

**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 October 31, 2010

Commission File Number 000-50421

CONN'S, INC.

(Exact name of registrant as specified in its charter)

A Delaware Corporation

(State or other jurisdiction of incorporation or organization)

06-1672840

(I.R.S. Employer Identification Number)

**3295 College Street
Beaumont, Texas 77701
(409) 832-1696**

(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

NONE

(Former name, former address and former
fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):
Large accelerated filer Accelerated filer Non-accelerated filer smaller reporting company
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, ,2010:

<u>Class</u>	<u>Outstanding</u>
Common stock, \$.01 par value per share	31,758,211

TABLE OF CONTENTS

PART I.	<u>FINANCIAL INFORMATION</u>	<u>Page No.</u>
Item 1.	Financial Statements	1
	Consolidated Balance Sheets as of January 31, 2010 and October 31, 2010	1
	Consolidated Statements of Operations for the three and nine months ended October 31, 2009 and 2010	2
	Consolidated Statement of Stockholders' Equity for the nine months ended October 31, 2010	3
	Consolidated Statements of Cash Flows for the nine months ended October 31, 2009 and 2010	4
	Notes to Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	43
Item 4.	Controls and Procedures	44
PART II.	<u>OTHER INFORMATION</u>	
Item 1.	Legal Proceedings	44
Item 1A.	Risk Factors	44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	58
Item 5.	Other Information	58
Item 6.	Exhibits	58
SIGNATURE		59

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

Conn's, Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

Assets	January 31, 2010	October 31, 2010 (unaudited)
Cash and cash equivalents (includes balances of VIE of \$104 and \$2,575, respectively)	\$ 12,247	\$ 12,422
Customer accounts receivable, net of allowance of \$19,204 and \$18,542 respectively (includes balances of VIE of \$279,948 and \$236,151, respectively)	368,304	344,482
Other accounts receivable, net of allowance of \$50 and \$60, respectively	23,254	26,025
Inventories	63,499	83,729
Deferred income taxes	15,237	13,508
Federal income taxes recoverable	8,178	4,467
Prepaid expenses and other assets	8,020	9,577
Total current assets	498,739	494,210
Long-term portion of customer accounts receivable, net of allowance of \$16,598 and \$15,542, respectively (includes balances of VIE of \$241,971 and \$197,937, respectively)	318,341	288,738
Property and equipment		
Land	7,682	7,264
Buildings	10,480	10,314
Equipment and fixtures	25,592	26,642
Leasehold improvements	91,299	91,770
Subtotal	135,053	135,990
Less accumulated depreciation	(75,350)	(84,375)
Total property and equipment, net	59,703	51,615
Non-current deferred income tax asset	5,485	6,685
Other assets, net (includes balances of VIE of \$7,106 and \$13,793, respectively)	10,198	22,101
Total assets	\$ 892,466	\$ 863,349
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt (includes balances of VIE of \$63,900 and \$7,500, respectively)	\$ 64,055	\$ 7,665
Accounts payable	39,944	39,997
Accrued compensation and related expenses	5,697	4,896
Accrued expenses	31,685	27,779
Income taxes payable	2,640	1,482
Deferred revenues and allowances	14,596	12,703
Total current liabilities	158,617	94,522
Long-term debt	388,249	419,932
(includes balances of VIE of \$282,500 and \$292,700, respectively)		
Other long-term liabilities	5,195	4,594
Fair value of interest rate swaps	337	185
Deferred gains on sales of property	905	898
Stockholders' equity		
Preferred stock (\$0.01 par value, 1,000,000 shares authorized; none issued or outstanding)	-	-
Common stock (\$0.01 par value, 40,000,000 shares authorized; 24,194,555 and 24,222,025 shares issued at January 31, 2010 and October 31, 2010, respectively)	242	242
Additional paid-in capital	106,226	108,045
Accumulated other comprehensive loss	(218)	(120)
Retained earnings	269,984	272,122
Treasury stock, at cost, 1,723,205 shares	(37,071)	(37,071)
Total stockholders' equity	339,163	343,218
Total liabilities and stockholders' equity	\$ 892,466	\$ 863,349

See notes to consolidated financial statements.

Conn's, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except earnings per share)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2009	2010	2009	2010
	(As adjusted see Note 1)		(As adjusted see Note 1)	
Revenues				
Product sales	\$ 148,463	\$ 127,035	\$ 508,669	\$ 443,778
Repair service agreement commissions, net	7,320	6,035	25,968	22,293
Service revenues	5,599	3,769	17,195	12,709
Total net sales	161,382	136,839	551,832	478,780
Finance charges and other	36,116	33,019	115,945	102,262
Total revenues	197,498	169,858	667,777	581,042
Cost and expenses				
Cost of goods sold, including warehousing and occupancy costs	120,963	99,546	407,594	343,979
Cost of parts sold, including warehousing and occupancy costs	2,672	1,642	8,056	6,134
Selling, general and administrative expense	65,307	56,507	192,326	178,876
Goodwill impairment	9,617	-	9,617	-
Costs related to financing transactions not completed	-	2,896	-	2,896
Provision for bad debts	12,651	9,372	26,321	24,694
Total cost and expenses	211,210	169,963	643,914	556,579
Operating income (loss)	(13,712)	(105)	23,863	24,463
Interest expense, net	5,649	7,722	16,692	20,234
Other (income) expense, net	(34)	(17)	(54)	166
Income (loss) before income taxes	(19,327)	(7,810)	7,225	4,063
Provision (benefit) for income taxes	(4,955)	(2,716)	5,017	1,925
Net income (loss)	\$ (14,372)	\$ (5,094)	\$ 2,208	\$ 2,138
Earnings (loss) per share				
Basic	\$ (0.64)	\$ (0.23)	\$ 0.10	\$ 0.10
Diluted	\$ (0.64)	\$ (0.23)	\$ 0.10	\$ 0.10
Average common shares outstanding				
Basic	22,459	22,493	22,453	22,484
Diluted	22,459	22,493	22,658	22,487

See notes to consolidated financial statements.

Conn's, Inc.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Nine Months Ended October 31, 2010
(unaudited)
(in thousands, except descriptive shares)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Other Compre- hensive Loss</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>					
Balance January 31, 2010	24,194	\$ 242	\$ 106,226	\$ (218)	\$ 269,984	\$ (37,071)	\$ 339,163
Issuance of shares of common stock under Employee Stock Purchase Plan	28	-	129				129
Stock-based compensation			1,690				1,690
Net income					2,138		2,138
Adjustment of fair value of interest rate swaps net of tax of \$53				98			98
Other comprehensive income				98			98
Total comprehensive income							2,236
Balance October 31, 2010	<u>24,222</u>	<u>\$ 242</u>	<u>\$ 108,045</u>	<u>\$ (120)</u>	<u>\$ 272,122</u>	<u>\$ (37,071)</u>	<u>\$ 343,218</u>

See notes to consolidated financial statements.

Conn's, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited) (in thousands)

	Nine Months Ended	
	October 31,	
	2009	2010
	(As adjusted see Note 1)	
Cash flows from operating activities		
Net income	\$ 2,208	\$ 2,138
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,062	9,776
Amortization, net	369	2,026
Costs related to financing transactions not completed	-	2,896
Provision for bad debts	26,321	24,694
Stock-based compensation	1,869	1,690
Goodwill impairment	9,617	-
Discounts and accretion on promotional credit	(926)	(1,570)
Provision for deferred income taxes	(3,948)	822
(Gains) losses on sales of property and equipment	(79)	176
Changes in operating assets and liabilities:		
Customer accounts receivable	(4,551)	30,317
Other accounts receivable	11,148	(2,771)
Inventory	24,273	(20,230)
Prepaid expenses and other assets	(1,287)	(1,558)
Accounts payable	(15,150)	53
Accrued expenses	5,673	(6,173)
Income taxes payable	(11,224)	2,207
Deferred revenue and allowances	571	(1,893)
Net cash provided by operating activities	54,946	42,600
Cash flows from investing activities		
Purchases of property and equipment	(8,627)	(2,340)
Proceeds from sales of property	57	601
Increase in restricted cash	-	(6,532)
Net cash used in investing activities	(8,570)	(8,271)
Cash flows from financing activities		
Proceeds from stock issued under employee benefit plans	165	129
Borrowings under lines of credit	239,931	200,171
Payments on lines of credit	(282,331)	(224,769)
Increase in deferred financing costs	(437)	(9,576)
Payment of promissory notes	(26)	(109)
Net cash used in financing activities	(42,698)	(34,154)
Net change in cash	3,678	175
Cash and cash equivalents		
Beginning of the year	11,909	12,247
End of period	\$ 15,587	\$ 12,422

See notes to consolidated financial statements.

Conn's, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
October 31, 2010

1. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying unaudited, condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The accompanying financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature, except as otherwise described herein. Operating results for the three and nine month periods ended October 31, 2010, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2011. The financial statements should be read in conjunction with the Company's (as defined below) audited consolidated financial statements and the notes thereto included in the Company's Current Report on Form 8-K filed on July 7, 2010.

The Company's balance sheet at January 31, 2010, has been derived from the audited financial statements at that date, revised for the retrospective application of the new accounting principles discussed below, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for a complete financial presentation. Please see the Company's Form 8-K filed on July 7, 2010 for a complete presentation of the audited financial statements for the fiscal year ended January 31, 2010, together with all required footnotes, and for a complete presentation and explanation of the components and presentations of the financial statements.

Business Activities. The Company, through its retail stores, provides products and services to its customer base in seven primary market areas, including southern Louisiana, southeast Texas, Houston, South Texas, San Antonio/Austin, Dallas/Fort Worth and Oklahoma. Products and services offered through retail sales outlets include home appliances, consumer electronics, home office equipment, lawn and garden products, mattresses, furniture, repair service agreements, installment and revolving credit account programs, and various credit insurance products. These activities are supported through an extensive service, warehouse and distribution system. For the reasons discussed below, the Company has aggregated its results into two operating segments: credit and retail. The Company's retail stores bear the "Conn's" name, and deliver the same products and services to a common customer group. The Company's customers generally are individuals rather than commercial accounts. All of the retail stores follow the same procedures and methods in managing their operations. The Company's management evaluates performance and allocates resources based on the operating results of its retail and credit segments. With the adoption of the new accounting principles discussed below, which require the consolidation of the Company's variable interest entity engaged in receivables securitizations, management began separately evaluating the performance of its retail and credit operations. As a result, management believes it is appropriate to disclose separate financial information of its retail and credit segments. The separate financial information is disclosed in footnote 6 – "Segment Reporting".

Adoption of New Accounting Principles. The Company enters into securitization transactions to transfer eligible retail installment and revolving customer receivables and retains servicing responsibilities and subordinated interests. Additionally, the Company transfers the eligible customer receivables to a bankruptcy-remote variable interest entity (VIE). In June 2009, the FASB issued revised authoritative guidance to improve the relevance and comparability of the information that a reporting entity provides in its financial statements about:

- A transfer of financial assets;
 - The effects of a transfer on its financial position, financial performance, and cash flows; and
 - A transferor's continuing involvement, if any, in transferred financial assets;
- and,

- Improvements in financial reporting by companies involved with variable interest entities to provide more relevant and reliable information to users of financial statements by requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics:
 - a) The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance, and
 - b) The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

After the effective date, the concept of a qualifying special-purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities (as defined under previous accounting standards) are evaluated for consolidation by reporting entities on and after the effective date in accordance with the applicable consolidation guidance. If the evaluation on the effective date results in consolidation, the reporting entity applies the transition guidance provided in the pronouncement that requires consolidation. The new FASB-issued authoritative guidance was effective for the Company beginning February 1, 2010.

The Company determined that it qualifies as the primary beneficiary of its VIE based on the following considerations:

- The Company directs the activities that generate the customer receivables that are transferred to the VIE;
- The Company directs the servicing activities related to the collection of the customer receivables transferred to the VIE;
- The Company absorbs all losses incurred by the VIE to the extent of its residual interest in the customer receivables held by the VIE before any other investors incur losses; and
- The Company has the rights to receive all benefits generated by the VIE after paying the contractual amounts due to the other investors.

As a result, the Company's adoption of the provisions of the new guidance, effective February 1, 2010, resulted in the Company's VIE, which is engaged in customer receivable financing and securitization, being consolidated in the Company's balance sheet and the Company's statements of operations, stockholders' equity and cash flows. Previously, the operations of the VIE were reported off-balance sheet. The Company elected to apply the provisions of this new guidance by retrospectively restating prior period financial statements to give effect to the consolidation of the VIE, presenting the balances at their carrying value as if they had always been carried on its balance sheet. The retrospective application impacted the comparative prior period financial statements as follows:

- For the three and nine months ended October 31, 2009, Income before income taxes was increased by approximately \$1.4 million and \$1.6 million, respectively;
- For the three and nine months ended October 31, 2009, Net income was increased by approximately \$0.9 million and \$1.0 million, respectively;
- For the three and nine months ended October 31, 2009, Basic and diluted earnings per share were increased by \$0.04 and \$0.05, respectively;
- For the nine months ended October 31, 2009, Cash flows from operating activities was increased by approximately \$109.4 million; and
- For the nine months ended October 31, 2009, Cash flows from financing activities was reduced by approximately \$104.5 million.

Principles of Consolidation. The consolidated financial statements include the accounts of Conn's, Inc. and all of its wholly-owned subsidiaries (the Company), including the Company's VIE. The liabilities of the VIE and the assets specifically collateralizing those obligations are not available for the general use of the Company and have been parenthetically presented on the face of the Company's balance sheet. Conn's, Inc. is a holding company with no independent assets or operations other than its investments in its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Fair Value of Financial Instruments. The fair value of cash and cash equivalents, receivables and accounts payable approximate their carrying amounts because of the short maturity of these instruments. The fair value of the Company's long-term debt approximates its carrying amount based on the fact that the facility was recently extended and expanded to reflect current market conditions. The VIE's 2002 Series A variable funding note approximates its carrying amount based on the fact that the note has now been retired. The estimated fair value of the VIE's 2006 Series A medium term notes was approximately \$135 million on principal of \$135 million outstanding as of October 31, 2010 and \$139 million on principal of \$150 million as of January 31, 2010, respectively, based on its estimate of the rates available at these dates, for instruments with similar terms and maturities. The fair value as of October 31, 2010 was deemed to approximate the carrying amount as these notes have now been retired. The Company's interest rate swaps are presented on the balance sheet at fair value.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Earnings Per Share (EPS). The Company calculates basic earnings per share by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share include the dilutive effects of any stock options granted, as calculated under the treasury-stock method. The weighted average number of anti-dilutive stock options not included in calculating diluted EPS was 1.5 million and 2.7 million for the three months ended October 31, 2009 and 2010, respectively. Due to the net loss incurred for the three months ended October 31, 2009 and the three months ended October 31, 2010, no stock options were included in the computation of diluted loss per share. The weighted average number of anti-dilutive stock options not included in calculating diluted EPS was 1.5 million and 2.7 million for the nine months ended October 31, 2009 and 2010, respectively. The following table sets forth the shares outstanding for the earnings per share calculations:

The following table sets forth the shares outstanding for the earnings per share calculations:

	Three Months Ended October 31,	
	2009	2010
Common stock outstanding, net of treasury stock, beginning of period	22,457,486	22,489,638
Weighted average common stock issued to employee stock purchase plan	1,767	3,194
Shares used in computing basic earnings per share	22,459,253	22,492,832
Dilutive effect of stock options, net of assumed repurchase of treasury stock	-	-
Shares used in computing diluted earnings per share	<u>22,459,253</u>	<u>22,492,832</u>
	Nine Months Ended October 31,	
	2009	2010
Common stock outstanding, net of treasury stock, beginning of period	22,444,240	22,471,350
Weighted average common stock issued to employee stock purchase plan	9,189	12,549
Shares used in computing basic earnings per share	22,453,429	22,483,899
Dilutive effect of stock options, net of assumed repurchase of treasury stock	204,729	2,606
Shares used in computing diluted earnings per share	<u>22,658,158</u>	<u>22,486,505</u>

Subsequent to October 31, 2010, the Company completed a common stock subscription rights offering, issuing one right to each shareholder of record as of the close of business on November 1, 2010, for each outstanding share of common stock on that day. The rights provided the holder with one basic subscription privilege and one oversubscription privilege. The basic subscription privilege entitled the holder to purchase .41155 shares of common stock at a price of \$2.70 per share. The oversubscription privilege entitled the rights holder to purchase additional shares of stock at \$2.70 per share, to the extent all basic subscription privileges were not exercised. The Company received gross proceeds of approximately \$25.0 million and issued 9,259,390 shares of common stock in completing the rights offering.

Customer Accounts Receivable. Customer accounts receivable reported in the consolidated balance sheet includes receivables transferred to the Company's VIE and those receivables not transferred to the VIE. The Company records the amount of principal and accrued interest on Customer receivables that is expected to be collected within the next twelve months, based on contractual terms, in current assets on its consolidated balance sheet. Those amounts expected to be collected after 12 months, based on contractual terms, are included in long-term assets. Typically, customer receivables are considered delinquent if a payment has not been received on the scheduled due date. Additionally, the Company offers reage programs to customers with past due balances that have experienced a financial hardship; if they meet the conditions of the Company's reage policy. Reaging a customer's account can result in updating an account from a delinquent status to a current status. Generally, an account that is delinquent more than 120 days and for which no payment has been received in the past seven months will be charged-off against the allowance for doubtful accounts and interest accrued subsequent to the last payment will be reversed. The Company has a secured interest in the merchandise financed by these receivables and therefore has the opportunity to recover a portion of the charged-off amount.

Interest Income on Customer Accounts Receivable. Interest income is earned using the Rule of 78's method for installment contracts and the simple interest method for revolving charge accounts, and is reflected in Finance charges and other. Typically, interest income is accrued until the contract or account is paid off or charged-off and we provide an allowance for estimated uncollectible interest. Interest income is recognized on interest-free promotion credit programs based on the Company's historical experience related to customers that fail to satisfy the requirements of the interest-free programs. Additionally, for sales on deferred interest and "same as cash" programs that exceed one year in duration, the Company discounts the sales to their fair value, resulting in a reduction in sales and customer receivables, and accretes the discount amount to Finance charges and other over the term of the program. The amount of customer receivables carried on the Company's consolidated balance sheet that were past due 90 days or more and still accruing interest was \$54.8 million and \$48.9 million at January 31, 2010, and October 31, 2010, respectively.

Allowance for Doubtful Accounts. The Company records an allowance for doubtful accounts, including estimated uncollectible interest, for its Customer and Other accounts receivable, based on its historical net loss experience and expectations for future losses. The net charge-off data used in computing the loss rate is reduced by the amount of post-charge-off recoveries received, including cash payments, amounts realized from the repossession of the products financed and, at times, payments under credit insurance policies. Additionally, the Company segments the portfolio based on certain underwriting criteria (Primary and Secondary portfolios) when estimating the allowance for doubtful accounts. The balance in the allowance for doubtful accounts and uncollectible interest for customer receivables was \$35.8 million and \$34.1 million, at January 31, 2010, and October 31, 2010, respectively. Additionally, as a result of the Company's practice of reaging customer accounts, if the account is not ultimately collected, the timing and amount of the charge-off is impacted. If these accounts had been charged-off sooner the historical net loss rates might have been higher.

Inventories. Inventories consist of finished goods or parts and are valued at the lower of cost (moving weighted average method) or market.

Other Assets. The Company has certain deferred financing costs for transactions that have not yet been completed and has not begun amortization of those costs. These costs, which total approximately \$4.3 million, are included in Other assets, net, on the balance sheet and will be amortized upon completion of the related debt financing transaction, included as a reduction of any equity related proceeds, or expensed in the event the Company fails to complete such a transaction. The Company also has approximately \$4.0 million of these costs that are currently being amortized over the life of the related debt facilities. During the three months and nine months ended October 31, 2010, the Company determined that it was appropriate to write-off \$2.9 million of expenses incurred related to financing alternatives that it does not expect to complete. The Company also has certain restricted cash balances included in Other assets. The restricted cash balances represent collateral for note holders of the Company's VIE, and the amount is expected to decrease as the respective notes are repaid. However, the required balance could increase dependent on certain net portfolio yield requirements. The balance of this restricted cash was \$6.0 million at January 31, 2010, and \$12.5 million at October 31, 2010.

