of, whether by operation of law or otherwise, nor may the Performance Share Unit Award be made subject to execution, attachment or similar process.
Standard Vesting Schedule	<p>Your Performance Share Unit Award will vest in accordance with the terms of this Agreement on the 30th day following the availability of audited financial statements for the third calendar year of the Performance Period and, in any event, by December 31 of the calendar year immediately after the end of the three-year Performance Period (the “Vesting Date”).</p> <p>The Performance Share Unit Award will not vest if you have had a Separation from Service (as defined below) for any reason prior to the Vesting Date, except as set forth in this Agreement.</p>
Death, Disability, or Specified Terminations following Change in Control	Notwithstanding the vesting schedule set forth under “Standard Vesting Schedule” above, if you have a Separation from Service as a result of your (1) death, (2) Disability, or (3) involuntary Separation from Service without Cause or voluntary Separation from Service for Good Reason (as such terms are defined below), in any case, within 24 months after the consummation of a Change in Control (each of the terminations in (3), a “Qualifying CIC Termination”), then 100% of the Target Performance Share Units will vest on the date of your Separation from Service.

<p>Separation from Service Without Cause or for Good Reason, unrelated to a Change in Control</p>	<p>Notwithstanding the vesting schedules set forth under “Standard Vesting Schedule” and “Death, Disability, or Specified Terminations Following a Change in Control” above, if you have an involuntary Separation from Service without Cause, or you have incurred a voluntary Separation from Service for Good Reason, in each case, on or after 6 months following the Grant Date that does not constitute a Qualifying CIC Termination, then you shall continue to be eligible to vest in a prorated portion of the Performance Share Unit Award based on the attainment of the specified performance goals as if you had not had a Separation from Service.</p> <p>The prorated portion of the Performance Share Unit Award shall be determined based on the ratio of the number of months of your Service during the Performance Period to the total number of months in the Performance Period, rounded to the nearest whole share.</p> <p>Notwithstanding anything in this Agreement to the contrary, such vesting determination shall be made as of the Vesting Date.</p> <p>For purposes of this Agreement, Cause and Good Reason are defined as follows:</p> <p>“Cause” means the following events: (a) an intentional act of fraud, embezzlement, theft, or any other material violation of law in connection with your duties or in the course of your employment with the Company; (b) your conviction of or entering of a plea of nolo contendere to a felony; (c) your alcohol intoxication on the job or current illegal drug use; (d) your intentional wrongful damage to tangible assets of the Company; (e) your intentional wrongful disclosure of material confidential information of the Company and/or material breach of the provisions of the Company’s Confidentiality/Non-Competition/Non-Solicitation Agreement or any other noncompetition or confidentiality provisions covering your activities; (f) your knowing and intentional breach of any employment policy of the Company, including but not limited to the Code of Conduct and Ethics; (g) gross neglect or gross misconduct, disloyalty, dishonesty, or breach of trust, or failure in the performance of your duties that is not corrected to the Company’s satisfaction within 30 days of your receiving notice thereof, provided, however, that a period to cure any issues is reasonable and/or feasible; or (h) your misconduct that causes reputational harm to the Company.</p> <p>“Good Reason” means, without your consent, (a) a material reduction in your base salary or target bonus as a percentage of your base salary; (b) role relocation to an office location more than 50 miles from your current office; or (c) a material reduction in job responsibilities and duties or transfer to another job; provided, however, that Good Reason shall only be deemed to have occurred if (1) no later than 30 days after you learn of the circumstances constituting Good Reason, you provide written notice to the Company detailing the events that constitute Good Reason and your decision to terminate your employment with the Company, (2) the Company fails to cure such circumstances within 30 days after receipt of said notice (“Cure Period”), and (3) you actually have a Separation from Service within 30 days after the end of said Cure Period. Notwithstanding the foregoing, “Good Reason” shall not include a reduction in your base salary or target bonus where such reduction is pursuant to a Company-wide reduction of base salaries and/or target bonuses.</p>
<p>Forfeiture of Unvested Performance Share Unit Award</p>	<p>Unless your Separation from Service triggers accelerated vesting or other treatment of your Performance Share Unit Award pursuant to the terms of this Agreement, the Plan, or any other written agreement between the Company or an Affiliate and you, you will automatically forfeit to the Company the Performance Share Unit Award to the extent not yet vested as of your Separation from Service.</p>
<p>Forfeiture of Rights</p>	<p>If you (i) should take actions in violation or breach of or in conflict with any (a) employment agreement, (b) non-competition agreement, (c) agreement prohibiting solicitation of employees or clients of the Company or any Affiliate, (d) confidentiality obligation with respect to the Company or any Affiliate, (e) Company policy or procedure, including but not limited to the Code of Conduct and Ethics, or (f) other agreement, or (ii) if you incur a Separation from Service for Cause, or you otherwise engage in conduct that would constitute Cause, the Company has the right to cause an immediate forfeiture of (A) your rights to any shares of Stock under the Performance Share Unit Award, and (B) with respect to the period commencing 36 months prior to your Separation from Service and ending 36 months following such Separation from Service (1) a forfeiture of any gain recognized by you upon</p>