Comprehensive Income (Loss). Comprehensive income (loss) for the three months ended October 31, 2010 and 2009, and the nine months ended October 31, 2009, is as follows (in thousands):

	Three Months Ended October 31,		Nine Months ended
	2009	2010	October 31, 2009
Net income (loss)	\$ (14,372)	\$ (5,094)	\$ 2,208
Adjustment of fair value of interest rate swaps, net of tax of \$34, \$19 and \$116	(63)	36	(213)
Total comprehensive income (loss)	<u>\$ (14,435)</u>	<u>\$ (5,058)</u>	<u>\$ 1,995</u>

Income Taxes. The provision (benefit) for income taxes primarily fluctuates with the change in income before income taxes. The provision (benefit) for income taxes can be negatively impacted by the effect of the taxes for the state of Texas, which are based on gross margin, instead of income before taxes. The prior year effective tax benefit rate was higher than the effective rate in the current year period, primarily due to the fact that no tax benefit was recorded in the prior year period related to the litigation reserve accrual that was made in the third quarter of the prior year period.

Recent Accounting Pronouncements. In July 2010, the FASB issued ASU No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. ASU No. 2010-20 enhances the existing disclosure requirements providing more transparency of the allowance for loan losses and credit quality of financing receivables. The new disclosures that relate to information as of the end of a reporting period will be effective for the first interim and annual reporting periods ending on or after December 15, 2010; therefore, the Company will be required to apply most of the provisions of this ASU effective for the Company's fiscal year 2011 year-end reporting. The new disclosures that relate to activity occurring during the reporting period will be effective for the first interim and annual periods beginning after December 15, 2010 or effective for the Company's first quarter of fiscal 2012 and thereafter.

Subsequent Events. All material subsequent events that have occurred since October 31, 2010, that required recognition or disclosure in the Company's current period financial statements are presented in footnote 7 to these financial statements.

Reclassifications. Certain reclassifications have been made in the prior year's financial statements to conform to the current year's presentation, by reclassifying the balance of construction-in-progress of approximately \$0.9 million from Property and equipment – Buildings to Property and equipment – Leasehold improvements, on the consolidated balance sheet. Additionally, deferred financing cost amortization expense of approximately \$0.4 million and \$1.1 million, respectively, for the three and nine months ended October 31, 2009 was reclassified from Selling, general and administrative expense to Interest expense, net, on the consolidated statement of operations. The following is a table that shows the impact of the reclassification of the amortization expense for all quarterly periods of the prior three fiscal years:

	Selling, general, and administrative			Interest Expense		
	As Presented	Reclass	As Adjusted	As Presented	Reclass	As Adjusted
FY 2009						
Quarter ending 4/30/2008	\$ 60,436	\$ (84)	\$ 60,352	\$ 5,486	\$ 84	\$ 5,570
Quarter ending 7/31/2008	62,968	(91)	62,877	5,130	91	5,221
Quarter ending 10/31/2008	62,472	(507)	61,965	6,783	507	7,290
Quarter ending 1/31/2009	68,296	(340)	67,956	6,198	340	6,538
Total Fiscal Year 2009	<u>\$ 254,172</u>	<u>\$ (1,022)</u>	<u>\$ 253,150</u>	<u>\$ 23,597</u>	<u>\$ 1,022</u>	<u>\$ 24,619</u>
FY 2010						
Quarter ending 4/30/2009	\$ 62,738	\$ (350)	\$ 62,388	\$ 5,004	\$ 350	\$ 5,354
Quarter ending 7/31/2009	64,979	(348)	64,631	5,341	348	5,689
Quarter ending 10/31/2009	65,661	(353)	65,308	5,295	353	5,648
Quarter ending 1/31/2010	62,564	(363)	62,201	4,931	363	5,294
Total Fiscal Year 2010	<u>\$ 255,942</u>	<u>\$ (1,414)</u>	<u>\$ 254,528</u>	<u>\$ 20,571</u>	<u>\$ 1,414</u>	<u>\$ 21,985</u>
FY 2011						
Quarter ending 4/30/2010	\$ 60,743	\$ (998)	\$ 59,745	\$ 4,785	\$ 998	\$ 5,783
Quarter ending 7/31/2010	63,478	(854)	62,624	5,875	854	6,729
Quarter ending 10/31/2010	56,507	-	56,507	7,722	-	7,722
Year to Date Fiscal Year 2011	<u>\$ 180,728</u>	<u>\$ (1,852)</u>	<u>\$ 178,876</u>	<u>\$ 18,382</u>	<u>\$ 1,852</u>	<u>\$ 20,234</u>

2. Supplemental Disclosure of Finance Charges and Other Revenue

The following is a summary of the classification of the amounts included as Finance charges and other for the three and nine months ended October 31, 2009 and 2010 (in thousands):

	Three Months ended October 31		Nine Months ended October 31	
	2009	2010	2009	2010
Interest income and fees on customer receivables	\$ 32,765	\$ 29,279	\$ 102,736	\$ 89,908
Insurance commissions	3,253	3,525	12,864	11,673
Other	98	215	345	681
Finance charges and other	<u>\$ 36,116</u>	<u>\$ 33,019</u>	<u>\$ 115,945</u>	<u>\$ 102,262</u>

3. Supplemental Disclosure of Customer Receivables

The following tables present quantitative information about the receivables portfolios managed by the Company (in thousands):

	of Customer Receivables		Total Outstanding Balance			
	January 31, 2010	October 31, 2010	60 Days Past Due (1)		Reaged (1)	
	January 31, 2010	October 31, 2010	January 31, 2010	October 31, 2010	January 31, 2010	October 31, 2010
Primary portfolio:						
Installment	\$ 555,573	\$ 528,981	\$ 46,758	\$ 43,057	\$ 93,219	\$ 85,199
Revolving	41,787	27,935	2,017	1,815	1,819	1,529
Subtotal	597,360	556,916	48,775	44,872	95,038	86,728
Secondary portfolio:						
Installment	138,681	120,078	24,616	20,062	49,135	39,537
Total receivables managed	736,041	676,994	<u>\$ 73,391</u>	<u>\$ 64,934</u>	<u>\$ 144,173</u>	<u>\$ 126,265</u>
Allowance for uncollectible accounts	(35,802)	(34,084)				
Allowances for promotional credit programs	(13,594)	(9,689)				
Current portion of customer accounts receivable, net	368,304	344,482				
Long-term customer accounts receivable, net	<u>\$ 318,341</u>	<u>\$ 288,739</u>				
Receivables transferred to the VIE	\$ 521,919	\$ 434,089	\$ 59,840	\$ 47,594	\$ 122,521	\$ 96,754
Receivables not transferred to the VIE	214,122	242,905	13,551	17,340	21,652	29,511
Total receivables managed	<u>\$ 736,041</u>	<u>\$ 676,994</u>	<u>\$ 73,391</u>	<u>\$ 64,934</u>	<u>\$ 144,173</u>	<u>\$ 126,265</u>

(1) Amounts are based on end of period balances and accounts could be represented in both the past due and reaged columns shown above.

	Average Balances		Net Credit Charge-offs (2)		Average Balances		Net Credit Charge-offs (2)	
	Three Months Ended October 31,		Three Months Ended October 31,		Nine Months Ended October 31,		Nine Months Ended October 31,	
	2009	2010	2009	2010	2009	2010	2009	2010
Primary portfolio:								
Installment	\$ 562,511	\$ 538,799			\$ 555,885	\$ 539,903		
Revolving	33,405	30,159			33,674	34,470		
Subtotal	595,916	568,958	\$ 5,860	\$ 6,967	589,559	574,373	\$ 14,261	\$ 19,344
Secondary portfolio:								
Installment	149,614	126,370	2,236	2,512	154,456	130,449	5,840	6,628
Total receivables managed	\$ 745,530	\$ 695,328	\$ 8,096	\$ 9,479	\$ 744,015	\$ 704,822	\$ 20,101	\$ 25,972
Receivables transferred to the VIE	\$ 524,136	\$ 458,253	\$ 6,978	\$ 6,630	\$ 570,136	\$ 481,199	\$ 18,069	\$ 18,635
Receivables not transferred to the VIE	221,394	237,075	1,118	2,849	173,879	223,623	2,032	7,337
Total receivables managed	\$ 745,530	\$ 695,328	\$ 8,096	\$ 9,479	\$ 744,015	\$ 704,822	\$ 20,101	\$ 25,972

(2) Amounts represent total credit charge-offs, net of recoveries, on total customer receivables.

4. Debt and Letters of Credit

The following discussion pertains to the Company's debt facilities as they were on October 31, 2010. Please refer to footnote 7 for subsequent events pertaining to the Company's refinancing transactions which impacted the debt facilities subsequent to October 31, 2010. Due to the long-term nature of the debt facilities that were entered into subsequent to the balance sheet date, all of the Company's debt at October 31, 2010, was classified as long-term with the exception of the required \$7.5 million principal payment on the VIE's 2006 Series A Note that was made in November 2010, prior to the completion of the refinancing transactions. That amount and the current portion of the Company's other notes were classified as current as of the balance sheet date.

The Company's borrowing facilities consist of an asset-based revolving credit facility, a \$10 million unsecured revolving line of credit, its VIE's 2002 Series A variable funding note and its VIE's 2006 Series A medium term notes. Debt consisted of the following at the periods ended (in thousands):

	January 31, 2010	October 31, 2010
Asset-based revolving credit facility	\$ 105,498	\$ 127,100
2002 Series A Variable Funding Note	196,400	165,200
2006 Series A Notes	150,000	135,000
Unsecured revolving line of credit for \$10 million; matured in September 2010	-	-
Other long-term debt	406	297
Total debt	452,304	427,597
Less current portion of debt	64,055	7,665
Long-term debt	\$ 388,249	\$ 419,932

The Company's \$210 million asset-based revolving credit facility provides funding based on a borrowing base calculation that includes customer accounts receivable and inventory and matures in August 2011. The credit facility bears interest at LIBOR plus a spread ranging from 325 basis points to 375 basis points, based on a fixed charge coverage ratio. In addition to the fixed charge coverage ratio, the revolving credit facility includes a total liabilities to tangible net worth requirement, a minimum customer receivables cash recovery percentage requirement, a net capital expenditures limit and combined portfolio performance covenants. The Company was in compliance with the covenants, as amended, at October 31, 2010. Additionally, the agreement contains cross-default provisions, such that, any default under another credit facility of the Company or its VIE would result in a default under this agreement, and any default under this agreement would result in a default under those agreements. The asset-based revolving credit facility is secured by the assets of the Company not otherwise encumbered.

The 2002 Series A program functions as a revolving credit facility to fund the transfer of eligible customer receivables to the VIE. The 2002 Series A program consists of a \$170 million commitment that was renewed in August 2010 and bears interest at commercial paper rates plus a spread of 250 basis points. The total commitment under the 2002 Series A program was reduced from \$200 million at January 31, 2010. Additionally, in connection with recent amendments to the 2002 Series A facility, the VIE agreed to reduce the total available commitment to \$130 million in April 2011. The 2006 Series A program, which was consummated in August 2006, was non-amortizing for the first four years and officially matures in April 2017. However, it is expected that the scheduled monthly \$7.5 million principal payments, which began in September 2010, will retire the bonds prior to that date, if not otherwise repaid prior to that date. The VIE's borrowing agreements contain certain covenants requiring the maintenance of various financial ratios and customer receivables performance standards. As of October 31, 2010, the three month average net portfolio yield fell to 4.1%, requiring the VIE to post additional cash reserves of approximately \$6.0 million. The Issuer was in compliance with the requirements of the agreements, as amended, as of October 31, 2010. The VIE's debt is secured by the Customer accounts receivable that are transferred to it, which are included in Customer accounts receivable and Long-term portion of customer accounts receivable on the consolidated balance sheet. The investors and the securitization trustee have no recourse to the Company's other assets for failure of the individual customers of the Company and the VIE to pay when due. Additionally, the Company has no recourse to the VIE's assets to satisfy its obligations. The Company's retained interests in the customer receivables collateralizing the securitization program and the related cash flows are subordinate to the investors' interests, and would not be paid if the Issuer is unable to repay the amounts due under the 2002 Series A and 2006 Series A programs. The ultimate realization of the retained interest is subject to credit, prepayment, and interest rate risks on the transferred financial assets.

In March 2010, the Company and its VIE completed amendments to the various borrowing agreements that revised the covenant requirements as of January 31, 2010, and revised certain future covenant requirements. The revised covenant calculations include both the operating results and assets and liabilities of the Company and the VIE, effective January 31, 2010, for all financial covenant calculations. In addition to the covenant changes, the Company, as servicer of the customer receivables, agreed to implement certain additional collection procedures if certain performance requirements are not maintained, and agreed to make fee payments to the 2002 Series A facility providers on the amount of the commitment available at specific future dates. The Company also agreed to use the proceeds from any capital raising activity it completes to further reduce the commitments and debt outstanding under the securitization program's debt facilities. The fee payments will equal the following rates multiplied times the total available borrowing commitment under the 2002 Series A facility on the dates shown:

- 50 basis points on May 1, 2010;
- 100 basis points on August 1, 2010;
- 110 basis points on November 1, 2010;
- 115 basis points on February 1, 2011;
- 115 basis point on May 1, 2011; and
- 123 basis points on August 1, 2011.

In accordance with the schedule, the Company made payments of approximately \$0.9 million on May 1, 2010, \$1.7 million on August 1, 2010 and \$1.9 million on November 1, 2010. These amounts are recorded in interest expense (net) in the periods in which they are paid.

As of October 31, 2010, the Company had approximately \$38.8 million under its asset-based revolving credit facility, net of standby letters of credit issued, immediately available for general corporate purposes. The Company also had an additional \$21.9 million that may become available under its asset-based revolving credit facility if it grows the balance of eligible customer receivables and its total eligible inventory balances.

The Company's asset-based revolving credit facility provides it the ability to utilize letters of credit to secure its obligations as the servicer under its VIE's asset-backed securitization program, deductibles under the Company's property and casualty insurance programs and international product purchases, among other acceptable uses. At October 31, 2010, the Company had outstanding letters of credit of \$22.2 million under this facility. The maximum potential amount of future payments under these letter of credit facilities is considered to be the aggregate face amount of each letter of credit commitment, which totals \$22.2 million as of October 31, 2010.

The Company held interest rate swaps with notional amounts totaling \$25.0 million as of October 31, 2010, with terms extending through July 2011 for the purpose of hedging against variable interest rate risk related to the variability of cash flows in the interest payments on a portion of its variable-rate debt, based on changes in the benchmark one-month LIBOR interest rate. Changes in the cash flows of the interest rate swaps are expected to exactly offset the changes in cash flows (changes in base interest rate payments) attributable to fluctuations in the LIBOR interest rate. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. At October 31, 2010, the estimated net amount of loss that is expected to be reclassified into earnings within the next twelve months is \$0.1 million.

For information on the location and amounts of derivative fair values in the statement of operation, see the tables presented below (in thousands):

Fair Values of Derivative Instruments

	Liability Derivatives			
	January 31, 2010		October 31, 2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under				
Interest rate contracts	Other liabilities	\$ 337	Other liabilities	\$ 185
Total derivatives designated as hedging instruments		<u>\$ 337</u>		<u>\$ 185</u>

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Three Months Ended			Three Months Ended			Three Months Ended	
	October 31, 2009	October 31, 2010		October 31, 2009	October 31, 2010		October 31, 2009	October 31, 2010
Interest Rate Contracts	\$ (63)	\$ (36)	Interest income/ (expense)	\$ (107)	\$ (75)	Interest income/ (expense)	\$ -	\$ -
Total	\$ (63)	\$ (36)		\$ (107)	\$ (75)		\$ -	\$ -

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Nine Months Ended			Nine Months Ended			Nine Months Ended	
	October 31, 2009	October 31, 2010		October 31, 2009	October 31, 2010		October 31, 2009	October 31, 2010
Interest Rate Contracts	\$ (213)	\$ (98)	Interest income/ (expense)	\$ (199)	\$ (245)	Interest income/ (expense)	\$ -	\$ -
Total	\$ (213)	\$ (98)		\$ (199)	\$ (245)		\$ -	\$ -

5. Contingencies

Legal Proceedings. The Company is involved in routine litigation and claims incidental to its business from time to time, and, as required, has accrued its estimate of the probable costs for the resolution of these matters, which are not expected to be material. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings. However, the results of these proceedings cannot be predicted with certainty, and changes in facts and circumstances could impact the Company's estimate of reserves for litigation.

Repair Service Agreement Obligations. The Company sells repair service agreements that extend the period of covered warranty service on the products the Company sells. For certain of the repair service agreements sold, the Company is the obligor for payment of qualifying claims. The Company is responsible for administering the program, including setting the pricing of the agreements sold and paying the claims. The typical term for these agreements is between 12 and 36 months. The pricing is set based on historical claims experience and expectations about future claims. While the Company is unable to estimate maximum potential claim exposure, it has a history of overall profitability upon the ultimate resolution of agreements sold. The revenues related to the a greements sold are deferred at the time of sale and recorded in revenues in the statement of operations over the life of the agreements. The agreements can be canceled at any time and any deferred revenue associated with canceled agreements is reversed at the time of cancellation. The amounts of repair service agreement revenue deferred at January 31, 2010, and October 31, 2010, were \$7.3 million and \$6.6 million, respectively, and are included in Deferred revenue and allowances in the accompanying consolidated balance sheets.

The following table presents a reconciliation of the beginning and ending balances of the deferred revenue on the Company's repair service agreements and the amount of claims paid under those agreements (in thousands):

Reconciliation of deferred revenues on repair service agreements

	Nine Months Ended	
	October 31,	
	2009	2010
Balance in deferred revenues at beginning of period	\$ 7,213	\$ 7,268
Revenues earned during the period	(5,267)	(5,289)
Revenues deferred on sales of new agreements	5,342	4,577
Balance in deferred revenues at end of period	<u>\$ 7,288</u>	<u>\$ 6,556</u>
Total claims incurred during the period, excludes selling expenses	<u>\$ 2,596</u>	<u>\$ 2,967</u>

6. Segment Reporting

Financial information by segment is presented in the following tables for the three and nine months ended October 31, 2010 and 2009 (in thousands):

	Three Months Ended October 31,					
	2009			2010		
	<u>Retail</u>	<u>Credit</u>	<u>Total</u>	<u>Retail</u>	<u>Credit</u>	<u>Total</u>
Revenues						
Product sales	\$ 148,463	\$ -	\$ 148,463	\$ 127,035	\$ -	\$ 127,035
Repair service agreement commissions (net) (a)	10,166	(2,846)	7,320	9,514	(3,479)	6,035
Service revenues	5,599	-	5,599	3,769	-	3,769
Total net sales	<u>164,228</u>	<u>(2,846)</u>	<u>161,382</u>	<u>140,318</u>	<u>(3,479)</u>	<u>136,839</u>
Finance charges and other	98	36,018	36,116	215	32,804	33,019
Total revenues	<u>164,326</u>	<u>33,172</u>	<u>197,498</u>	<u>140,533</u>	<u>29,325</u>	<u>169,858</u>
Cost and expenses						
Cost of goods and parts sold, including warehousing and occupancy costs	123,635	-	123,635	101,188	-	101,188
Selling, general and administrative expense (b) (c)	50,360	14,947	65,307	41,379	15,128	56,507
Goodwill Impairment	9,617	-	9,617	-	-	-
Costs related to financing transactions not completed	-	-	-	-	2,896	2,896
Provision for bad debts	(22)	12,673	12,651	174	9,198	9,372
Total cost and expenses	<u>183,590</u>	<u>27,620</u>	<u>211,210</u>	<u>142,741</u>	<u>27,222</u>	<u>169,963</u>
Operating income (loss)	<u>(19,264)</u>	<u>5,552</u>	<u>(13,712)</u>	<u>(2,208)</u>	<u>2,103</u>	<u>(105)</u>
Interest expense, net (e)	-	5,649	5,649	-	7,722	7,722
Other (income) expense, net	(34)	-	(34)	(17)	-	(17)
Segment income (loss) before income taxes	<u>\$ (19,230)</u>	<u>\$ (97)</u>	<u>\$ (19,327)</u>	<u>\$ (2,191)</u>	<u>\$ (5,619)</u>	<u>\$ (7,810)</u>

Nine Months Ended October 31,

	2009			2010		
	Retail	Credit	Total	Retail	Credit	Total
Revenues						
Product sales	\$ 508,669	\$ -	\$ 508,669	\$ 443,778	\$ -	\$ 443,778
Repair service agreement commissions (net) (a)	33,685	(7,717)	25,968	31,972	(9,679)	22,293
Service revenues	17,195	-	17,195	12,709	-	12,709
Total net sales	559,549	(7,717)	551,832	488,459	(9,679)	478,780
Finance charges and other	345	115,600	115,945	681	101,581	102,262
Total revenues	559,894	107,883	667,777	489,140	91,902	581,042
Cost and expenses						
Cost of goods and parts sold, including warehousing and occupancy costs	415,650	-	415,650	350,113	-	350,113
Selling, general and administrative expense (b) (d)	146,569	45,757	192,326	130,984	47,892	178,876
Goodwill impairment	9,617	-	9,617	-	-	-
Costs related to financing transactions not completed	-	-	-	-	2,896	2,896
Provision for bad debts	43	26,278	26,321	467	24,227	24,694
Total cost and expenses	571,879	72,035	643,914	481,564	75,015	556,579
Operating income (loss)	(11,985)	35,848	23,863	7,576	16,887	24,463
Interest expense, net (f)	-	16,692	16,692	-	20,234	20,234
Other (income) expense, net	(54)	-	(54)	166	-	166
Segment income (loss) before income taxes	\$ (11,931)	\$ 19,156	\$ 7,225	\$ 7,410	\$ (3,347)	\$ 4,063
Total assets	\$ 202,243	\$ 706,253	\$ 908,496	\$ 209,528	\$ 653,821	\$ 863,349

(a) – Retail repair service agreement commissions exclude repair service agreement cancellations that are the result of consumer credit account charge-offs. These amounts are reflected in repair service agreement commissions for the credit segment.

(b) – Selling, general and administrative expenses include the direct expenses of the retail and credit operations, allocated overhead expenses and a charge to the credit segment to reimburse the retail segment for expenses it incurs related to occupancy, personnel, advertising and other direct costs of the retail segment which benefit the credit operations by sourcing credit customers and collecting payments. The reimbursement received by the retail segment from the credit segment is estimated using an annual rate of 2.5% times the average portfolio balance for each applicable period. The amount of overhead allocated to each segment was approximately \$1.6 million and \$1.6 million for the three months ended October 31, 2010 and 2009, respectively. The amount of overhead allocated to each segment was approximately \$5.0 million and \$4.7 million for the nine months ended October 31, 2010 and 2009, respectively. The amount of the reimbursement made to the retail segment by the credit segment was approximately \$4.4 million and \$4.7 million for the three months ended October 31, 2010 and 2009, respectively. The amount of the reimbursement made to the retail segment by the credit segment was approximately \$13.2 million and \$13.9 million for the nine months ended October 31, 2010 and 2009, respectively.

(c) - Selling, general and administrative expenses of the retail segment include depreciation expense of approximately \$3.0 million and \$3.3 million for the three months ended October 31, 2010 and 2009, respectively. Selling, general and administrative expenses of the credit segment include depreciation expense of approximately \$0.1 million for each of the three months ended October 31, 2010 and 2009.

(d) - Selling, general and administrative expenses of the retail segment include depreciation expense of approximately \$9.5 million and \$9.8 million for the nine months ended October 31, 2010 and 2009, respectively. Selling, general and administrative expenses of the credit segment include depreciation expense of approximately \$0.3 million and \$0.2 million for the nine months ended October 31, 2010 and 2009, respectively.

(e) – Interest expense, net, of the credit segment includes amortization expense related to debt issuance costs of approximately \$0.9 million and \$0.4 million for the three months ended October 31, 2010 and 2009, respectively.

(f) – Interest expense, net, of the credit segment includes amortization expense related to debt issuance costs of approximately \$2.8 million and \$1.1 million for the nine months ended October 31, 2010 and 2009, respectively.

7. Subsequent Events

On November 30, 2010, the Company completed the following financing transactions:

The Company expanded its asset-based revolving credit facility, which provides funding based on a borrowing base calculation that includes customer accounts receivable and inventory, from \$210 million to \$375 million and extended the maturity date to November 2013. The credit facility bears interest at LIBOR plus a spread ranging from 375 basis points to 400 basis points, based on a leverage ratio (defined as total liabilities to tangible net worth). In addition to the leverage ratio, the revolving credit facility includes a fixed charge coverage requirement, a minimum customer receivables cash recovery percentage requirement, a net capital expenditures limit and a minimum availability requirement. With the expansion, certain of the covenants in the facility were changed and a minimum availability requirement was added. The leverage ratio covenant requirement was changed from a required maximum of 1.75 to 1.00 to a required maximum of 2.00 to 1.00. The fixed charge coverage ratio was changed from a minimum of 1.30 to 1.10 to 1.00. There is also now a minimum required availability of \$25 million. Additionally, the agreement contains cross-default provisions, such that, any default under another of the Company's credit facilities would result in a default under this agreement, and any default under this agreement would result in a default under those agreements.

The Company also entered into a new \$100 million second lien term loan, maturing in November 2014, which limits the combined borrowings under its asset-based revolving credit facility and the second lien term loan based on a borrowing base calculation that includes customer accounts receivable, inventory and real estate. The loan bears interest at the greater of LIBOR or 3.0%, plus a spread of 1150 basis points and requires payment of specified prepayment fees if any portion of the balance is repaid prior to the scheduled maturity date. The covenants under the term loan are consistent with the covenant requirements of the asset-based revolving credit facility. Additionally, the agreement contains cross-default provisions, such that, any default under another of the Company's credit facilities would result in a default under this agreement, and any default under this agreement would result in a default under those agreements.

Additionally, the Company completed a common stock subscription rights offering, issuing one right to each shareholder of record as of the close of business on November 1, 2010, for each outstanding share of common stock on that day. The rights provided the holder with one basic subscription privilege and one oversubscription privilege. The basic subscription privilege entitled the holder to purchase .41155 shares of common stock at a price of \$2.70 per share. The oversubscription privilege entitled the rights holder to purchase additional shares of stock at \$2.70 per share, to the extent all basic subscription privileges were not exercised. The Company received gross proceeds of approximately \$25.0 million and issued 9,259,390 shares of common stock in completing the rights offering.

A portion of the net proceeds from the financing transactions were utilized to retire the balances outstanding under the Company's 2002 Series A Variable Funding Note and the 2006 Series A Notes. As a result of repayment of the balance of the 2002 Series A Variable Funding Note, the lenders refunded \$935 thousand of the commitment-based fee paid on November 1, 2010. Additionally, all of the assets held by the Company's VIE under the securitization program were purchased by a wholly-owned subsidiary of the Company and the Company has ceased transferring receivables to the VIE. The securitization program has been terminated and the VIE will be dissolved. Deferred financing costs associated with the securitization facilities, which totaled approximately \$1.3 million as of October 31, 2010, were written off during the month of November 2010, in conjunction with the retirement of the balances outstanding under the 2002 Series A Variable Funding Note and the 2006 Series A Notes.

As of November 30, 2010, after completion of the financing transactions, the Company had \$273.8 million outstanding under its asset-based revolving credit facility, excluding letters of credit of \$2.2 million, and \$94.0 million, after \$6.0 million original issue discount, outstanding under its second lien term loan. As a result, the Company had total remaining borrowing capacity under its asset-based revolving credit facility of \$99.0 million, subject to borrowing base and covenant compliance limitations. The Company expects, based on current facts and circumstances, it will be in compliance with the above covenant requirements for the next 12 months.

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

Forward-Looking Statements

This report contains forward-looking statements. We sometimes use words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "project" and similar expressions, as they relate to us, our management and our industry, to identify forward-looking statements. Forward-looking statements relate to our expectations, beliefs, plans, strategies, prospects, future performance, anticipated trends and other future events. We have based our forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business. Actual results may differ materially. Some of the risks, uncertainties and assumptions about us that may cause actual results to differ from these forward-looking statements include, but are not limited to:

- Our ability to obtain capital to fund expansion of our credit portfolio;
- Our ability to obtain capital for required capital expenditures and costs related to the opening of new stores or to update, relocate or expand existing stores;
- Our ability to fund our operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from our revolving line of credit, and proceeds from securitizations or accessing other debt or equity markets;
- Our ability to renew or replace our existing borrowing facilities on or before the maturity dates of the facilities;
- The cost or terms of any amended, renewed or replacement credit facilities;
- Our ability to obtain additional funding for the purpose of funding the customer receivables generated by us;
- Our ability to maintain compliance with debt covenant requirements, including taking the actions necessary to maintain compliance with the covenants, such as obtaining amendments to the borrowing facilities that modify the covenant requirements, which could result in higher borrowing costs;
- Reduced availability under our asset-based revolving credit facility as a result of borrowing base requirements and the impact on the borrowing base calculation of changes in the performance or eligibility of the customer receivables financed by that facility;
- The success of our growth strategy and plans regarding opening new stores and entering adjacent and new markets, including our plans to continue expanding into existing markets;
- Our ability to open and profitably operate new stores in existing, adjacent and new geographic markets;
- Our ability to profitably expand our credit operations;
- Our intention to update or expand existing stores;
- The potential to incur expenses and non-cash write-offs related to decisions to close store locations and settling our remaining lease obligations and our initial investment in fixed assets and related store costs;
- Our ability to introduce additional product categories;
- The ability of the financial institutions providing lending facilities to us to fund their commitments;

- The effect of any downgrades by rating agencies of our lenders on borrowing costs;
- The effect on our borrowing cost of changes in laws and regulations affecting the providers of debt financing;
- The effect of rising interest rates or borrowing spreads that could increase our cost of borrowing;
- The effect of rising interest rates or other economic conditions that could impair our customers' ability to make payments on outstanding credit accounts;
- Our inability to continue to offer existing customer financing programs or make new programs available that allow consumers to purchase products at levels that can support our growth;
- The potential for deterioration in the delinquency status of our credit portfolio or higher than historical net charge-offs in the portfolio that could adversely impact earnings;
- Technological and market developments, growth trends and projected sales in the home appliance and consumer electronics industry, including, with respect to digital products like Blu-ray players, HDTV, LED and 3-D televisions, GPS devices, home networking devices and other new products, and our ability to capitalize on such growth;
- The potential for price erosion or lower unit sales points that could result in declines in revenues;
- The effect of changes in oil and gas prices that could adversely affect our customers' shopping decisions and patterns, as well as the cost of our delivery and service operations and our cost of products, if vendors pass on their additional fuel costs through increased pricing for products;
- The ability to attract and retain qualified personnel;
- Both the short-term and long-term impact of adverse weather conditions (e.g. hurricanes) that could result in volatility in our revenues and increased expenses and casualty losses;
- Changes in laws and regulations and/or interest, premium and commission rates allowed by regulators on our credit, credit insurance and repair service agreements as allowed by those laws and regulations;
- Our relationships with key suppliers and their ability to provide products at competitive prices and support sales of their products through their rebate and discount programs;
- The adequacy of our distribution and information systems and management experience to support our expansion plans;
- The accuracy of our expectations regarding competition and our competitive advantages;
- Changes in our stock price or the number of shares we have outstanding;
- The potential for market share erosion that could result in reduced revenues;
- The accuracy of our expectations regarding the similarity or dissimilarity of our existing markets as compared to new markets we enter;
- The use of third parties to complete certain of our distribution, delivery and home repair services;
- General economic conditions in the regions in which we operate; and
- The outcome of litigation or government investigations affecting our business.

Additional important factors that could cause our actual results to differ materially from our expectations are discussed under “Risk Factors” in our filings with the Securities and Exchange Commission, including our Form 10-K/A filed on April 12, 2010 and our Form 10-Q filed on August 26, 2010. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report might not happen.

The forward-looking statements in this report reflect our views and assumptions only as of the date of this report. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

General

We intend for the following discussion and analysis to provide you with a better understanding of the financial condition and performance of our retail and credit segments for the indicated periods, including an analysis of those key factors that contributed to our financial condition and performance and that are, or are expected to be, the key “drivers” of our business.

We are a specialty retailer with 76 retail locations in Texas, Louisiana and Oklahoma, that sells home appliances, including refrigerators, freezers, washers, dryers, dishwashers and ranges, a variety of consumer electronics, including LCD, LED, 3-D, plasma and DLP televisions, camcorders, digital cameras, Blu-ray and DVD players, video game equipment, MP3 players and home theater products, lawn and garden products, mattresses and furniture. We also sell home office equipment, including computers, notebooks and computer accessories and continue to introduce additional product categories for the home and consumer entertainment, such as GPS devices, to help increase same store sales and to respond to our customers' product needs. We require our sales associates to be knowledgeable of all of our products.

Unlike many of our competitors, we provide flexible in-house credit options for our customers. In the last three years, we financed, on average, approximately 61% of our retail sales through our internal credit programs. In addition to interest-bearing installment and revolving charge contracts, at times, we offer promotional credit programs to certain customers that provide for “same as cash” or deferred interest interest-free periods of varying terms, generally three, six, 12, 18, 24 and 36 months, and require monthly payments beginning in the month after the sale. In turn, we finance substantially all of our customer receivables from these credit programs with cash flow from operations, available working capital and through an asset-based revolving credit facility and facility second lien term loan. In addition to our own credit programs, we use third-party financing programs to provide a portion of the non-interest bearing financing for purchases made by our customers and to provide our customers a rent-to-own payment option.

The following tables present, for comparison purposes, information about our credit portfolios (dollars in thousands, except average outstanding customer balance).

	Primary Portfolio (1)			
	Nine Months Ended			
	1/31/2009	10/31/2009	1/31/2010	10/31/2010
Total outstanding balance (period end)	\$ 589,922	\$ 593,088	\$ 597,360	\$ 556,916
Average outstanding customer balance	\$ 1,403	\$ 1,360	\$ 1,339	\$ 1,306
Number of active accounts (period end)	420,585	435,976	446,203	426,439
Account balances over 60 days past due (period end) (2)	\$ 35,153	\$ 44,777	\$ 48,775	\$ 44,872
Percent of balances over 60 days past due to total outstanding balance (period end)	6.0%	7.5%	8.2%	8.1%
Total account balances reaged (period end) (2)	90,560	90,064	95,038	86,728
Percent of reaged balances to total outstanding balance (period end)	15.4%	15.2%	15.9%	15.6%
Account balances reaged more than six months (period end)	\$ 36,452	\$ 35,586	\$ 35,448	\$ 33,137
Weighted average credit score of outstanding balances	603	603	600	601
Total applications processed (3)	652,213	596,343	599,206	541,485
Percent of retail sales financed	51.4%	51.3%	54.2%	52.6%
Weighted average origination credit score of sales financed	633	632	631	632
Total applications approved	50.1%	50.5%	52.8%	50.9%
Average down payment	5.6%	5.4%	4.4%	3.7%
Average total outstanding balance	\$ 556,189	\$ 589,559	\$ 594,726	\$ 574,373
Bad debt charge-offs (net of recoveries)	\$ 11,482	\$ 14,261	\$ 16,861	\$ 19,345
Percent of bad debt charge-offs (net of recoveries) to average outstanding balance, annualized	2.8%	3.2%	3.8%	4.5%
Estimated percent of reage balances collected (4)	89.2%	87.1%	87.7%	81.8%

	Secondary Portfolio (1)			
	Nine Months Ended			
	1/31/2009	10/31/2009	1/31/2010	10/31/2010
Total outstanding balance (period end)	\$ 163,591	\$ 145,109	\$ 138,681	\$ 120,078
Average outstanding customer balance	\$ 1,394	\$ 1,341	\$ 1,319	\$ 1,266
Number of active accounts (period end)	117,372	108,220	105,109	94,877
Account balances over 60 days past due (period end) (2)	\$ 19,988	\$ 23,735	\$ 24,616	\$ 20,062
Percent of balances over 60 days past due to total outstanding balance (period end)	12.2%	16.4%	17.8%	16.7%
Total account balances reaged (period end) (2)	\$ 50,602	\$ 49,073	\$ 49,135	\$ 39,537
Percent of reaged balances to total outstanding balance (period end)	30.9%	33.8%	35.4%	32.9%
Account balances reaged more than six months (period end)	\$ 19,860	\$ 22,074	\$ 21,920	\$ 18,722
Weighted average credit score of outstanding balances	521	526	526	536
Total applications processed (3)	292,607	261,998	255,170	236,360
Percent of retail sales financed	9.7%	6.0%	6.1%	6.4%
Weighted average origination credit score of sales financed	535	548	547	563
Total applications approved	27.1%	20.5%	21.6%	20.0%
Average down payment	19.4%	21.1%	20.6%	15.9%
Average total outstanding balance	\$ 151,121	\$ 154,456	\$ 148,596	\$ 130,449
Bad debt charge-offs (net of recoveries)	\$ 5,543	\$ 5,840	\$ 6,476	\$ 6,627
Percent of bad debt charge-offs (net of recoveries) to average outstanding balance, annualized	4.9%	5.0%	5.8%	6.8%
Estimated percent of reage balances collected (4)	89.6%	89.4%	90.7%	85.3%

	Combined Portfolio (1)			
	Nine Months Ended			
	1/31/2009	10/31/2009	1/31/2010	10/31/2010
Total outstanding balance (period end)	\$ 753,513	\$ 738,197	\$ 736,041	\$ 676,994
Average outstanding customer balance	\$ 1,401	\$ 1,356	\$ 1,335	\$ 1,299
Number of active accounts (period end)	537,957	544,196	551,312	521,316
Account balances over 60 days past due (period end) (2)	\$ 55,141	\$ 68,512	\$ 73,391	\$ 64,934
Percent of balances over 60 days past due to total outstanding balance (period end)	7.3%	9.3%	10.0%	9.6%
Total account balances reaged (period end) (2)	\$ 141,162	\$ 139,137	\$ 144,173	\$ 126,265
Percent of reaged balances to total outstanding balance (period end)	18.7%	18.8%	19.6%	18.7%
Account balances reaged more than six months (period end)	\$ 56,312	\$ 57,660	\$ 57,368	\$ 51,859
Weighted average credit score of outstanding balances	585	588	586	590
Total applications processed (3)	944,820	858,341	854,376	777,845
Percent of retail sales financed	61.1%	57.3%	60.3%	59.0%
Weighted average origination credit score of sales financed	614	620	619	623
Total applications approved	42.9%	41.3%	43.5%	41.5%
Average down payment	7.6%	7.2%	6.2%	5.2%
Average total outstanding balance	\$ 707,310	\$ 744,015	\$ 743,322	\$ 704,822
Weighted average monthly payment rate	5.3%	5.3%	5.0%	5.4%
Bad debt charge-offs (net of recoveries)	\$ 17,025	\$ 20,101	\$ 23,337	\$ 25,972
Percent of bad debt charge-offs (net of recoveries) to average outstanding balance, annualized	3.2%	3.6%	4.2%	4.9%
Estimated percent of reage balances collected (4)	89.6%	88.0%	88.7%	83.0%
Percent of managed portfolio represented by promotional receivables	16.4%	16.4%	15.3%	13.6%

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- (1) The Portfolios consist of owned and transferred receivables.
 - (2) Accounts that become delinquent after being reaged are included in both the delinquency and reaged amounts.
 - (3) Unapproved and not declined credit applications in the primary portfolio are referred to the secondary portfolio.
 - (4) Is calculated as 1 minus the percent of actual bad debt charge-offs (net of recoveries) of reage balances as a percent of average reage balances. The reage bad debt charge-offs are included as a component of Percent of bad debt charge-offs (net of recoveries) to average outstanding balance.

We also derive revenues from repair services on the products we sell and from product delivery and installation services we provide to our customers. Additionally, acting as an agent for unaffiliated companies, we sell credit insurance and repair service agreements to protect our customers from credit losses due to death, disability, involuntary unemployment and property damage and product failure not covered by a manufacturer's warranty. We also derive revenues from the sale of extended repair service agreements, under which we are the primary obligor, to protect the customers after the original manufacturer's warranty or repair service agreement has expired.

Our business is moderately seasonal, with a greater share of our revenues, pretax and net income realized during the quarter ending January 31, due primarily to the holiday selling season.