the sale of any shares of Stock received as a result of the vesting of the Performance Share Unit Award, and (2) a forfeiture of any vested shares of Stock held by you as a result of the vesting of the Performance Share Unit Award. For the avoidance of doubt, any Confidentiality/Non-Competition/Non-Solicitation Agreement entered into before or concurrently with this Agreement is covered by this provision as are any other applicable agreements whether executed before or after this Agreement.

Nothing in this Agreement or the Plan shall prohibit you from (a) disclosing any confidential information to a government agency if you are required to produce the information pursuant to a subpoena, court order, administrative order or other legal process, (b) discussing terms and conditions of employment or engaging in other activities protected by the National Labor Relations Act, (c) communicating with the Securities and Exchange Commission about securities law violations, or (d) communicating with any other government entity or agency if such communication is to report a violation of applicable law.

<p>Leaves of Absence</p>	<p>For purposes of this Agreement, you do not have a Separation from Service when you go on a bona fide employee leave of absence that was approved by your employer in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, you will be treated as having a Separation from Service 90 days after you went on employee leave, unless your right to return to active work is guaranteed by law or by a contract. You will incur a Separation from Service in any event when the approved leave ends unless you immediately return to active employee work.</p> <p>Your employer determines, in its sole discretion, which leaves count for this purpose, and when you have a Separation from Service for all purposes under the Plan, subject to applicable law. Notwithstanding the foregoing, the Company may determine, in its discretion, that a leave counts for this purpose even if your employer does not agree.</p>
<p>Issuance of Stock Pursuant to Vested Performance Share Unit Award</p>	<p>The shares of Stock issuable upon vesting of the Performance Share Unit Award will be issued in book entry form as soon as practicable following the Vesting Date, but in no event later than December 31 of the calendar year following the end of the Performance Period, provided that if your Performance Share Unit Award becomes vested by reason of a Qualifying CIC Termination, the shares of Stock issuable in connection with such Qualifying CIC Termination shall be issued within 60 days following the Qualifying CIC Termination, and if your Performance Share Unit Award becomes vested by reason of your death, your shares of Stock will be issued within 60 days.</p>

Taxes	You agree, as a condition of this grant, that you will make acceptable arrangements to pay any applicable income taxes, employment taxes, social insurance, social contributions, national insurance contributions, other contributions, payroll taxes, levies, payment on account obligations and any other tax-related items (“Applicable Taxes”), that may be due as a result of grant or vesting of the Performance Share Unit Award or the issuance of shares of Stock acquired under this grant or the payment of any Dividend Equivalent Rights. In the event that the Company or any Affiliate determines that any Applicable Taxes are required to be collected, withheld or accounted for relating to the grant or vesting of the Performance Share Unit Award or the issuance of shares of Stock acquired under this grant unless the Company provides notice of an alternate procedure in its discretion, you agree to facilitate the Company’s satisfaction of its withholding obligation by instructing a registered broker selected by the Company to sell the number of shares of Stock necessary to satisfy the Company’s withholding obligation, after deduction of the broker’s commission, and to remit the proceeds of such sale to the Company. Such sales shall be made pursuant to a mandatory “sell-to-cover” program instituted by the Company with no discretion on your part with respect to any sale. If the proceeds of such a sale exceed the Company’s withholding obligation, the Company will pay the excess to you as soon as practicable. If the proceeds of such a sale are less than the Company’s withholding obligation, you agree to pay any shortfall to the Company as soon as practicable, including through payroll withholding. You acknowledge that the Company and the broker are under no obligation to arrange for such sale at any particular price. In connection with the “sell-to-cover” program, you agree to execute any documents the broker may request to effectuate the sale of shares of Stock and satisfaction of the Stock and satisfaction of the Company’s withholding obligation.
Retention Rights	This Agreement and the Performance Share Unit Award do not give you the right to be retained by the Company or any Affiliate in any capacity. The Company or any Affiliate reserves the right to terminate your Service at any time and for any reason, subject to applicable law.
Stockholder Rights	You, or your estate or heirs, have no rights as a stockholder of the Company until the Stock has been issued upon vesting of your Performance Share Unit Award and an appropriate entry has been made on the Company’s books.