Executive Overview

This narrative is intended to provide an executive level overview of our operations for the three and nine months ended October 31, 2010. A detailed explanation of the changes in our operations for these periods as compared to the prior year periods is included under Results of Operations. Some of the more specific items impacting our operating and pretax income were:

- For the three months ended October 31, 2010, compared to the same period last year, Total net sales decreased 15.2% and Finance charges and other decreased 8.6%. Total revenues decreased 14.0% while same store sales decreased 16.3% for the quarter ended October 31, 2010. The sales decline was impacted by:
 - Continued challenging economic conditions in our markets;
 - The limitations imposed by the Company's capital structure, prior to the recently completed refinancing, and the resulting impact on its ability to extend credit;
 - The Company's decision to tighten credit underwriting standards to protect the quality of the credit portfolio; and
 - Management's emphasis on improving retail gross margin through maintaining price discipline on the sales floor, which increased from 22.4% to 25.2% for the three months ended October 31, 2009, and 2010, respectively, while maintaining price competitiveness.
- For the nine months ended October 31, 2010, compared to the same period last year, Total net sales decreased 13.2% and Finance charges and other decreased 11.8%. Total revenues decreased 13.0% while same store sales decreased 14.1% for the nine months ended October 31, 2010. The sales decline was primarily driven by the same reasons discussed above for the quarter.
- Finance charges and other decreased 8.6% and 11.8% for the three and nine months ended October 31, 2010, when compared to the same period last year, primarily due to a decrease in interest income and fees as the average interest income and fee yield earned on the portfolio fell from 17.6% and 18.4% for the three and nine months ended October 31, 2009, to 16.8% and 17.0%, for the three and nine months ended October 31, 2010, and the average balance of customer accounts receivable outstanding during the nine months ended October 31, 2010 fell 5.3%, as compared to the prior year period. The interest income and fee yield fell as a result of the higher level of charge-offs experienced, resulting in an increase in the reversal of accrued interest and increased reserves for uncollectible interest, and the reduced amount of new credit accounts originated in the three and nine month periods ended October 31, 2010, as compared to the same periods in the prior fiscal year. The reduction in new credit accounts originated negatively impacts the yield since interest income is recognized using the Rule of 78's, which accelerates the recognition of interest earnings.

- Our total gross margin (Total revenues less Cost of goods sold) increased from 37.4% to 40.4% for the three months ended October 31, 2010, when compared to the same period in the prior year. The increase resulted primarily from:
 - An increase in retail gross margins (includes gross profit from product sales and repair service agreement commissions) from 22.4% for the three months ended October 31, 2009, to 25.2% for the three months ended October 31, 2010, respectively, which improved the total gross margin by 220 basis points. The increase was driven largely by a 310 basis point increase in product gross margins to 21.6% for the three months ended October 31, 2010, as we focused on improving pricing discipline on the sales floor while maintaining price competitiveness in the marketplace; and
 - A change in the revenue mix in the three months ended October 31, 2010, such that higher gross margin finance charge and other revenues contributed a higher percentage of total revenues, resulted in an increase in the total gross margin of approximately 80 basis points.
 - Our gross margin increased from 37.8% to 39.7% for the nine months ended October 31, 2010, when compared to the same period in the prior year. The increase was a result primarily of an improved retail gross margin, similar to the trend discussed for the three months ended October 31, 2010.
- During the three months ended October 31, 2010, Selling, general and administrative (SG&A) expense was reduced by \$8.8 million, though it increased as a percent of revenues to 33.3% from 33.1% in the prior year period, due to the deleveraging effect of the decline in total revenues. The litigation reserve accrual recorded in the prior year period accounted for \$4.1 million of the change in SG&A expense. The remainder of the reduction in SG&A expense was driven primarily by lower compensation and related expense and reduced depreciation expense. These decreases were partially offset by increased expense from the increased use of third-party finance providers and increased use of contract delivery and installation services. SG&A expense for the nine month period decreased \$13.5 million, though it increased as a percent of revenues to 30.8% from 28.8% in the prior year period, due to the deleveraging effect of the decline in total revenues;
- During the quarter ended October 31, 2009, we determined, as a result of the sustained decline in our market capitalization, the increasingly challenging economic environment and its impact on our comparable store sales, credit portfolio performance and operating results, that an interim goodwill impairment test was necessary. A two-step method was utilized for determining goodwill impairment. Our valuation was performed utilizing the services of outside valuation consultants using both an income approach utilizing our discounted debt-free cash flows and comparable valuation multiples. Upon completion of the impairment test, we concluded that the carrying value of our recorded goodwill was impaired. As a result, we recorded a goodwill impairment charge of \$9.6 million to write-off the carrying value of our goodwill during the three month period ended October 31, 2009;
- During the past year we have explored multiple opportunities in the capital markets to allow us to refinance our borrowing facilities. As a result, we incurred expenses related to working with bankers, lawyers, accountants and other professional service providers to review and pursue the various alternatives presented. Given our decision to pursue the financing transactions recently completed, we concluded as of October 31, 2010, that it was appropriate to write-off the \$2.9 million of expenses incurred related to the other financing alternatives considered;
- The Provision for bad debts decreased to \$9.4 million for the three months ended October 31, 2010. Our total net charge-offs of customer and non-customer accounts receivable increased by \$1.6 million for the three months ended October 31, 2010, as compared to the same periods in the prior fiscal year. Based on our current expectations about future credit portfolio performance we decreased the allowance for bad debts \$0.4 million during the three months ended October 31, 2010, as compared to an increase of \$4.5 million in the prior year period. The Provision for bad debts decreased to \$24.7 million for the nine months ended October 31, 2010. Our total net charge-offs of customer and non-customer accounts receivable increased by \$6.3 million for the nine months ended October 31, 2010, as compared to the same periods in the prior fiscal year, while the allowance for bad debts decreased \$2.1 million during the nine months ended October 31, 2010, as compared to an increase of \$5.8 million in the prior year period;
- Net interest expense increased in the three months and nine months ended October 31, 2010, due primarily to a \$1.7 million fee paid during the three months ended, and \$2.6 million in total fees paid during the nine months ended October 31, 2010, respectively, to the lenders providing the variable funding note under the securitization facility and increased deferred financing cost amortization; and

The income tax benefit for the three months ended October 31, 2010, was impacted primarily by the change in pre-tax income. The prior year effective tax benefit rate of 25.9% was lower than the 34.6% tax benefit rate in the current year period, primarily due to the fact that we did not record a tax benefit in the prior year period related to the litigation reserve accrual.

Operational Changes and Resulting Outlook

We recently completed the refinancing of our debt facilities by entering into a \$375 million asset-based loan facility and a \$100 million second lien term loan, and successfully completed a rights offering, which raised \$25 million of gross proceeds. A portion of the net proceeds were used to repay all of our outstanding obligations under our securitization program. As a result of the changes to our debt financing facilities, we estimate that our weighted average interest rate on debt outstanding during the nine months ended October 31, 2010, would have been approximately 170 basis points higher if the financing transactions had occurred on February 1, 2010.

With our refinancing complete we are now reviewing our strategic business plan, including actions to improve our existing operations, considering potential new store openings and expanding our credit operations. We do not currently have any new store openings planned and have reduced the size of the credit portfolio since January 31, 2010, in order to reduce the debt outstanding to support the credit operations. Given the declines in sales we have seen over the past couple of years and the limited capital we currently have available for growth, our focus in the near term will be to improve the sales performance and profitability of our existing operations.

During the fiscal year ended January 31, 2010, we adjusted our underwriting guidelines and reduced the volume of credit accounts we originate in our Secondary Portfolio. As a result of the changes in our underwriting guidelines, which reduced retail sales volumes, we saw improved credit portfolio performance during the first nine months of fiscal 2011, evidenced by:

- A 40 basis point reduction in the 60+ day delinquency percentage from 10.0% at January 31, 2010, to 9.6% at October 31, 2010, as compared to a 200 basis point increase in the same percentage from 7.3% at January 31, 2009, to 9.3% at October 31, 2009;
- A 90 basis point, or \$17.9 million, reduction in the percent and balance, respectively, of the credit portfolio that has been reaged, to 18.7%, or \$126.3 million, as of October 31, 2010, as compared to January 31, 2010; and
- The payment rate percentage, the amount collected on credit accounts during a month as a percentage of the portfolio balance at the beginning of the month, increased in each of the nine months of the current fiscal year as compared to the same months in the prior fiscal year.

In order to continue to provide flexible financing options to our customers, in light of our adjusted underwriting guidelines, we have also partnered with a third-party rent-to-own provider that provides financing for certain of our customers that do not qualify for credit under our underwriting guidelines. We currently offer this financing alternative in 38 of our stores and financed \$4.1 million of our sales during the quarter ended October 31, 2010, through the third-party rent-to-own financing option.

While we benefited from our operations being concentrated in the Texas, Louisiana and Oklahoma region in the earlier months of 2009, recent weakness in the health of the national and state economies have and will present significant challenges to our operations in the coming quarters. Specifically, future sales volumes, gross profit margins and credit portfolio performance could be negatively impacted, and thus impact our overall profitability. Additionally, declines in our future operating performance could impact compliance with our new credit facility covenants. As a result, while we will strive to maintain our market share, improve credit portfolio performance and reduce expenses, we will also work to maintain our access to the liquidity necessary to maintain our operations through these challenging times.

The consumer electronics industry depends on new products to drive same store sales increases. Typically, these new products, such as high-definition LED and 3-D televisions, Blu-ray and DVD players and digital cameras are introduced at relatively high price points that are then gradually reduced as the product becomes mainstream. To sustain positive same store sales growth, unit sales must increase at a rate greater than the decline in product prices. The affordability of the product helps drive the unit sales growth. However, as a result of relatively short product life cycles in the consumer electronics industry, which limit the amount of time available for sales volume to increase, combined with rapid price erosion in the industry, retailers are challenged to maintain overall gross margin levels and positive same store sales. This has historically been our experience, and we continue to adjust our marketing strategies to address this challenge through the introduction of new product categories and new products within our existing categories.

Application of Critical Accounting Policies

In applying the accounting policies that we use to prepare our consolidated financial statements, we necessarily make accounting estimates that affect our reported amounts of assets, liabilities, revenues and expenses. Some of these accounting estimates require us to make assumptions about matters that are highly uncertain at the time we make the accounting estimates. We base these assumptions and the resulting estimates on authoritative pronouncements, historical information and other factors that we believe to be reasonable under the circumstances, and we evaluate these assumptions and estimates on an ongoing basis. We could reasonably use different accounting estimates, and changes in our accounting estimates could occur from period to period, with the result in each case being a material change in the financial statement presentation of our financial condition or results of operations. We refer to accounting estimates of this type as critical accounting estimates. We believe that the critical accounting estimates discussed below are among those most important to an understanding of our consolidated financial statements as of October 31, 2010.

Customer Accounts Receivable. Customer accounts receivable reported in our consolidated balance sheet include receivables transferred to our VIE and those receivables not transferred to our VIE. We include the amount of principal and accrued interest on those receivables that are expected to be collected within the next twelve months, based on contractual terms, in current assets on our consolidated balance sheet. Those amounts expected to be collected after 12 months, based on contractual terms, are included in long-term assets. Typically, a receivable is considered delinquent if a payment has not been received on the scheduled due date. Additionally, we offer reage programs to customers with past due balances that have experienced a financial hardship, if they meet the conditions of our reage policy. Reaging a customer's account can result in updating it from a delinquent status to a current status. Generally, an account that is delinquent more than 120 days and for which no payment has been received in the past seven months will be charged-off against the allowance for doubtful accounts and interest accrued subsequent to the last payment will be reversed. We have a secured interest in the merchandise financed by these receivables and therefore have the opportunity to recover a portion of any charged-off amount.

Interest Income on Customer Accounts Receivable. Interest income is earned using the Rule of 78's method for installment contracts and the simple interest method for revolving charge accounts, and is reflected in Finance charges and other. Typically, interest income is accrued until the contract or account is paid off or charged-off and we provide an allowance for estimated uncollectible interest. Interest income is recognized on our interest-free promotional accounts based on our historical experience related to customers who fail to satisfy the requirements of the interest-free programs. Additionally, for sales on deferred interest and "same as cash" programs that exceed one year in duration, we discount the sales to their fair value, resulting in a reduction in sales and receivables, and amortize the discount amount in to Finance charges and other over the term of the program.

Allowance for Doubtful Accounts. We record an allowance for doubtful accounts, including estimated uncollectible interest, for our Customer accounts receivable, based on our historical net loss experience and expectations for future losses. The net charge-off data used in computing the loss rate is reduced by the amount of post-charge-off recoveries received, including cash payments, amounts realized from the repossession of the products financed and, at times, payments received under credit insurance policies. Additionally, we separately evaluate the Primary and Secondary portfolios when estimating the allowance for doubtful accounts. The balance in the allowance for doubtful accounts and uncollectible interest for customer receivables was \$35.8 million and \$34.1 million at January 31, 2010, and October 31, 2010, respectively. Additionally, as a result of our practice of reaging customer accounts, if the account is not ultimately collected, the timing and amount of the charge-off is impacted. If these accounts had been charged-off sooner the net loss rates might have been higher. Reaged customer receivable balances represented 18.7% of the total portfolio balance at October 31, 2010. If the loss rate used to calculate the allowance for doubtful accounts were increased by 10% at October 31, 2010, we would have increased our Provision for bad debts by approximately \$3.4 million.

Revenue Recognition. Revenues from the sale of retail products are recognized at the time the customer takes possession of the product. Such revenues are recognized net of any adjustments for sales incentive offers such as discounts, coupons, rebates, or other free products or services and discounts of promotional credit sales that will extend beyond one year. We sell repair service agreements and credit insurance contracts on behalf of unrelated third parties. For contracts where the third parties are the obligors on the contract, commissions are recognized in revenues at the time of sale, and in the case of retrospective commissions, at the time that they are earned. Where we sell repair service renewal agreements in which we are deemed to be the obligor on the contract at the time of sale, revenue is recognized ratably, on a straight-line basis, over the term of the repair service agreement. These repair service agreements are renewal contracts that provide our customers protection against product repair costs arising after the expiration of the manufacturer's warranty and the third party obligor contracts. These agreements typically have terms ranging from 12 to 36 months. These agreements are separate units of accounting and are valued based on the agreed upon retail selling price. The amount of repair service agreement revenue deferred at January 31, 2010, and October 31, 2010, was \$7.3 million and \$6.6 million, respectively, and is included in Deferred revenues and allowances in the accompanying consolidated balance sheets.

Vendor Allowances. We receive funds from vendors for price protection, product rebates (earned upon purchase or sale of product), marketing, training and promotion programs which are recorded on the accrual basis as a reduction to the related product cost, cost of goods sold, compensation expense or advertising expense, according to the nature of the program. We accrue rebates based on the satisfaction of terms of the program and sales of qualifying products even though funds may not be received until the end of a quarter or year. If the programs are related to product purchases, the allowances, credits or payments are recorded as a reduction of product cost; if the programs are related to product sales, the allowances, credits or payments are recorded as a reduction of cost of goods sold; if the programs are directly related to promotion, marketing or compensation expense paid related to the product, the allowances, credits, or payments are recorded as a reduction of the applicable expense in the period in which the expense is incurred.

Accounting for Leases. We analyze each lease, at its inception and any subsequent renewal, to determine whether it should be accounted for as an operating lease or a capital lease. Additionally, monthly lease expense for each operating lease is calculated as the average of all payments required under the minimum lease term, including rent escalations. Generally, the minimum lease term begins with the date we take possession of the property and ends on the last day of the minimum lease term, and includes all rent holidays, but excludes renewal terms that are at our option. Any tenant improvement allowances received are deferred and amortized into income as a reduction of lease expense on a straight line basis over the minimum lease term. The amortization of leasehold improvements is computed on a straight line basis over the shorter of the remaining lease term or the estimated useful life of the improvements. For transactions that qualify for treatment as a sale-leaseback, any gain or loss is deferred and amortized as rent expense on a straight-line basis over the minimum lease term. Any deferred gain would be included in Deferred gain on sale of property and any deferred loss would be included in Other assets on the consolidated balance sheets.

Results of Operations

The following table sets forth certain statement of operations information as a percentage of total revenues for the periods indicated:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2010	2009	2010	2009
Revenues:				
Product sales	74.8%	75.2%	76.4%	76.1%
Repair service agreement commissions (net)	3.6	3.7	3.8	3.9
Service revenues	2.2	2.8	2.2	2.6
Total net sales	80.6	81.7	82.4	82.6
Finance charges and other	19.4	18.3	17.6	17.4
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses:				
Cost of goods sold, including warehousing and occupancy cost	58.6	61.2	59.2	61.0
Cost of parts sold, including warehousing and occupancy cost	1.0	1.4	1.1	1.2
Selling, general and administrative expense	33.3	33.1	30.8	28.8
Goodwill Impairment	0.0	4.8	0.0	1.5
Write-off of deferred financing costs	1.7	0.0	0.5	0.0
Provision for bad debts	5.5	6.4	4.2	3.9
Total costs and expenses	100.1	106.9	95.8	96.4
Operating income (loss)	(0.1)	(6.9)	4.2	3.6
Interest expense, net	4.5	2.9	3.5	2.5
Other (income) / expense, net	0.0	0.0	0.0	0.0
Income (loss) before income taxes	(4.6)	(9.8)	0.7	1.1
Provision (benefit) for income taxes	(1.6)	(2.5)	0.3	0.8
Net income (loss)	(3.0)%	(7.3)%	0.4%	0.3%

The presentation of gross margins may not be comparable to some other retailers since we include the cost of our in-home delivery and installation service as part of Selling, general and administrative expense. Similarly, we include the cost related to operating our purchasing function in Selling, general and administrative expense. It is our understanding that other retailers may include such costs as part of their cost of goods sold.

Analysis of consolidated statements of operations

Total consolidated <i>(in thousands except percentages)</i>	Three months ended		2010 vs. 2009		Nine months ended		2010 vs. 2009	
	October 31,		Incr/(Decr)		October 31,		Incr/(Decr)	
	2010	2009	Amount	Pct	2010	2009	Amount	Pct
Revenues								
Product sales	\$ 127,035	\$ 148,463	\$ (21,428)	(14.4)%	\$ 443,778	\$ 508,669	\$ (64,891)	(12.8)%
Repair service agreement commissions (net)	6,035	7,320	(1,285)	(17.6)	22,293	25,968	(3,675)	(14.2)
Service revenues	3,769	5,599	(1,830)	(32.7)	12,709	17,195	(4,486)	(26.1)
Total net sales	136,839	161,382	(24,543)	(15.2)	478,780	\$ 551,832	(73,052)	(13.2)
Finance charges and other	33,019	36,116	(3,097)	(8.6)	102,262	115,945	(13,683)	(11.8)
Total revenues	169,858	197,498	(27,640)	(14.0)	581,042	667,777	(86,735)	(13.0)
Cost and expenses								
Cost of goods and parts sold	101,188	123,635	(22,447)	(18.2)	350,113	415,650	(65,537)	(15.8)
Gross Profit	68,671	73,863	(5,192)	(7.0)	230,930	252,127	(21,197)	(8.4)
Gross Margin	40.4%	37.4%			39.7%	37.8%		
Selling, general and administrative expense	56,507	65,307	(8,800)	(13.5)	178,876	192,326	(13,450)	(7.0)
Costs related to financing transactions not completed	2,896	-	2,896		2,896	-	2,896	
Goodwill Impairment	-	9,617	(9,617)	(100.0)	-	9,617	(9,617)	(100.0)
Provision for bad debts	9,372	12,651	(3,279)	(25.9)	24,694	26,321	(1,627)	(6.2)
Total costs and expenses	169,963	211,210	(41,247)		556,579	643,914	(87,335)	
Operating income (loss)	(105)	(13,712)	13,607	(99.2)	24,463	23,863	600	2.5
Operating Margin	-0.1%	-6.9%			4.2%	3.6%		
Interest expense	7,722	5,649	2,073	36.7	20,234	16,692	3,542	21.2
Other (income) expense	(17)	(34)	17	(50.0)	166	(54)	220	(407.4)
Income (loss) before income taxes	(7,810)	(19,327)	11,517	(59.6)	4,063	7,225	(3,162)	(43.8)
Provision (benefit) for income taxes	(2,716)	(4,955)	2,239	(45.2)	1,925	5,017	(3,092)	(61.6)
Net income (loss)	\$ (5,094)	\$ (14,372)	\$ 9,278	(64.6)	\$ 2,138	\$ 2,208	\$ (70)	(3.2)