Insider Trading Policy	You acknowledge receipt of the Company’s Insider Trading Policy (the “Policy”), attached hereto as Exhibit B . You agree to comply fully with the standards contained in the Policy (and related policies and procedures adopted by the company). You further understand that compliance with these standards, policies, and procedures is a condition of continued employment or association with the Company or any of its subsidiaries and that the Policy is only a statement of principles for individual and business conduct and does not, in any way, constitute an employment contract, an assurance of continued employment, or employment other than at-will. By acceptance of the Performance Share Unit Award granted hereunder, you certify to your understanding of and intent to comply with the Policy.
Confidentiality/Non-Competition/Non-Solicitation Agreement	You acknowledge that you either (a) have entered into a Confidentiality/Non-Competition/Non-Solicitation Agreement with the Company or an Affiliate as of the date you accepted employment with the Company or an Affiliate or as of the date you were first granted Awards pursuant to the Plan, or (b) will concurrently enter into a Confidentiality/Non-Competition/Non-Solicitation Agreement if this Agreement relates to your first grant of an Award under the Plan (Exhibit C). In consideration of the Performance Share Unit Award granted pursuant to this Agreement, you agree to be bound by the obligations in, and covenant to comply with, such Confidentiality/Non-Competition/Non-Solicitation Agreement that you have either previously entered into with the Company or are entering into with the Company concurrently with this Agreement, and you further understand that a failure to comply with the Confidentiality/Non-Competition/Non-Solicitation Agreement’s terms and conditions may result in consequences as described in this Agreement.
Clawback	You acknowledge receipt of the Company’s Incentive Compensation Recoupment Policy (the “Recoupment Policy”). You agree that your Incentive Compensation (as defined in the Recoupment Policy), including the Performance Share Unit Award, is subject to the terms of the Recoupment Policy, which requires repayment by you to the Company of Incentive Compensation paid by the Company to you in the event that you fail to comply with, or violate, the terms or requirements of the Recoupment Policy. Notwithstanding anything in this Agreement to the contrary, you acknowledge and agree that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of any other clawback policy as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the shares of the Company may be traded).

Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
The Plan	<p>The text of the Plan is incorporated in this Agreement by reference.</p> <p><i>Certain capitalized terms used in this Agreement that are not defined herein or in the Notice of Grant are defined in the Plan, and have the meanings set forth in the <u>Plan</u>.</i></p> <p>This Agreement and the Plan constitute the entire understanding between you and the Company regarding this grant of the Performance Share Unit Award. Any prior agreements, commitments or negotiations concerning this grant are superseded; except that any written employment, consulting, confidentiality, non-competition, non-solicitation, and/or severance agreement between you and the Company or any Affiliate shall supersede this Agreement with respect to its subject matter.</p> <p>If there is any conflict between this Agreement and the Plan, or if there is any ambiguity in this Agreement, any term that is not defined in this Agreement or any matter as to which this Agreement is silent, in any such case, the Plan shall govern, including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (i) interpret the Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Plan, and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan.</p>

Data Privacy	<p><u>Data Protection (European Union/European Economic Area/United Kingdom)</u></p> <p>The Company and/or any of its local subsidiaries or other Affiliates, including your employer, will process your personal data in connection with the Plan and this Agreement in accordance with the terms of the privacy notice previously provided to you.</p> <p>In the event the Company and/or any of its local subsidiaries or other Affiliates may need to process information relating to your health or the identity of your spouse or civil partner in order to operate the Plan, the Company will seek your explicit consent (in the case of information relating to your health), or, their consent (in respect of information relating to the personal identity of your spouse or civil partner), where appropriate.</p> <p><u>Data Protection (Jurisdictions other than European Union/European Economic Area/United Kingdom)</u></p> <p>In order to administer the Plan, the Company may process personal data about you. The Company may instruct its Affiliates to administer the Plan on its behalf. For a list of the Company’s Affiliates from time to time please contact the Company’s Chief Legal Officer.</p> <p>The Company may process the following personal data in connection with the administration of the Plan:</p> <ul style="list-style-type: none"> • information provided in this Agreement and any changes thereto; • contact information such as your home and business addresses, telephone numbers and email address; • payroll information; • start and end dates of employment; • information about your employment that is relevant to awards under the Plan (for example details of performance required for performance-based awards); and • other personal data about you that is necessary for the administration of the Plan. <p>This information may be provided to the Company by you or your employer.</p> <p>By accepting this grant, you give explicit consent to the Company to process any such personal data or use Affiliates to process data on its behalf.</p> <p>You also give explicit consent to the Company and any Affiliate to transfer any such personal data outside the country in which you work or are employed, including, with respect to non-U.S. resident participants, to the United States, to transferees who shall include the Company, any Affiliate and other persons who are designated by the Company to administer the Plan.</p> <p>You are entitled to receive information about the processing of your personal data and to request that any incorrect data be rectified.</p>
Notices	<p>Any notices to be given under the terms of this Agreement shall be in writing and addressed to the Company at 8 Moore Drive, Durham, NC 27709, Attention: General Counsel, and to you at the address in the Company’s books and records, or at such address as either party may hereafter designate in writing to the other.</p>
Consent to Electronic Delivery	<p>The Company may choose to deliver certain statutory materials relating to the Plan as well as any other documents related to the grant in electronic form. By accepting this grant you agree that the Company may deliver the Plan prospectus, the Company’s annual report, and other grant-related materials to you in an electronic format. If at any time you would prefer to receive paper copies of these documents, as you are entitled to, the Company would be pleased to provide copies. Please email your request for paper copies to StockCompliance@Fortrea.com.</p>
Electronic Signature	<p>All references to signatures and delivery of documents in this Agreement can be satisfied by procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents, including this Agreement. Your electronic signature is the same as, and shall have the same force and effect as, your manual signature. Any such procedures and delivery may be affected by a third party engaged by the Company to provide administrative services related to the Plan.</p>