Retail segment <i>(in thousands except percentages)</i>	Three months ended		2010 vs. 2009		Nine months ended		2010 vs. 2009	
	October 31,		Incr/(Decr)		October 31,		Incr/(Decr)	
	2010	2009	Amount	Pct	2010	2009	Amount	Pct
Revenues								
Product sales	\$ 127,035	\$ 148,463	\$ (21,428)	(14.4)%	\$ 443,778	\$ 508,669	\$ (64,891)	(12.8)%
Repair service agreement commissions (net) (a)	9,514	10,166	(652)	(6.4)	31,973	33,685	(1,712)	(5.1)
Service revenues	3,769	5,599	(1,830)	(32.7)	12,709	17,195	(4,486)	(26.1)
Total net sales	140,318	164,228	(23,910)	(14.6)	488,460	559,549	(71,089)	(12.7)
Finance charges and other	215	98	117	119.4	681	345	336	97.4
Total revenues	140,533	164,326	(23,793)	(14.5)	489,141	559,894	(70,753)	(12.6)
Cost and expenses								
Cost of goods and parts sold	101,188	123,635	(22,447)	(18.2)	350,113	415,650	(65,537)	(15.8)
Gross Profit	39,345	40,691	(1,346)	(3.3)	139,028	144,244	(5,216)	(3.6)
Gross Margin	28.0%	24.8%			28.4%	25.8%		
Selling, general and administrative expense (b)	41,379	50,360	(8,981)	(17.8)	130,984	146,569	(15,585)	(10.6)
Goodwill impairment	-	9,617	(9,617)	(100.0)	-	9,617	(9,617)	(100.0)
Provision for bad debts	174	(22)	196	(890.9)	467	43	424	989.1
Total costs and expenses	142,741	183,590	(40,849)	(22.3)	481,564	571,879	(90,315)	(15.8)
Operating income (loss)	(2,208)	(19,264)	17,056	(88.5)	7,577	(11,985)	19,562	(163.2)
Operating Margin	-1.6%	-11.7%			1.5%	-2.1%		
Other (income) expense	(17)	(34)	17	(50.0)	166	(54)	220	(407.4)
Segment income (loss) before income taxes	\$ (2,191)	\$ (19,230)	\$ 17,039	(88.6)	\$ 7,411	\$ (11,931)	\$ 19,342	(162.1)

Credit segment	Three months ended		2010 vs. 2009		Nine months ended		2010 vs. 2009	
	October 31,		Incr/(Decr)		October 31,		Incr/(Decr)	
<i>(in thousands except percentages)</i>	2010	2009	Amount	Pct	2010	2009	Amount	Pct
Revenues								
Product sales	\$ 0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	\$ 0	N/A
Repair service agreement commissions (net) (a)	(3,479)	(2,846)	(633)	22.2	(9,679)	(7,717)	(1,962)	25.4
Total net sales	(3,479)	(2,846)	(633)	22.2	(9,679)	(7,717)	(1,962)	25.4
Finance charges and other	32,804	36,018	(3,214)	(8.9)	101,581	115,600	(14,019)	(12.1)
Total revenues	29,325	33,172	(3,847)	(11.6)	91,902	107,883	(15,981)	(14.8)
Cost and expenses								
Selling, general and administrative expense (b)	15,128	14,947	181	1.2	47,892	45,757	2,135	4.7
Costs related to financing transactions not completed	2,896	-	2,896		2,896	-	2,896	
Provision for bad debts	9,198	12,673	(3,475)	(27.4)	24,227	26,278	(2,051)	(7.8)
Total costs and expenses	27,222	27,620	(398)	(1.4)	75,015	72,035	2,980	4.1
Operating income	2,103	5,552	(3,449)	(62.1)	16,887	35,848	(18,961)	(52.9)
Operating Margin	7.2%	16.7%			18.4%	33.2%		
Interest expense	7,722	5,649	2,073	36.7	20,234	16,692	3,542	21.2
Segment Income (loss) before income taxes	\$ (5,619)	\$ (97)	\$ (5,522)	5692.8	\$ (3,347)	\$ 19,156	\$ (22,503)	(117.5)

(a) Retail repair service agreement commissions exclude repair service agreement cancellations that are the result of consumer credit account charge-offs. These amounts are reflected in repair service agreement commissions for the credit segment.

(b) Selling, general and administrative expenses include the direct expenses of the retail and credit operations, allocated overhead expenses and a charge to the credit segment to reimburse the retail segment for expenses it incurs related to occupancy, personnel, advertising and other direct costs of the retail segment which benefit the credit operations by sourcing credit customers and collecting payments. The reimbursement received by the retail segment from the credit segment is estimated using an annual rate of 2.5% times the average portfolio balance for each applicable period. The amount of overhead allocated to each segment was approximately \$1.6 million and \$1.6 million for the three months ended October 31, 2010 and 2009, respectively. The amount of overhead allocated to each segment was approximately \$5.0 million and \$4.7 million for the nine months ended October 31, 2010 and 2009, respectively. The amount of the reimbursement made to the retail segment by the credit segment was approximately \$4.4 million and \$4.7 million for the three months ended October 31, 2010 and 2009, respectively. The amount of the reimbursement made to the retail segment by the credit segment was approximately \$13.2 million and \$13.9 million for the nine months ended October 31, 2010 and 2009, respectively.

Three Months Ended October 31, 2010 Compared to Three Months Ended October 31, 2009

(Dollars in Millions)	2010	2009	Change	
			\$	%
Net sales	\$ 136.9	\$ 161.4	(24.5)	(15.2)
Finance charges and other	33.0	36.1	(3.1)	(8.6)
Total Revenues	\$ 169.9	\$ 197.5	(27.6)	(14.0)

The \$24.5 million decrease in net sales consists of the following:

- A \$25.5 million same store sales decrease of 16.3%;
- A \$1.4 million net increase generated by three retail locations that were not open for the three months in each period. Two new locations were opened subsequent to August 1, 2009 and one of our clearance centers was closed subsequent to August 1, 2009;

- A \$1.4 million increase resulted from a decrease in discounts on extended-term non-interest bearing credit sales (those with terms longer than 12 months); and
- A \$1.8 million decrease in service revenues.

The components of the \$24.5 million decrease in net sales were a \$21.4 million decrease in Product sales and a \$3.1 million decrease in repair service agreement commissions and service revenues. The \$21.4 million decrease in product sales resulted from the following:

- Approximately \$2.1 million increase attributable to increases in total unit sales, due primarily to increased unit sales in track and furniture and mattresses, partially offset by decreases in appliances and consumer electronics, and
- Approximately \$23.5 million decrease attributable to an overall decrease in the average unit price. The decrease was due primarily to a decrease in price points in the electronics and track categories.

The \$3.1 million decrease in repair service agreement commissions and service revenues consisted of:

- A \$0.7 million decrease in the retail segment's repair service agreement commissions due primarily to a decline in product sales, although there was increased penetration on the sale of repair service agreements;
- A \$0.6 million decrease in the credit segment's repair service agreement commissions due to the higher level of credit charge-offs experienced; and
- A \$1.8 million decrease in the retail segment's service revenues due primarily to increased use of third-party servicers to provide timely product repairs for our customers.

The following table presents net sales by product category in each period, including repair service agreement commissions and service revenues, expressed both in dollar amounts (in thousands) and as a percent of total net sales. Classification of sales has been adjusted from previous presentations to ensure comparability between the categories.

Category	Three Months Ended October 31,				Percent Change	
	2010		2009			
	Amount	Percent	Amount	Percent		
Consumer electronics	\$ 42,306	30.9%	\$ 56,216	34.8%	(24.7)%	(1)
Home appliances	41,605	30.4	47,842	29.6	(13.0)	(2)
Track	20,702	15.1	21,297	13.2	(2.8)	(3)
Furniture and mattresses	16,355	12.0	15,906	9.8	2.8	(4)
Other	6,067	4.4	7,202	4.5	(15.8)	(5)
Total product sales	127,035	92.8	148,463	91.8	(14.4)	
Repair service agreement commissions	6,035	4.4	7,620	4.7	(20.8)	(6)
Service revenues	3,769	2.8	5,599	3.5	(32.7)	(7)
Total net sales	\$ 136,839	100.0%	\$ 161,682	100.0%	(15.5)%	

- (1) Consumer electronics category sales declined as a result of a 13.0% drop in the average selling price of flat-panel televisions and a 14.4% decrease in unit sales as lower LCD unit sales offset increased sales of LED and plasma televisions;
- (2) Home appliance category sales declined during the quarter on lower unit sales and a decline in the average selling price, though room air conditioning sales increased during the quarter;
- (3) Track sales declined slightly as increased sales of accessories, MP3 players and compact stereos were offset primarily by declines in the sales of camcorders, digital cameras, GPS devices, computer equipment and video game hardware;

- (4) The growth in furniture and mattresses sales was driven by the addition of in-store specialists focused on this category, improved in-store displays and expanded product selection;
- (5) The decrease in other product sales resulted largely from declines in lawn and garden sales and delivery revenues;
- (6) The decline in repair service agreement commissions was driven largely by the decline in product sales and increased cancellations of these agreements as a result of higher credit charge-offs;
- (7) Service revenues decreased as the Company increased its use of third-party servicers during the quarter to provide timely product repairs for its customers; and

(Dollars in Millions)	2010	2009	Change	
			\$	%
Interest income and fees	\$ 29.3	\$ 32.8	(3.5)	(10.7)
Insurance commissions	3.5	3.3	0.2	6.1
Other income	0.2	-	0.2	-
Finance charges and other	\$ 33.0	\$ 36.1	(3.1)	(8.6)

Interest income and fees and insurance commissions are included in the Finance charges and other for the credit segment, while Other income is included in Finance charges and other for the retail segment.

The decrease in Interest income and fees of the credit segment resulted primarily as the average interest income and fee yield earned on the portfolio fell from 17.6% for the three months ended October 31, 2009, to 16.8%, for the three months ended October 31, 2010, and the average balance of customer accounts receivable outstanding fell 6.7%. The interest income and fee yield dropped as a result of the higher level of charge-offs experienced, resulting in an increase in the reversal of accrued interest and increased reserves for uncollectible interest, and the reduced volume of new credit accounts originated in the three months ended October 31, 2010, as compared to the same quarter in the prior fiscal year. The reduction in new credit accounts originated negatively impacts the yield since interest income is recognized using the Rule of 78's, which accelerates the recognition of interest income. Insurance commissions of the credit segment increased as increased initial sales commissions were partially offset by lower retrospective commissions and lower interest earnings on funds held by the insurance company for the payment of claims.

The following table provides key portfolio performance information for the three months ended October 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
	(Dollars in thousands)	
Interest income and fees (a)	\$ 29,279	\$ 32,765
Net charge-offs (b)	(9,479)	(8,096)
Borrowing costs (c)	(7,722)	(5,649)
Net portfolio yield	<u>\$ 12,078</u>	<u>\$ 19,020</u>
Average portfolio balance	\$ 695,328	\$ 745,530
Interest income and fee yield % (annualized)	16.8%	17.6%
Net charge-off % (annualized)	5.5%	4.3%

(a) Included in Finance charges and other.

(b) Included in Provision for bad debts.

(c) Included in Interest expense.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Cost of goods sold	\$ 99.5	\$ 121.0	(21.5)	(17.8)
Product gross margin percentage	21.7%	18.5%		3.2%

Product gross margin increased as a percent of product sales from the 2009 period to the 2010 period driven by our focus on improving pricing discipline on the sales floor while maintaining competitive pricing in the marketplace.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Cost of service parts sold	\$ 1.6	\$ 2.7	(1.1)	(40.7)
As a percent of service revenues	42.5%	48.2%		-5.7%

This decrease was due primarily to a 37.3% decrease in parts sales as we increased the use of third-party servicers to provide timely product repairs for our customers.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Selling, general and administrative expense - Retail	\$ 41.4	\$ 50.4	(9.0)	(17.9)
Selling, general and administrative expense - Credit	15.1	14.9	0.2	1.3
Selling, general and administrative expense - Total	\$ 56.5	\$ 65.3	(8.8)	(13.5)
As a percent of total revenues	33.3%	33.1%		0.2%

During the three months ended October 31, 2010, Selling, general and administrative (SG&A) expense was reduced by \$8.8 million, though it increased as a percent of revenues to 33.3% from 33.1% in the prior year period, due to the deleveraging effect of the decline in total revenues. The litigation reserve accrual recorded in the prior year period accounted for \$4.1 million of the change in SG&A expense. The remainder of the reduction in SG&A expense was driven primarily by lower compensation and related expense and reduced depreciation expense, partially offset by increased charges related to the increased use of third-party finance providers and increased use of contract delivery and installation services.

Significant SG&A expense increases and decreases related to specific business segments included the following:

Retail Segment

The following are the significant factors affecting the retail segment:

- Bank and credit card fees increased by approximately \$0.9 million from the 2009 period, primarily due to the use of the third-party finance providers for certain of our interest-free programs;
- Total compensation costs and related expenses decreased approximately \$6.8 million from the 2009 period, primarily due to reduced commissions payable as a result of lower sales and reduced delivery and transportation operation staffing as we increased our use of third-parties to provide these services;
- Contract delivery, transportation and installation costs increased approximately \$0.7 million from the 2009 period as we increased our use of third-parties to provide these services; and
- SG&A in the 2009 period included a \$4.1 million charge to the litigation reserve.

Credit Segment

The following are the significant factors affecting the credit segment:

- Total compensation costs and related expenses increased approximately \$0.5 million from the 2009 period as staffing was increased to address increased levels of delinquencies in the challenging economic environment;
- Occupancy expenses increased approximately \$0.1 million from the 2009 period primarily related to our call center operation in San Antonio; and
- Form printing and purchases and related postage decreased approximately \$0.2 million as collection efforts did not utilize letter mailings to the same extent as the prior period.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Goodwill Impairment	\$ -	\$ 9.6	(9.6)	
As a percent of total revenues	0.0%	4.9%		-4.9%

During the three months ended October 31, 2009, we determined, as a result of the sustained decline in our market capitalization and the challenging economic environment and its impact on same store growth sales, credit portfolio performance and operating results, that an interim goodwill impairment test was necessary. We concluded from our analysis that our goodwill was impaired and recorded a \$9.6 million charge to write off the book value of our goodwill.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Costs related to financing transactions not completed	\$ 2.9	\$ -	2.9	
As a percent of total revenues	1.7%	0.0%		1.7%

During the past year we have explored multiple opportunities in the capital markets to allow us to refinance our borrowing facilities. As a result, we incurred expenses related to working with bankers, lawyers, accountants and other professional service providers to review and pursue the various alternatives presented. Given our decision to pursue the financing transactions recently completed, we concluded as of October 31, 2010, that it was appropriate to write-off the \$2.9 million of expenses incurred related to the other financing alternatives considered.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Provision for bad debts	\$ 9.4	\$ 12.7	(3.3)	(26.0)
As a percent of total revenues	5.5%	6.4%		-0.9%

The provision for bad debts is primarily related to the operations of our credit segment, with approximately \$174,000 and \$(22,000) for the periods ended October 31, 2010 and 2009, respectively, included in the results of operations for the retail segment.

The Provision for bad debts decreased to \$9.4 million for the three months ended October 31, 2010, from \$12.7 million for the same quarter in the prior year period. While our total net charge-offs of customer and non-customer accounts receivable increased by \$1.4 million compared to the third quarter of the prior fiscal year, we have experienced an improvement in our credit portfolio performance (specifically, the trends in the payment rate, delinquency rate and percent of the portfolio reaged) since the fourth quarter of fiscal 2010.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Interest expense, net	\$ 7.7	\$ 5.6	2.1	37.5

The increase in interest expense was due primarily to a \$1.7 million fee paid during the three months ended October 31, 2010, to the lenders providing the variable funding note under the securitization facility and increased deferred financing cost amortization. The entirety of our interest expense is included in the results of operations of our credit segment.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Benefit for income taxes	\$ (2.7)	\$ (5.0)	2.3	(46.0)
As a percent of loss before income taxes	34.6%	25.9%		8.7%

The benefit for income taxes decreased primarily as a result of the decrease in income before income taxes. The prior year effective tax benefit rate of 25.9% was lower than the 34.6% tax benefit rate in the current year period, primarily due to the fact that we did not record a tax benefit in the prior year period related to the litigation reserve accrual.

Nine Months Ended October 31, 2010 Compared to Nine Months Ended October 31, 2009

(Dollars in Millions)	2010	2009	Change	
			\$	%
Net sales	\$ 478.8	\$ 551.9	(73.1)	(13.2)
Finance charges and other	102.2	115.9	(13.7)	(11.8)
Total Revenues	\$ 581.0	\$ 667.8	(86.8)	(13.0)

The \$73.1 million decrease in net sales consists of the following:

- A \$75.7 million same store sales decrease of 14.1%;
- A \$5.2 million net increase generated by four retail locations that were not open for the three months in each period. Two new locations were opened subsequent to February 1, 2009 and two of our clearance centers were closed subsequent to February 1, 2009;
- A \$1.9 million increase resulted from a decrease in discounts on extended-term non-interest bearing credit sales (those with terms longer than 12 months); and
- A \$4.5 million decrease in service revenues.

The components of the \$73.1 million decrease in net sales were a \$64.9 million decrease in Product sales and an \$8.2 million decrease in repair service agreement commissions and service revenues. The \$64.9 million decrease in product sales resulted from the following:

- Approximately \$85.3 million decrease attributable to an overall decrease in the average unit price. The decrease was due primarily to a decrease in price points in the electronics and track categories, partially offset by an increase in appliances, and
- Approximately \$20.4 million increase attributable to increases in total unit sales, due primarily to increased unit sales in track, lawn and garden and furniture and mattresses partially offset by decreases in consumer electronics and appliances.

The \$8.2 million decrease in repair service agreement commissions and service revenues consisted of:

- A \$1.7 million decrease in the retail segment's repair service agreement commissions due primarily to the decline in product sales;
- A \$2.0 million decrease in the credit segment's repair service agreement commissions due to the higher level of credit charge-offs experienced; and
- A \$4.5 million decrease in the retail segment's service revenues due primarily to lower service labor revenues due to increased use of third-party servicers to provide timely product repairs for our customers.

The following table presents net sales by product category in each period, including repair service agreement commissions and service revenues, expressed both in dollar amounts (in thousands) and as a percent of total net sales. Classification of sales has been adjusted from previous presentations to ensure comparability between the categories.

Category	Nine Months Ended October 31,				Percent Change	
	2010		2009			
	Amount	Percent	Amount	Percent		
Consumer electronics	\$ 148,804	31.1%	\$ 195,131	35.4%	(23.7)%	(1)
Home appliances	147,231	30.7	167,450	30.3	(12.1)	(2)
Track	64,327	13.4	65,971	11.9	(2.5)	(3)
Furniture and mattresses	56,476	11.8	53,291	9.7	6.0	(4)
Other	26,940	5.6	26,826	4.9	0.4	(5)
Total product sales	443,778	92.6	508,669	92.2	(12.8)	
Repair service agreement commissions	22,293	4.7	25,968	4.7	(14.2)	(6)
Service revenues	12,709	2.7	17,195	3.1	(26.1)	(7)
Total net sales	\$ 478,780	100.0%	\$ 551,832	100.0%	(13.3)%	

- (1) The consumer electronics category declined as the result of a 10.2% drop in unit sales of televisions and an approximately 15.0% decline in average selling prices, related primarily to LCD televisions.
- (2) The home appliance category sales declined during the period on lower unit sales in all appliance categories, though average selling prices increased.
- (3) The track sales (consisting largely of computers, computer peripherals, video game equipment, portable electronics and small appliances) declined slightly as increased sales of laptops and the introduction of netbooks, and higher digital camera and accessory sales were offset primarily by declines in sales of camcorders, GPS devices and video game hardware.
- (4) The growth in furniture and mattresses sales was driven by the addition of in-store specialists focused on this category, improved in-store displays and expanded product selection.
- (5) An increase in lawn and garden sales included in other product sales was largely responsible for the growth in this category.
- (6) The repair service agreement commissions decrease was driven largely by the decline in product sales. Additionally, increased cancellations of these agreements as a result of higher credit charge-offs reduced the repair service agreement commissions.
- (7) Service revenues decreased as the Company increased its use of third-party servicers to provide timely product repairs for its customers.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Interest income and fees	\$ 89.9	\$ 102.7	(12.8)	(12.5)
Insurance commissions	11.6	12.9	(1.3)	(10.1)
Other income	0.7	0.3	0.4	133.3
Finance charges and other	\$ 102.2	\$ 115.9	(13.7)	(11.8)

Interest income and fees and insurance commissions are included in the Finance charges and other for the credit segment, while Other income is included in Finance charges and other for the retail segment.

The decrease in Interest income and fees of the credit segment resulted primarily as the average interest income and fee yield earned on the portfolio fell from 18.4% for the nine months ended October 31, 2009, to 17.0%, for the nine months ended October 31, 2010, and the average balance of customer accounts receivable outstanding fell 5.3%. The interest income and fee yield dropped as a result of the higher level of charge-offs experienced, resulting in an increase in the reversal of accrued interest and increased reserves for uncollectible interest, and the reduced volume of new credit accounts originated in the nine months ended October 31, 2010, as compared to the same quarter in the prior fiscal year. The reduction in new credit accounts originated negatively impacts the yield since interest income is recognized using the Rule of 78's, which accelerates the recognition of interest income. Insurance commissions of the credit segment declined due primarily to lower retrospective commissions and lower interest earnings on funds held by the insurance company for the payment of claims.

The following table provides key portfolio performance information for the nine months ended October 31, 2010 and 2009:

	2010	2009
	(Dollars in thousands)	
Interest income and fees (d)	\$ 89,908	\$ 102,736
Net charge-offs (e)	(25,972)	(20,101)
Borrowing costs (f)	(20,234)	(16,692)
Net portfolio yield	<u>\$ 43,702</u>	<u>\$ 65,943</u>
Average portfolio balance	\$ 704,822	\$ 744,015
Interest income and fee yield % (annualized)	17.0%	18.4%
Net charge-off % (annualized)	4.9%	3.6%

(d) Included in Finance charges and other.

(e) Included in Provision for bad debts.

(f) Included in Interest expense.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Cost of goods sold	\$ 344.0	\$ 407.6	(63.6)	(15.6)
Product gross margin percentage	22.5%	19.9%		2.6%

Product gross margin increased as a percent of product sales from the 2009 period to the 2010 period driven by our focus on improving pricing discipline on the sales floor while maintaining competitive pricing in the marketplace.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Cost of service parts sold	\$ 6.1	\$ 8.1	(1.9)	(23.9)
As a percent of service revenues	48.3%	46.9%		1.4%

This decrease was due primarily to a 28.1% decrease in parts sales as we increased the use of third-party servicers to provide cost-effective, timely product repairs for our customers.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Selling, general and administrative expense - Retail	\$ 131.0	\$ 146.6	(15.6)	(10.6)
Selling, general and administrative expense - Credit	47.9	45.7	2.2	4.8
Selling, general and administrative expense - Total	\$ 178.9	\$ 192.3	(13.4)	(7.0)
As a percent of total revenues	30.8%	28.8%		2.0%

During the nine months ended October 31, 2010, Selling, general and administrative (SG&A) expense was reduced by \$15.6 million, though it increased as a percent of revenues to 30.8% from 28.8% in the prior year period, due to the deleveraging effect of the decline in total revenues. The litigation reserve accrual recorded in the prior year period accounted for \$4.9 million of the change in SG&A expense. The remainder of the reduction in SG&A expense was driven primarily by lower compensation and related expense, and reduced advertising, general insurance and depreciation expenses, partially offset by increased charges related to the increased use of third-party finance providers and increased use of contract delivery, transportation and installation services.

Significant SG&A expense increases and decreases related to specific business segments included the following:

Retail Segment

The following are the significant factors affecting the retail segment:

- Net advertising expense decreased by approximately \$1.5 million from the 2009 period through improved efficiencies in our advertising program;
- Bank and credit card fees increased by approximately \$3.2 million from the 2009 period, primarily due to the use of the third-party finance providers for certain of our interest-free programs;
- Total compensation costs and related expenses decreased approximately \$15.2 million from the 2009 period, primarily due to reduced commissions payable as a result of reduced sales and reduced delivery and transportation operation staffing as we increased our use of third-parties to provide these services;
- Contract delivery and installation costs increased approximately \$2.8 million from the 2009 period as we increased our use of third-parties to provide these services; and
- Vehicle expenses decreased by approximately \$0.8 million as we reduced the age and size of our vehicle fleet.

Credit Segment

The following are the significant factors affecting the credit segment:

- Total compensation costs and related expenses increased approximately \$2.3 million from the 2009 period as staffing was increased to address increased levels of delinquencies in the challenging economic environment;
- Bank and credit card fees increased approximately \$0.3 million from the 2009 period as more customers made payments using credit cards; and
- Form printing and purchases and related postage decreased approximately \$0.3 million as collection efforts did not utilize letter mailings to the same extent as the prior period.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Goodwill Impairment	\$ -	\$ 9.6	(9.6)	
As a percent of total revenues	0.0%	1.4%		-1.4%

During the three months ended October 31, 2009, we determined, as a result of the sustained decline in our market capitalization and the current challenging economic environment and its impact on same store growth sales, credit portfolio performance and operating results, that an interim goodwill impairment test was necessary. We concluded from our analysis that our goodwill was impaired and recorded a \$9.6 million charge to write off the book value of our goodwill.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Costs related to abandoned financing transactions	\$ 2.9	\$ -	2.9	
As a percent of total revenues	0.5%	0.0%		0.5%

During the three months ended October 31, 2010, we determined that it was probable that certain financing transactions that we previously expected to complete were not going to occur. Accordingly, we decided to write off approximately \$2.9 million of legal fees and other costs that had previously been capitalized in conjunction with those anticipated transactions.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Provision for bad debts	\$ 24.7	\$ 26.3	(1.6)	(6.1)
As a percent of total revenues	4.3%	3.9%		0.3%

The provision for bad debts is primarily related to the operations of our credit segment, with approximately \$468,000 and \$43,000 for the periods ended October 31, 2010 and 2009, respectively, included in the results of operations for the retail segment.

The Provision for bad debts decreased by \$1.6 million for the nine months ended October 31, 2010, from \$26.3 million for prior year period. While our total net charge-offs of customer and non-customer accounts receivable increased by \$5.9 million compared to the same period of the prior fiscal year, we experienced an improvement in our credit portfolio performance (specifically, the trends in the delinquency rate, payment rate, net charge-off rate and percent of the portfolio reaged) since the fourth quarter of fiscal 2010. As such, our total allowance for bad debts declined approximately \$1.7 million during the nine months ended October 31, 2010, after absorbing the higher net charge-offs incurred during the period.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Interest expense, net	\$ 20.2	\$ 16.7	3.5	21.0

The increase in interest expense was due primarily to a \$2.6 million in fees paid during the nine months ended October 31, 2010, to the lenders providing the variable funding note under the securitization facility and increase deferred financing fee amortization expense. The entirety of our interest expense is included in the results of operations of our credit segment.

(Dollars in Millions)	2010	2009	Change	
			\$	%
Provision for income taxes	\$ 1.9	\$ 5.0	(3.1)	(62.0)
As a percent of income before income taxes	46.8%	69.2%		-22.4%

The provision for income taxes decreased primarily as a result of the decrease in income before income taxes. The prior year effective tax benefit rate was higher than the effective rate in the current year period, primarily due to the fact that we did not record a tax benefit in the prior year period related to the litigation reserve accrual.

Liquidity and Capital Resources

Current Activities

We require capital to finance our growth as we add new stores and markets to our operations, which in turn requires additional working capital for increased customer receivables and inventory. We have historically financed our operations through a combination of cash flow generated from earnings and external borrowings, including primarily bank debt, extended terms provided by our vendors for inventory purchases, acquisition of inventory under consignment arrangements and transfers of customer receivables to asset-backed securitization facilities.

Since we extend credit in connection with a large portion of our retail, repair service agreement and credit insurance sales, we enter into debt financing facilities to fund the customer receivables generated by the extension of credit. On November 30, 2010, we completed the following financing transactions:

- A \$375 million asset-based loan facility that matures in November 2013;
- A \$100 million second lien term loan that matures in November 2014; and
- A \$25 million subscription rights offering that resulted in the issuance of approximately 9.3 million shares of common stock.

A portion of the net proceeds of the financing transactions was utilized to retire the balances outstanding under our asset-backed securitization program and terminate the asset-backed securitization borrowing facilities.

We expanded our asset-based revolving credit facility, which provides funding based on a borrowing base calculation that includes customer accounts receivable and inventory, from \$210 million to \$375 million and extended the maturity date to November 2013. The credit facility bears interest at LIBOR plus a spread ranging from 375 basis points to 400 basis points, based on a leverage ratio (defined as total liabilities to tangible net worth). In addition to the leverage ratio, the revolving credit facility includes fixed charge coverage requirement, a minimum customer receivables cash recovery percentage requirement, a net capital expenditures limit and a minimum availability requirement. With the expansion, certain of the covenants in the facility were changed and a minimum availability requirement was added. The leverage ratio covenant requirement was changed from a required maximum of 1.75 to 1.00 to a required maximum of 2.00 to 1.00. The fixed charge coverage ratio was changed from a minimum of 1.30 to 1.00 to 1.10 to 1.00. There is also now a minimum required availability of \$25 million. Additionally, the agreement contains cross-default provisions, such that, any default under another of our credit facilities would result in a default under this agreement, and any default under this agreement would result in a default under those agreements. We expect, based on current facts and circumstances that we will be in compliance with the above covenants for the next 12 months. The weighted average interest rate on borrowings outstanding under the asset-based revolving credit facility at October 31, 2010, was 4.8%, including the interest expense associated with our interest rate swaps.

We entered into a \$100 million second lien term loan, maturing in November 2014, which limits the combined borrowings under our asset-based revolving credit facility and the second lien term loan based on a borrowing base calculation that includes customer accounts receivable, inventory and real estate. The loan bears interest at the greater of LIBOR or 3.0%, plus a spread of 1150 basis points. The covenants under the term loan are consistent with the covenant requirement of the asset-based revolving credit facility. Additionally, the agreement contains cross-default provisions, such that, any default under another of our credit facilities would result in a default under this agreement, and any default under this agreement would result in a default under those agreements. We expect, based on current facts and circumstances that we will be in compliance with the above covenants for the next 12 months.

A summary of the significant financial covenants that govern our new credit facilities compared to our actual compliance status at October 31, 2010, is presented below:

	Actual	Required Minimum/ Maximum
Fixed charge coverage ratio must exceed required minimum (1)	1.57 to 1.00	1.10 to 1.00
Total liabilities to tangible net worth ratio must be lower than required maximum (1)	1.52 to 1.00	2.00 to 1.00
Cash recovery percentage must exceed stated amount (1)	5.10%	4.74%
Capital expenditures, net must be lower than required maximum	\$3.3 million	\$22.0 million
Availability must be higher than the required minimum	\$38.8 million	\$25.0 million

Note: All terms in the above table are defined by the revolving credit facility and term loan and may or may not agree directly to the financial statement captions in this document. The covenants are calculated on a trailing four quarter basis, except for the Cash recovery percentage, which is calculated on a trailing three month basis.

As of October 31, 2010, we had additional borrowing capacity of \$38.8 million under our asset-based revolving credit facility, net of standby letters of credit issued, available to us for general corporate purposes and extended vendor terms for purchases of inventory. In addition to the \$38.8 million currently available under the revolving credit facility, an additional \$21.9 million may become available if we grow the balance of eligible customer receivables retained by us and total eligible inventory balances. While the credit portfolio performance has improved since January 31, 2010, availability under the asset-based revolving credit facility was reduced by approximately \$5.6 million at October 31, 2010, due to recent level of delinquencies and net charge-offs. This amount may become available in the future if credit portfolio performance improves. Additionally, as of October 31, 2010, the three month average net portfolio yield fell to 4.1%, requiring the VIE to post additional cash reserves of approximately \$6.0 million. The principal payments received on customer receivables which averaged approximately \$35.7 million per month during the nine months ended October 31, 2010, are available each month to fund new customer receivables generated. As of November 30, 2010, after completion of the financing transactions, the Company had \$273.8 million outstanding under its asset-based revolving credit facility, excluding letters of credit of \$2.2 million, and \$94.0 million, after \$6.0 million original issue discount, outstanding under its second lien term loan. As a result, the Company had total remaining borrowing capacity under its asset-based revolving credit facility, before considering the \$25 million minimum availability requirement, of \$99 million, subject to borrowing base and covenant compliance limitations.

The Company's \$10 million unsecured revolving line of credit expired in September 2010 and was not renewed. The lender that had provided the unsecured revolving line of credit is now a lender under the asset-based revolving credit facility.

We will continue to finance our operations and future growth through a combination of cash flow generated from operations and external borrowings, including primarily bank debt, extended vendor terms for purchases of inventory and acquisition of inventory under consignment arrangements. Based on our current operating plans, we believe that cash generated from operations, available borrowings under our revolving credit facility and term loan, extended vendor terms for purchases of inventory and acquisition of inventory under consignment arrangements will be sufficient to fund our operations, store expansion and updating activities and capital programs for at least the next 12 months, subject to continued compliance with the covenants in our credit facilities. Additionally, if there is a default under any of the facilities that is not waived by the various lenders, it could result in the requirement to immediately begin repayment of all amounts owed under our credit facilities, as all of the facilities have cross-default provisions that would result in default under all of the facilities if there is a default under any one of the facilities. If the repayment of amounts owed under our credit facilities is accelerated for any reason, we may not have sufficient cash and liquid assets at such time to be able to immediately repay all the amounts owed under the facilities.

Both the revolving credit facility and the term loan are significant factors relative to our ongoing liquidity and our ability to meet the cash needs associated with the growth of our business. Our inability to use either of these programs because of a failure to comply with their covenants would adversely affect our business operations. Funding of current and future customer receivables under the borrowing facilities can be adversely affected if we exceed certain predetermined levels of re-aged customer receivables, write-offs, bankruptcies or other ineligible customer receivable amounts.

There are several factors that could decrease cash available, including:

- Reduced demand or margins for our products;
- More stringent vendor terms on our inventory purchases;
- Loss of ability to acquire inventory on consignment;
- Increases in product cost that we may not be able to pass on to our customers;
- Reductions in product pricing due to competitor promotional activities;
- Changes in inventory requirements based on longer delivery times of the manufacturers or other requirements which would negatively impact our delivery and distribution capabilities;
- Reduced availability under our asset-based revolving credit facility as a result of borrowing base requirements and the impact on the borrowing base calculation of changes in the performance or eligibility of the customer receivables financed by that facility;
- Reduced availability under our revolving credit facility or term loan as a result of non-compliance with the covenant requirements;
- Reduced availability under our revolving credit facility as a result of the inability of any of the financial institutions providing those facilities to fund their commitment;
- Reductions in the capacity or inability to expand the capacity available for financing our customer receivables portfolio under existing or replacement financing programs or a requirement that we retain a higher percentage of the credit portfolio under such programs;
- Increases in borrowing costs (interest and administrative fees relative to our customer receivables portfolio associated with the funding of our customer receivables);
- Increases in personnel costs or other costs for us to stay competitive in our markets; and
- Inability to renew or replace all or a portion of our current credit facilities at their maturity dates.

If necessary, in addition to available cash balances, cash flow from operations and borrowing capacity under our revolving facilities, additional cash to fund our growth and increases in customer receivables balances could be obtained by:

- Reducing capital expenditures for new store openings;
- Reducing the size of our customer credit portfolio;
- Taking advantage of longer payment terms and financing available for inventory purchases;
- Utilizing other sources for providing financing to our customers;
- Negotiating to expand the capacity available under existing credit facilities; and
- Accessing equity or debt markets.

We can provide no assurance that we will be able to obtain these sources of funding on favorable terms, if at all.

During the nine months ended October 31, 2010, net cash provided by operating activities decreased from \$54.9 million provided by operating activities during the nine months ended October 31, 2009, to \$42.6 million provided by operating activities. The decrease was driven primarily by:

- Cash used for the growth in inventory, other accounts receivable;
- The benefit to cash flows from operations in the nine months ended October 31, 2009, related to the non-cash goodwill impairment charge;
- Partially offset by cash provided from decreases in the balance of customer accounts receivable, cash provided from growth in accounts payable and cash from income taxes, which was driven by a \$9.5 million tax refund received during the period.

Net cash used in investing activities decreased from \$8.6 million used in the fiscal 2010 period to \$8.3 million used in the fiscal 2011 period. The net decrease in cash used in investing activities resulted primarily from a decline in purchases of property and equipment in the current year period, as we reduced capital expenditures while we assess capital availability for growth in the credit portfolio, store remodels and new store openings, partially offset by the increase in restricted cash balances associated with our VIE's securitization facility. We estimate that our total capital expenditures for fiscal 2011 will be approximately \$3 million to \$5 million, based on our current plans.

Net cash used in financing activities decreased from \$42.7 million used during the nine months ended October 31, 2009, to \$34.2 million used during the nine months ended October 31, 2010. During the nine months ended October 31, 2010, we used net cash flows from operating activities to pay down amounts owed under our financing facilities and fund increased cash reserve requirements under our securitization program. Additionally, we paid approximately \$9.6 million in deferred financing costs, primarily related to the credit facility amendments we completed during the period and the new financing transactions discussed above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest rates under our expanded asset-based revolving credit facility are variable and bear interest at LIBOR plus a spread ranging from 375 basis points to 400 basis points, based on a leverage ratio (defined as total liabilities to tangible net worth). Our new \$100 million second-lien term loan bears interest at the greater of LIBOR or 3.0%, plus a spread of 1150 basis points. Accordingly, changes in LIBOR will affect the interest rate on, and therefore our costs under, these credit facilities.

Since January 31, 2010, the balance outstanding under our asset-based revolving credit facility has increased from \$105.5 million to \$127.1 million at October 31, 2010. As of November 30, 2010, the balance under our asset-based revolving credit facility increased to \$273.8 million. Additionally, since January 31, 2010, the notional balance of interest swaps used to fix the rate on a portion of asset-based revolving credit facility balance has decreased from \$40 million to \$25 million at October 31, 2010. As a result, as of November 30, 2010, a 100 basis point increase in interest rates on the asset-based revolving credit facility would increase our borrowing costs by \$2.5 million over a 12-month period, based on the balance outstanding at November 30, 2010, after considering the impact of the interest rate swaps. Because LIBOR is more than 100 basis points below the minimum 3.0% rate under the term loan, a 100 basis point change in LIBOR would not impact the current anticipated interest expense under that loan.

Item 4. Controls and Procedures

Based on management's evaluation (with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO)), as of the end of the period covered by this report, our CEO and CFO have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

For the quarter ended October 31, 2010, there have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

On June 7, 2010, the judge in the Texas State District Court of Harris County, Texas, signed an Order confirming the terms and conditions of the Rule 11 Settlement Agreement between us and the Texas Attorney General, fully and finally resolving the litigation filed against us by the Texas Attorney General, which alleged unlawful and deceptive practices in violation of the Texas Deceptive Trade Practices-Consumer Protection Act. Under the terms of the Settlement and the Order we did not admit, and continue to deny, any wrongdoing. As part of the Order confirming the settlement agreement, we made two cash payments, one in the amount of \$2.5 million on December 17, 2009 and a second payment in the amount of \$2.0 million on February 18, 2010, to the Texas Attorney General for distribution to consumers as restitution for claims our customers have. We also paid \$250,000 to the Texas Attorney General for its attorney's fees, and agreed to and did donate \$100,000 to the University of Houston Law Center for its use in its consumer protection programs.

We are involved in routine litigation and claims incidental to our business from time to time, and, as required, have accrued our estimate of the probable costs for the resolution of these matters. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings. However, the results of these proceedings cannot be predicted with certainty, and changes in facts and circumstances could impact our estimate of reserves for litigation.

Item 1A. Risk Factors

An investment in our common stock involves risks and uncertainties. You should consider carefully the following information about these risks and uncertainties before buying shares of our common stock. The occurrence of any of the risks described below could adversely affect our business prospects, financial condition or results of operations. In that case, the trading price of our stock could decline, and you could lose all or part of the value of your investment.

We have significant future capital needs and the inability to obtain funding for our credit operations may adversely affect our business and expansion plans.

We currently finance our customer receivables through an asset-based loan facility and a second-lien term loan that together provide \$475.0 million in financing commitments. Our asset-based revolving credit facility currently is a \$375.0 million facility. As of November 30, 2010 we had \$276.0 million outstanding under our asset-based loan, including standby letters of credit issued. We also had \$94.0 million, after \$6.0 million original issue discount, outstanding under our second lien term loan, leaving us with total borrowing capacity of \$99.0 million, subject to borrowing base and covenant limitations.

Our ability to raise additional capital through future securitization transactions or other debt or equity transactions, and to do so on economically favorable terms, depends in large part on factors that are beyond our control.