<p>Code Section 409A</p>	<p>“Separation from Service” shall have the meaning set forth in Section 409A of the Code and the guidance and regulations promulgated thereunder (“Section 409A”), which includes when the Company reasonably anticipates that your level of Services will permanently decrease to no more than 20 percent of the average level of Services you have performed over the immediately preceding 36-month period (or such lesser period of your Service with the Company and its Affiliates), which shall be interpreted consistently with the provisions of Section 409A, provided, however, that, notwithstanding the terms of Section 409A, if you continue employment with a former subsidiary of the Company following the sale of the subsidiary in a stock sale, merger, spin-off or other similar transaction and your Performance Share Unit Award is not assumed in connection with such transaction, you will have a Separation from Service as of the consummation of such transaction and the terms in this Agreement regarding the effect of a Separation from Service without Cause will be given effect to the extent permitted under, or otherwise in accordance with, Section 409A.</p> <p>It is intended that the Agreement comply with Section 409A to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Agreement will be interpreted and administered to be in compliance with Section 409A. To the extent that the Company determines that you would be subject to the additional taxes or penalties imposed on certain nonqualified deferred compensation plans pursuant to Section 409A as a result of any provision of this Agreement, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional taxes or penalties. The nature of any such amendment shall be determined by the Company. Notwithstanding anything to the contrary in this Agreement or the Plan, to the extent required to avoid accelerated taxation and penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Agreement during the six- month period immediately following your Separation from Service will instead be paid on the first payroll date after the six-month anniversary of your Separation from Service (or your death, if earlier). If accelerated vesting upon a Separation from Service is in connection with a Change in Control and the Change in Control does not constitute a “change in control event” for purposes of Section 409A (as defined below) or if otherwise required by Section 409A, the shares of Stock shall be issued as if you had not had a Separation from Service. Each installment of the Performance Share Unit Award that vests under this Agreement (if there is more than one installment) will be considered one of a series of separate payments for purposes of Section 409A.</p>
<p>Additional Terms for Non-U.S. Grantees</p>	<p>Notwithstanding anything to the contrary in this Agreement, if you work and/or reside outside of the United States, you shall be subject to the Additional Terms and Conditions for Non-U.S. Grantees attached hereto as Addendum A and to any Country-Specific Terms and Conditions attached hereto as Addendum B. If you are a citizen or resident of a country (or are considered as such for local law purposes) other than the one in which you are currently working or residing or if you relocate to one of the countries included in the Country-Specific Terms and Conditions after the grant of the Performance Share Unit Award, the special terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Additional Terms and Conditions for Non-U.S. Grantees and the Country-Specific Terms and Conditions constitute part of this Agreement and are incorporated herein by reference.</p>

By electronically acknowledging this Performance Share Unit Agreement, you agree to all of the terms and conditions described above, in the Plan, in the Company’s Insider Trading Policy attached as Exhibit B, and in the Confidentiality/Non-Competition/Non-Solicitation Agreement attached as Exhibit C.

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Anshul Thakral, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fortrea Holdings Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2025

/s/ Anshul Thakral

Anshul Thakral

President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jill McConnell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fortrea Holdings Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 6, 2025

/s/ Jill McConnell

Jill McConnell

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Anshul Thakral, Chief Executive Officer of Fortrea Holdings Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 6, 2025

/s/ Anshul Thakral

Anshul Thakral

President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Jill McConnell, Chief Financial Officer of Fortrea Holdings Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 6, 2025

/s/ Jill McConnell

Jill McConnell

Chief Financial Officer

(Principal Financial Officer)