These factors include:

- Conditions in the securities and finance markets generally;
- Our credit rating or the credit rating of any securities we may issue;
- Economic conditions;
- Conditions in the markets for securitized instruments, or other debt or equity instruments;
- The credit quality and performance of our customer receivables;
- Our overall sales performance and profitability;
- Our ability to obtain financial support for required credit enhancement;
- Our ability to adequately service our financial instruments;
- The absence of any material downgrading or withdrawal of ratings given to our securities previously issued in securitization;
- Our ability to meet debt covenant requirements; and
- Prevailing interest rates.

If adequate capital and funds are not available at the time we need capital, we will have to curtail future growth, which could materially adversely affect our business, financial condition, operating results or cash flow. As we grow our business, capital expenditures during future years are likely to exceed our historical capital expenditures. The ultimate amount of capital expenditures needed will be dependent on, among other factors, the availability of capital to fund new store openings and customer receivables portfolio.

In addition, we historically used our customer receivables collateral to raise funds through securitization programs. In addition, we have in the past completed amendments to our existing credit facilities and our recently terminated securitization facilities to obtain relief from covenant violations and revise certain covenant requirements. If we require amendments in the future and are unable to obtain such amendments or we are unable to arrange substitute financing facilities or other sources of capital, we may have to limit or cease offering credit through our finance programs due to our inability to draw under our revolving credit facility upon the occurrence of a default. If availability under the borrowing base calculations of our revolving credit facility is reduced, or otherwise becomes unavailable, or we are unable to arrange substitute financing facilities or other sources of capital, we may have to limit the amount of credit that we make available through our customer finance programs. A reduction in our ability to offer customer credit will adversely affect revenues and results of operations and could have a material adverse effect on our results of operations. Further, our inability or limitations on our ability to obtain funding through securitization facilities or other sources may adversely affect the profitability of outstanding accounts under our credit programs if existing customers fail to repay outstanding credit due to our refusal to grant additional credit.

Additionally, the inability of any of the financial institutions providing our financing facilities to fund their commitment would adversely affect our ability to fund our credit programs, capital expenditures and other general corporate needs.

If we are unable to renew or replace our existing credit facilities in the future, we would be required to reduce, or possibly cease, offering customer credit which could adversely affect our revenues and results of operations in the same manner as discussed above.

Failure to comply with our covenants in our credit facilities could materially and adversely affect us.

Under our existing ABL facility and the term loan, we will have certain obligations, including maintaining certain financial covenants. If we fail to maintain our financial covenants in our credit facility and are not able to obtain relief from any covenant violation, then an event of default could occur and the lenders could cease lending to us and accelerate the payments of our debt. Any such action by the lenders could materially and adversely affect us and could even result in bankruptcy. While we are in compliance with the covenants in our existing facilities, if our retail and credit operation performance does not improve, we could be in breach of one or more covenants within the next twelve months.

Future financings could adversely affect common stock ownership interest and rights in comparison with those of other security holders.

Our board of directors has the power to issue additional shares of common or preferred stock without stockholder approval. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage of ownership of our existing stockholders will be reduced, and these newly issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we issue additional common stock or securities convertible into common stock, such issuance will reduce the proportionate ownership and voting power of each other stockholder. In addition, such stock issuances might result in a reduction of the book value of our common stock.

Increased borrowing costs will negatively impact our results of operations.

Because most of our customer receivables have interest rates equal to the highest rate allocated under applicable law, we will not be able to pass these higher borrowing costs along to our customers and our results of operations will be negatively impacted.

In addition, the interest rates on our revolving credit facility fluctuate upon or down based upon the LIBOR rate, the prime rate of our administrative agent or the federal funds rate. The interest rate on our term loan will fluctuate up or down based upon the LIBOR rate, with a floor on the LIBOR rate used in computing interest of 3.0%. The level of interest rates in the market in general will impact the interest rate on any debt instruments issued, if any. Additionally, we may issue debt securities or enter into credit facilities under which we pay interest at a higher rate than we have historically paid, which would further reduce our margins and negatively impact our results of operations.

We may not be able to open and profitably operate new stores in existing, adjacent and new geographic markets.

Dependent on capital availability, we intend to reinstate our new store opening program. New stores are not likely to be profitable on an operating basis during the first three to nine months after they open and even after that time period may not be profitable or meet our goals. Any of these circumstances could have a material adverse effect on our financial results. There are a number of factors that could affect our ability to open and operate new stores consistent with our business plan, including:

- The availability of additional financial resources;
- The availability of favorable sites in existing adjacent and new markets at price levels consistent with our business plan;
- Competition in existing, adjacent and new markets;
- Competitive conditions, consumer tastes and discretionary spending patterns in adjacent and new markets that are different from those in our existing markets;

- A lack of consumer demand for our products or financing programs at levels that can support new store growth;
- Inability to make customer financing programs available that allow consumer to purchase products at levels that can support new store growth;
- Limitations created by covenants and conditions under our revolving credit facility and term loan;
- The substantial outlay of financial resources required to open new stores and the possibility that we may recognize little or no related benefit;
- The inability to identify suitable sites and to negotiate acceptable leases for these sites;
- An inability or unwillingness of vendors to supply product on a timely basis at competitive prices;
- The failure to open enough stores in new markets to achieve a sufficient market presence and realize the benefits of leveraging our advertising and our distribution system;
- Unfamiliarity with local real estate markets and demographics in adjacent and new markets;
- Problems in adapting our distribution and other operational and management systems to an expanded network of stores;
- Difficulties associated with the hiring, training and retention of additional skilled personnel, including store managers; and
- Higher costs for print, radio and television advertising.

These factors may also affect the ability of any newly opened stores to achieve sales and profitability levels comparable with our existing stores or to become profitable at all. As a result, we may determine that we need to close certain stores or continue to reduce the hours of operation in some stores, which could materially adversely impact our business, financial condition, operating results or cash flows, as we may incur expenses and non-cash write-offs related to closing a store and settling our remaining lease obligations and our initial investment in fixed assets and related store costs.

If we are unable to manage our growing business, our revenues may not increase as anticipated, our cost of operations may rise and our results of operations may decline.

We face many business risks associated with growing companies, including the risk that our management, financial controls and information systems will be inadequate to support our expansion in the future. Our growth will require management to expend significant time and effort and additional resources to ensure the continuing adequacy of our financial controls, operating procedures, information systems, product purchasing, warehousing and distribution systems and employee training programs. We cannot predict whether we will be able to manage effectively these increased demands or respond on a timely basis to the changing demands that our expansion will impose on our management, financial controls and information systems. If we fail to manage successfully the challenges of growth, do not continue to improve these systems and controls or encounter unexpected difficulties during expansion, our business, financial condition, operating results or cash flows could be materially adversely affected.

We may expand our retail offerings which may have different operating or legal requirements than our current operations.

In addition to the retail and consumer finance products we currently offer, we may offer other products and services in the future, including “rent-to-own” sales. These products and services may require additional or different operating systems or have additional or different legal or regulatory requirements than the products and services we currently offer. In the event we undertake such an expansion and do not have the proper infrastructure or personnel, or do not successfully execute such an expansion, our business, financial condition, operating results or cash flows could be materially adversely affected.

A decrease in our credit sales or a decline in credit quality could lead to a decrease in our product sales and profitability.

In the last three fiscal years, we financed, on average, approximately 61% of our retail sales through our in-house propriety credit programs to customers with a broad range of credit worthiness. A large portion of our credit portfolio is to customers considered by many to be subprime borrowers. Our ability to provide credit as a financing alternative for our customers depends on many factors, including the quality of our customer receivable portfolio. Payments on some of our credit accounts become delinquent from time to time, and some accounts end up in default, due to several factors, such as general and local economic conditions, including the impact of rising interest rates and unemployment rates. As we expand into new markets, we will obtain new credit accounts that may present a higher risk than our existing credit accounts since new credit customers do not have an established credit history with us. A general decline in the quality of our customer receivable portfolio could lead to a reduction in the advance rates used or eligible customer receivable balances included in the borrowing base calculations under our revolving credit facility and thus a reduction of available credit to fund our finance operations. As a result, if we are required to reduce the amount of credit we grant to our customers, we most likely would sell fewer products, which would adversely affect our earnings and cash flows. Further, because approximately 60% of our credit customers have historically made their credit account payments in our stores, any decrease in credit sales could reduce traffic in our stores and lower our revenues. A decline in the credit quality of our credit accounts could also cause an increase in our credit losses, which would result in an adverse effect on our earnings. A decline in credit quality could also lead to stricter underwriting criteria which would likely have a negative impact on net sales.

Deterioration in the performance of our customer receivables portfolio could significantly affect our liquidity position and profitability.

Our liquidity position and profitability are heavily dependent on our ability to collect our customer receivables. If our customer receivables portfolio were to substantially deteriorate, the liquidity available to us would most likely be reduced due to the challenges of complying with the covenants and borrowing base calculations under our revolving credit facility and our earnings may decline due to higher provisions for bad debt expense, higher net charge-off rates and lower interest and fee income. In addition, a significant percentage of our current net income and cash flows is derived from our credit operations and the ability to grow our credit portfolio is important to our future success.

Our ability to collect from credit customers may be materially impaired by store closings and our need to rely on a replacement servicer in the event of our liquidation.

We may be unable to collect a large portion of periodic credit payments should our stores close as many of our customers remit payments “in store”. During the course of fiscal 2010, approximately 60% of our active credit customers made a payment in one of our stores. In the event of store closings, credit customers may not pay balances in a timely fashion, or may not pay at all, since a large number of our customers have not traditionally made payments to a central location.

In addition, we service all of our credit customers through our in-house servicing operation. At this time, there is not a formalized back-up servicer plan in place for our customer receivables. In the event of our liquidation, a servicing arrangement would have to be implemented, which could materially impact the collection of our customer receivables.

In deciding whether to extend credit to customers, we rely on the accuracy and completeness of information furnished to us by or on behalf of our credit customers. If we and our systems are unable to detect any misrepresentations in this information, this could have a material adverse effect on our results of operations and financial condition.

In deciding whether to extend credit to customers, we rely heavily on information furnished to us by or on behalf of our credit customers and our ability to validate such information through third-party services, including employment and personal financial information. If a significant percentage of our credit customers intentionally or negligently misrepresented any of this information, and we and our systems did not detect such misrepresentations, this could have a material adverse effect on our ability to effectively manage our credit risk, which could have a material adverse effect on our results of operations and financial condition.

Our policy of reaging certain delinquent borrowers affects our delinquency statistics and the timing and amount of our write-offs.

As of October 31, 2010, 18.7% of our credit portfolio consisted of “reaged” customer receivables. Reaging is offered to certain eligible past due customers if they meet the conditions of our reage policy. Our decision to offer a delinquent customer a reage program is based on that borrower’s specific condition, our history with the borrower, the amount of the loan and various other factors. When we reage a customer’s account, we move the account from a delinquent status to a current status. Management exercises a considerable amount of discretion over the reaging process and has the ability to reage an account multiple times during its life. Treating an otherwise uncollectible account as current affects our delinquency statistics, as well as impacting the timing and amount of charge-offs. If these accounts had been charged off sooner, our net loss rates might have been higher.

If we fail to timely contact delinquent borrowers, then the number of delinquent customer receivables eventually being charged off could increase.

We contact customers with delinquent credit account balances soon after the account becomes delinquent. During periods of increased delinquencies it is important that we are proactive in dealing with borrowers rather than simply allowing customer receivables to go to charge-off. Historically, when our servicing becomes involved at an earlier stage of delinquency with credit counseling and workout programs, there is a greater likelihood that the customer receivable will not be charged off.

During periods of increased delinquencies, it becomes extremely important that we are properly staffed and trained to assist borrowers in bringing the delinquent balance current and ultimately avoiding charge-off. If we do not properly staff and train our collections personnel, then the number of accounts in a delinquent status or charged-off could increase. In addition, managing a substantially higher volume of delinquent customer receivables typically increases our operational costs. A rise in delinquencies or charge-offs could have a material adverse effect on our business, financial condition, liquidity and results of operations.

We rely on internal models to manage risk and to provide accounting estimates. Our results could be adversely affected if those models do not provide reliable accounting estimates or predictions of future activity.

We make significant use of business and financial models in connection with our efforts to measure and monitor our risk exposures and to manage our credit portfolio. For example, we use models as a basis for credit underwriting decisions, portfolio delinquency, charge-off and collection expectations and other market risks, based on economic factors and our experience. The information provided by these models is used in making business decisions relating to strategies, initiatives, transactions and pricing, as well as our provisions for bad debt expense and the size of our allowance for doubtful accounts, among other accounting estimates.

Models are inherently imperfect predictors of actual results because they are based on historical data available to us and our assumptions about factors such as credit demand, payment rates, default rates, delinquency rates and other factors that may overstate or understate future experience. Our models could produce unreliable results for a number of reasons, including the limitations of historical data to predict results due to unprecedented events or circumstances, invalid or incorrect assumptions underlying the models, the need for manual adjustments in response to rapid changes in economic conditions, incorrect coding of the models, incorrect data being used by the models or inappropriate application of a model to products or events outside of the model’s intended use. In particular, models are less dependable when the economic environment is outside of historical experience, as has been the case recently.

In addition, we continually receive new economic data. Our critical accounting estimates, such as our provision for bad debt expense and the size of our allowance for doubtful accounts, are subject to change, often significantly, due to the nature and magnitude of changes in economic conditions. However, there is generally a lag between the availability of this economic information and the preparation of our consolidated financial statements. When economic conditions change quickly and in unforeseen ways, there is a risk that the assumptions and inputs reflected in our models are not representative of current economic conditions.

Due to the factors described above and in “Management’s discussion and analysis of financial condition and results of operations” and elsewhere in this report, we may be required or may deem it necessary to increase our allowance for doubtful accounts in the future. Increasing our allowance for doubtful accounts would adversely affect our results of operations and our financial position.

The dramatic changes in the economy, credit and capital markets have required frequent adjustments to our models and the application of greater management judgment in the interpretation and adjustment of the results produced by our models. This application of greater management judgment reflects the need to take into account updated information while continuing to maintain controlled processes for model updates, including model development, testing, independent validation and implementation. As a result of the time and resources, including technical and staffing resources, that are required to perform these processes effectively, it may not be possible to replace existing models quickly enough to ensure that they will always properly account for the impacts of recent information and actions.

The current economic downturn has affected consumer purchases of discretionary items from us as well as their ability to repay their credit obligations to us, which could have a continued or prolonged negative effect on our net sales, gross margins and credit portfolio performance.

A significant portion of our net sales represent discretionary spending by our customers. Many factors affect spending, including regional or world events, war, conditions in financial markets, general business conditions, interest rates, inflation, energy and gasoline prices, consumer debt levels, the availability of consumer credit, taxation, unemployment trends and other matters that influence consumer confidence and spending. Our customers’ purchases of discretionary items, including our products, decline during periods when disposable income is lower or periods of actual or perceived unfavorable economic conditions. If this occurs, our net sales and results of operations would decline.

Recent turmoil in the national economy, including instability in the financial markets, declining consumer confidence and falling oil prices have negatively impacted our markets and present significant challenges to our operations in the coming quarters. Specifically, sales volumes and gross profit margins have been negatively impacted, and thus negatively impacted our overall profitability and liquidity, and these effects may continue for several additional fiscal quarters. Also, the declining economic conditions in our markets have impacted our customers’ ability to repay their credit obligations to us and thus our credit portfolio performance, including, net charge offs and delinquency trends, and we experienced significant declines in same-store sales. These factors led to a net operating loss in the second half of fiscal 2010, and as a result, we entered into amendments to our revolving credit facility and our securitization facilities to modify our covenants. If these conditions persist, we may incur further operating losses in the future and we may be required to seek covenant relief under our revolving credit facility and our term loan, curtail our expansion plans, sell assets and take other measures to continue our access to capital.

We face significant competition from national, regional, local and Internet retailers of home appliances, consumer electronics and furniture.

The retail market for consumer electronics is highly fragmented and intensely competitive and the market for home appliances is concentrated among a few major dealers. We currently compete against a diverse group of retailers, including national mass merchants such as Sears, Wal-Mart, Target, Sam’s Club and Costco, specialized national retailers such as Best Buy and Rooms To Go, home improvement stores such as Lowe’s and Home Depot, and locally-owned regional or independent retail specialty stores that sell home appliances, consumer electronics and furniture similar, and often identical, to those items we sell. We also compete with retailers that market products through store catalogs and the Internet. In addition, there are few barriers to entry into our current and contemplated markets, and new competitors may enter our current or future markets at any time.

We may not be able to compete successfully against existing and future competitors. Some of our competitors have financial resources that are substantially greater than ours and may be able to purchase inventory at lower costs and better endure economic downturns. As a result, our sales may decline if we cannot offer competitive prices to our customers or we may be required to accept lower profit margins. Our competitors may respond more quickly to new or emerging technologies and may have greater resources to devote to promotion and sale of products and services. If two or more competitors consolidate their businesses or enter into strategic partnerships, they may be able to compete more effectively against us.

Our existing competitors or new entrants into our industry may use a number of different strategies to compete against us, including:

- Expansion by our existing competitors or entry by new competitors into markets where we currently operate;
- Entering the television market as the decreased size of flat-panel televisions allows new entrants to display and sell these product more easily;
- Lower pricing;
- Aggressive advertising and marketing;
- Extension of credit to customers on terms more favorable than we offer;
- Larger store size, which may result in greater operational efficiencies, or innovative store formats; and
- Adoption of improved retail sales methods.

Competition from any of these sources could cause us to lose market share, sales and customers, increase expenditures or reduce prices, any of which could have a material adverse effect on our results of operations.

If new products are not introduced or consumers do not accept new products, our sales may decline.

Our ability to maintain and increase sales depends to a large extent on the periodic introduction and availability of new products and technologies. We believe that the introduction and continued growth in consumer acceptance of new or enhanced products, such as digital Blu-ray players and digital, high-definition televisions, will have a significant impact on our ability to increase sales. These products are subject to significant technological changes and pricing limitations and are subject to the actions and cooperation of third parties, such as movie distributors and television and radio broadcasters, all of which could affect the success of these and other new consumer electronics technologies. It is possible that new products will never achieve widespread consumer acceptance or will be supplanted by alternative products and technologies that do not offer us a similar sales opportunity or are sold at lower price points or margins.

If we fail to anticipate changes in consumer preferences, our sales will decline.

Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to change. Our success depends upon our ability to anticipate and respond in a timely manner to trends in consumer preferences relating to home appliances, consumer electronics and furniture. If we fail to identify and respond to these changes, our sales of these products will decline. In addition, we often make commitments to purchase products from our vendors up to nine months in advance of proposed delivery dates. Significant deviation from the projected demand for products that we sell may have a material adverse effect on our results of operations and financial condition, either from lost sales or lower margins due to the need to reduce prices to dispose of excess inventory.

We may experience significant price pressures over the life cycle of our products from competing technologies and our competitors and we may not be able to maintain our historical gross margin levels.

Prices for many of our products decrease over their life cycle. Such decreases often result in decreased gross profit margins for us. There is also substantial and continuing pressure from customers to reduce their total costs for products. Suppliers may also seek to reduce our margins on the sales of their products in order to increase their own profitability. The consumer electronics industry depends on new products to drive same store sales increases. Typically, these new products, such as high-definition LED and 3-D televisions, Blu-ray and DVD players and digital cameras are introduced at relatively high price points that are then gradually reduced as the product becomes mainstream. To sustain positive same store sales growth, unit sales must increase at a rate greater than the decline in product prices. The affordability of the product helps drive the unit sales growth. However, as a result of relatively short product life cycles in the consumer electronics industry, which limit the amount of time available for sales volume to increase, combined with rapid price erosion in the industry, retailers are challenged to maintain overall gross margin levels and positive same store sales. This has historically been our experience, and we continue to adjust our marketing strategies to address this challenge through the introduction of new product categories and new products within our existing categories. Gross margins realized on product sales fell from 24.2% in fiscal year 2008 to 19.5% in fiscal year 2010. If we fail to accurately anticipate the introduction of new technologies, we may possess significant amounts of obsolete inventory that can only be sold at substantially lower prices and profit margins than we anticipated. In addition, we may not be able to maintain our historical margin levels in the future due to increased sales of lower margin products such as personal electronics products and declines in average selling prices of key products. If sales of lower margin items continue to increase and replace sales of higher margin items or our consumer electronics products average selling prices decreases due to the maturity of their life cycle, our gross margin and overall gross profit levels will be adversely affected.

A disruption in our relationships with, or in the operations of, any of our key suppliers could cause our sales to decline.

The success of our business and growth strategies depends to a significant degree on our relationships with our suppliers, particularly our brand name suppliers such as General Electric, Whirlpool, Frigidaire, Friedrich, Maytag, LG, Mitsubishi, Panasonic, Samsung, Sony, Toshiba, Bose, Canon, JVC, Serta, Spring Air, Ashley, Lane, Broyhill, Jackson Furniture, Franklin, Hewlett Packard, Compaq, Poulan, Husqvarna and Toro. We do not have long term supply agreements or exclusive arrangements with the majority of our vendors. We typically order our inventory and repair parts through the issuance of individual purchase orders to vendors. We also rely on our suppliers for cooperative advertising support. We may be subject to rationing by suppliers with respect to a number of limited distribution items. In addition, we rely heavily on a relatively small number of suppliers. Our top five suppliers represented 51.7% of our purchases for fiscal 2010, and the top two suppliers represented approximately 23.3% of our total purchases. The loss of any one or more of these key vendors or failure to establish and maintain relationships with these and other vendors, and limitations on the availability of inventory or repair parts could have a material adverse effect on our results of operations and financial condition. If one of our vendors were to go out of business, it could have a material adverse effect on our results of operations and financial condition if such vendor is unable to fund amounts due to us, including payments due for returns of product and warranty claims.

Our ability to enter new markets successfully depends, to a significant extent, on the willingness and ability of our vendors to supply merchandise to additional warehouses or stores. If vendors are unwilling or unable to supply some or all of their products to us at acceptable prices in one or more markets, our results of operations and financial condition could be materially adversely affected.

Furthermore, we rely on credit from vendors to purchase our products. As of October 31, 2010, we had \$41.1 million in accounts payable and \$83.7 million in merchandise inventories. A substantial change in credit terms from vendors or vendors' willingness to extend credit to us, including providing inventory under consignment arrangements, would reduce our ability to obtain the merchandise that we sell, which would have a material adverse effect on our sales and results of operations.

Our vendors also supply us with marketing funds and volume rebates. If our vendors fail to continue these incentives it could have a material adverse effect on our sales and results of operations.

You should not rely on our comparable store sales as an indication of our future results of operations because they fluctuate significantly.

Our historical same store sales growth figures have fluctuated significantly from quarter to quarter. For example, same store sales growth for each of the quarters of fiscal 2010 and the first three quarters of fiscal 2011 was -4.6%, -5.2%, -9.3%, -31.7%, -19.7%, -6.4% and -16.3%, respectively, while same store sales growth for each of the quarters for fiscal 2009 was 1.0%, -1.4%, -5.8%, and 12.5%, respectively. A number of factors have historically affected, and will continue to affect, our comparable store sales results, including:

- Changes in competition, such as pricing pressure, and the opening of new stores by competitors in our markets;
- General economic conditions;
- New product introductions;
- Consumer trends;
- Changes in our merchandise mix;
- Changes in the relative sales price points of our major product categories;
- Ability to offer credit programs attractive to our customers;
- The impact of any new stores on our existing stores, including potential decreases in existing stores' sales as a result of opening new stores;
- Weather conditions in our markets;
- Timing of promotional events;
- Timing, location and participants of major sporting events;
- Reduction in new store openings;
- The percentage of our stores that are mature stores;
- The locations of our stores and the traffic drawn to those areas;
- How often we update our stores; and
- Our ability to execute our business strategy effectively.

Changes in our quarterly and annual comparable store sales results could cause the price of our common stock to fluctuate significantly.

We experience seasonal fluctuations in our sales and quarterly results.

We typically experience seasonal fluctuations in our net sales and operating results, with the quarter ending January 31, which includes the holiday selling season, generally accounting for a larger share of our net sales and net income. We also incur significant additional expenses during such fiscal quarter due to higher purchase volumes and increased staffing. If we miscalculate the demand for our products generally or for our product mix during the fiscal quarter ending January 31, or if we experience adverse events, such as bad weather in our markets during our fourth fiscal quarter, our net sales could decline, resulting in excess inventory or increased sales discounts to sell excess inventory, which would harm our financial performance. A shortfall in expected net sales, combined with our significant additional expenses during this fiscal quarter, could cause a significant decline in our operating results and such sales may not be deferred to future periods.

Our business could be adversely affected by changes in consumer protection laws and regulations.

Federal and state consumer protection laws and regulations, such as the Fair Credit Reporting Act, limit the manner in which we may offer and extend credit. Because our customers finance through our credit segment a substantial portion of our sales, any adverse change in the regulation of consumer credit could adversely affect our total sales and gross margins. For example, new laws or regulations could limit the amount of interest or fees that may be charged on consumer credit accounts, including by reducing the maximum interest rate that can be charged in the states in which we operate, or restrict our ability to collect on account balances, which would have a material adverse effect on our cash flow and results of operations. Compliance with existing and future laws or regulations, including regulations that may be applicable to us under the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted into law in July 2010, could require us to make material expenditures, in particular personnel training costs, or otherwise adversely affect our business or financial results. Failure to comply with these laws or regulations, even if inadvertent, could result in negative publicity, fines or additional licensing expenses, any of which could have an adverse effect on our cash flow and results of operations.

Pending litigation relating to the sale of credit insurance and the sale of repair service agreements in the retail industry could adversely affect our business.

We understand that states' attorneys general and private plaintiffs have filed lawsuits against other retailers relating to improper practices conducted in connection with the sale of credit insurance in several jurisdictions around the country. We offer credit insurance in our stores on sales financed under our credit programs and require the customer to purchase property insurance from us or provide evidence from a third party insurance provider, at their election, in connection with sales of merchandise on installment credit; therefore, similar litigation could be brought against us. While we believe we are in full compliance with applicable laws and regulations, if we are found liable in any future lawsuit regarding credit insurance or repair service agreements, we could be required to pay substantial damages or incur substantial costs as part of an out-of-court settlement or require us to modify or suspend certain operations any of which could have a material adverse effect on our results of operations. An adverse judgment or any negative publicity associated with our repair service agreements or any potential credit insurance litigation could also affect our reputation, which could have a negative impact on our cash flow and results of operations.

Adverse or negative publicity, including the publicity related to the settlement of the lawsuit filed against us by the Texas Attorney General, could cause our business to suffer or result in copycat lawsuits.

Any negative publicity associated with the settlement of the lawsuit filed against us by the Texas Attorney General or our repair service agreements or our product replacement agreements or any other negative publicity could adversely affect our reputation and negatively impact our sales and results of operations. On November 24, 2009, we settled litigation filed against us earlier in the year by the Texas Attorney General. The suit alleged that we engaged in deceptive trade practices in violation of the Texas Deceptive Trade Practices-Consumer Protection Act regarding our service maintenance and product replacement agreement business activities. The Attorney General alleged, among other things, that we failed to honor product maintenance and replacement agreements, misled customers about the nature of our product maintenance and replacement arrangements, and engaged in false advertising with respect to our product maintenance and replacement agreements. We denied those allegations in our answer to the suit and, under the terms of the settlement with the Texas Attorney General, we continue to deny any wrongdoing. However, the negative publicity associated with this settlement or our service maintenance and replacement program agreements could adversely affect our reputation and negatively impact our net sales.

Any changes to our operations as a result of the Texas Attorney General's lawsuit could materially adversely affect our results of operations and financial position.

Under our settlement agreement with the Texas Attorney General relating to litigation filed against us in May 2009, we agreed to certain modifications made to the service agreements and replacement product plan agreements that we sell for a third party insurer and to strengthen the manner in which we market and service these programs. The impact of the changes in these programs is unknown and could materially and adversely affect our results of operations.

Our corporate actions may be substantially controlled by our principal shareholders and affiliated entities.

As of November 1, 2010, Stephens, Inc. and The Stephens Group, LLC, two of our stockholders and their affiliated entities beneficially owned approximately 23.8% and 26.0%, respectively, of our common stock and their interests may conflict with the will or interests of our other equityholders. While Stephens Inc. and its affiliates hold their 23.8% of our common stock through a voting trust that will vote the shares in the same proportion as votes cast by all other stockholders, this voting trust agreement will expire in 2013, unless extended, and upon expiration Stephens Inc. and its affiliates will not be restricted on how it votes its shares. These stockholders, acting individually or as a group, could exert substantial influence over matters such as electing directors and approving mergers or other business combination transactions.

If we lose key management or are unable to attract and retain the qualified sales and credit granting and collection personnel required for our business, our operating results could suffer.

Our future success depends to a significant degree on the skills, experience and continued service of our key executives or the identification of suitable successors for them. If we lose the services of any of these individuals, or if one or more of them or other key personnel decide to join a competitor or otherwise compete directly or indirectly with us, and we are unable to identify a suitable successor, our business and operations could be harmed, and we could have difficulty in implementing our strategy. In addition, as our business grows, we will need to locate, hire and retain additional qualified sales personnel in a timely manner and develop, train and manage an increasing number of management level sales associates and other employees. Additionally, if we are unable to attract and retain qualified credit granting and collection personnel, our ability to perform quality underwriting of new credit transactions and maintain workloads for our collections personnel at a manageable level, our operation could be adversely impacted and result in higher delinquency and net charge-offs on our credit portfolio. Competition for qualified employees could require us to pay higher wages to attract a sufficient number of employees, and increases in the federal minimum wage or other employee benefits costs could increase our operating expenses. If we are unable to attract and retain personnel as needed in the future, our net sales and operating results could suffer.

Our costs of doing business could increase as a result of changes in federal, state or local regulations.

Changes in the federal, state or local minimum wage requirements or changes in other wage or workplace regulations could increase our cost of doing business. In addition, changes in federal, state or local regulations governing the sale of some of our products or tax regulations could increase our cost of doing business. Also, passage of the Employer Free Choice Act or similar laws in Congress could lead to higher labor costs by encouraging unionization efforts among our associates and disruption of store operations.

Because our stores are located in Texas, Louisiana and Oklahoma, we are subject to regional risks.

Our 76 stores are located exclusively in Texas, Louisiana and Oklahoma. This subjects us to regional risks, such as the economy, weather conditions, hurricanes and other natural or man-made disasters. If the region suffers a continued or another economic downturn or any other adverse regional event, there could be an adverse impact on our net sales and results of operations and our ability to implement our planned expansion program once we have adequate capital availability. Several of our competitors operate stores across the United States and thus are not as vulnerable to the risks of operating in one region. Additionally, these states in general, and the local economies where many of our stores are located in particular, are dependent, to a degree, on the oil and gas industries, which can be very volatile. Additionally, because of fears of climate change and adverse effects of drilling explosions and oil spills in the Gulf of Mexico, legislation has been introduced or is being considered, and governmental emergency pronouncements, regulations and orders have been issued and are under consideration, including moratoriums on offshore drilling, which, combined with the local economic and employment conditions caused by both, could materially and adversely impact the oil and gas industries and the areas in which a majority of our stores are located in Texas and Louisiana. To the extent the oil and gas industries are negatively impacted by declining commodity prices, climate change or other legislation and other factors, we could be negatively impacted by reduced employment, or other negative economic factors that impact the local economies where we have our stores.

In addition, recent turmoil in the national economy, including instability in the financial markets, has impacted our local markets. The current recession or a further downturn in the general economy, or in the region where we have our stores, could have a negative impact on our net sales and results of operations.

Our information technology infrastructure is vulnerable to damage that could harm our business.

Our ability to operate our business from day to day, in particular our ability to manage our credit operations and inventory levels, largely depends on the efficient operation of our computer hardware and software systems. We use management information systems to track inventory information at the store level, communicate customer information, aggregate daily sales information and manage our credit portfolio, including processing of credit applications and management of collections. These systems and our operations are subject to damage or interruption from:

- Power loss, computer systems failures and Internet, telecommunications or data network failures;
- Operator negligence or improper operation by, or supervision of, employees;
- Physical and electronic loss of data or security breaches, misappropriation and similar events;
- Computer viruses;
- Intentional acts of vandalism and similar events; and
- Hurricanes, fires, floods and other natural disasters.

In addition, the software that we have developed to use in our daily operations may contain undetected errors that could cause our network to fail or our expenses to increase. Any failure of our systems due to any of these causes, if it is not supported by our disaster recovery plan, could cause an interruption in our operations and result in reduced net sales and results of operations. Though we have implemented contingency and disaster recovery processes in the event of one or several technology failures, any unforeseen failure, interruption or compromise of our systems or our security measures could affect our flow of business and, if prolonged, could harm our reputation. The risk of possible failures or interruptions may not be adequately addressed by us or the third parties on which we rely, and such failures or interruptions could occur. The occurrence of any failures or interruptions could have a material adverse effect on our business, financial condition, liquidity and results of operations.

If we are unable to maintain our insurance licenses in the states we operate, our results of operations would suffer.

We derive a significant portion of our revenues and operating income from the commissions we earn from the sale of various insurance products of third-party insurers to our customers. These products include credit insurance, repair service agreements and product replacement policies. We also are the direct obligor on certain extended repair service agreements we offer to our customers. If for any reason we were unable to maintain our insurance licenses in the states we operate or if there are material claims or future material litigation involving our repair service agreements or product replacement policies, our results of operations would suffer.

If we are unable to continue to offer third-party repair service agreements to our customers who purchase, or have purchased our products, we could incur additional costs or repair expenses, which would adversely affect our financial condition and results of operations.

There are a limited number of insurance carriers that provide repair service agreement programs. If insurance becomes unavailable from our current providers for any reason, we may be unable to provide repair service agreements to our customers on the same terms, if at all. Even if we are able to obtain a substitute provider, higher premiums may be required, which could have an adverse impact on our profitability if we are unable to pass along the increased cost of such coverage to our customers. Inability to maintain the repair service agreement program could cause fluctuations in our repair expenses and greater volatility of earnings and could require us to become the obligor under new contracts sold.

If we are unable to maintain group credit insurance policies from insurance carriers, which allow us to offer their credit insurance products to our customers purchasing our merchandise on credit, our revenues would be reduced and the provision for bad debts might increase.

There are a limited number of insurance carriers that provide credit insurance coverage for sale to our customers. If credit insurance becomes unavailable for any reason we may be unable to offer substitute coverage on the same terms, if at all. Even if we are able to obtain substitute coverage, it may be at higher rates or reduced coverage, which could affect the customer acceptance of these products, reduce our revenues or increase our credit losses.

Changes in premium and commission rates allowed by regulators on the credit insurance, repair service agreements or product replacement agreements we sell as allowed by the laws and regulations in the states in which we operate could affect our revenues.

We derive a significant portion of our revenues and operating income from the sale of various third-party insurance products to our customers. These products include credit insurance, repair service agreements and product replacement agreements. If the commission we retain from sales of those products declines, our operating results would suffer.

Changes in trade regulations, currency fluctuations and other factors beyond our control could affect our business.

A significant portion of our inventory is manufactured and/or assembled overseas and in Mexico. Changes in trade regulations, currency fluctuations or other factors beyond our control may increase the cost of items we purchase or create shortages of these items, which in turn could have a material adverse effect on our results of operations and financial condition. Conversely, significant reductions in the cost of these items in U.S. dollars may cause a significant reduction in the retail prices of those products, resulting in a material adverse effect on our sales, margins or competitive position. In addition, commissions earned on our credit insurance, repair service agreement or product replacement agreement products could be adversely affected by changes in statutory premium rates, commission rates, adverse claims experience and other factors.

We may be unable to protect our intellectual property rights, which could impair our name and reputation.

We believe that our success and ability to compete depends in part on consumer identification of the name “Conn’s.” We have registered the trademarks “Conn’s” and our logo. We intend to protect vigorously our trademark against infringement or misappropriation by others. A third party, however, could attempt to misappropriate our intellectual property in the future. The enforcement of our proprietary rights through litigation could result in substantial costs to us that could have a material adverse effect on our financial condition or results of operations.

Failure to protect the security of our customer’s information could expose us to litigation, judgments for damages and undermine the trust placed with us by our customers.

We capture, transmit, handle and store sensitive information, which involves certain inherent security risks. Such risks include, among other things, the interception of customer data and information by persons outside us or by our own employees. While we believe we have taken appropriate steps to protect confidential information, there can be no assurance that we can prevent the compromise of our customers’ data or other confidential information. If such a breach should occur it could have a severe negative impact on our business and results of operations.

Any changes in the tax laws of the states in which we operate could affect our state tax liabilities. Additionally, beginning operations in new states could also affect our state tax liabilities.

As we experienced in fiscal year 2008 with the change in the Texas tax law, legislation could be introduced at any time that changes our state tax liabilities in a way that has an adverse impact on our results of operations. The Texas margin tax increased our effective rate from approximately 35.1%, before its introduction, to 37.1% in fiscal year 2009 and to 51.2% in fiscal year 2010. Our recent commencement of operations in Oklahoma and the potential to enter new states in the future could adversely affect our results of operations, dependent upon the tax laws in place in those states.

Significant volatility in oil and gasoline prices could affect our customers' determination to drive to our stores, and cause us to raise our delivery charges.

Significant volatility in oil and gasoline prices could adversely affect our customers' shopping decisions and patterns. We rely heavily on our internal distribution system and our next day delivery policy to satisfy our customers' needs and desires, and increases in oil and gasoline prices could result in increased distribution charges. Such increases may not significantly affect our competitors.

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

None.

Item 5. Other Information

There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors since we last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A.

On August 25, 2010, the Securities and Exchange Commission (SEC) adopted amendments to the federal proxy rules, including a new "proxy access" rule which will require public companies to include information in the company's proxy materials about, and enable shareholders to vote for, director candidates nominated by shareholders or groups of shareholders that meet specified stock ownership criteria. The SEC adopted the proxy access rule in response to ongoing concerns about whether public company boards of directors are sufficiently focused on shareholder interests, and the desire of some public company shareholders to use the director nomination process as a tool for increasing board accountability and influencing corporate policy. The SEC's authority to adopt the proxy access rule was confirmed in the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act.

The key provisions of the proxy access rule, to be codified as new Exchange Act Rule 14a-11, and related federal proxy rule amendments, are summarized below.

The proxy access rule will take effect 60 days from publication in the Federal Register. Accordingly, the rule will be effective for the 2011 proxy season.

Item 6. Exhibits

The exhibits required to be furnished pursuant to Item 6 of Form 10-Q are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

SIGNATURE

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

CONN'S, INC.

By: /s/ Michael J. Poppe

Michael J. Poppe
Executive Vice President and Chief Financial Officer
*(Principal Financial Officer and duly authorized to
sign this report on behalf of the registrant)*

Date: December 2, 2010

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
2	Agreement and Plan of Merger dated January 15, 2003, by and among Conn's, Inc., Conn Appliances, Inc. and Conn's Merger Sub, Inc. (incorporated herein by reference to Exhibit 2 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
3.1	Certificate of Incorporation of Conn's, Inc. (incorporated herein by reference to Exhibit 3.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
3.1.1	Certificate of Amendment to the Certificate of Incorporation of Conn's, Inc. dated June 3, 2004 (incorporated herein by reference to Exhibit 3.1.1 to Conn's, Inc. Form 10-Q for the quarterly period ended April 30, 2004 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 7, 2004).
3.2	Amended and Restated Bylaws of Conn's, Inc. effective as of June 3, 2008 (incorporated herein by reference to Exhibit 3.2.3 to Conn's, Inc. Form 10-Q for the quarterly period ended April 30, 2008 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 4, 2008).
4.1	Specimen of certificate for shares of Conn's, Inc.'s common stock (incorporated herein by reference to Exhibit 4.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on October 29, 2003).
10.1	Amended and Restated 2003 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003). [†]
10.1.1	Amendment to the Conn's, Inc. Amended and Restated 2003 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1.1 to Conn's Form 10-Q for the quarterly period ended April 30, 2004 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 7, 2004). [†]
10.1.2	Form of Stock Option Agreement (incorporated herein by reference to Exhibit 10.1.2 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005). [†]
10.2	2003 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003). [†]
10.2.1	Form of Stock Option Agreement (incorporated herein by reference to Exhibit 10.2.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005). [†]
10.3	Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.3 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003). ^t
10.4	Conn's 401(k) Retirement Savings Plan (incorporated herein by reference to Exhibit 10.4 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003). ^t

- 10.5 Shopping Center Lease Agreement dated May 3, 2000, by and between Beaumont Development Group, L.P., f/k/a Fiesta Mart, Inc., as Lessor, and CAI, L.P., as Lessee, for the property located at 3295 College Street, Suite A, Beaumont, Texas (incorporated herein by reference to Exhibit 10.5 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.5.1 First Amendment to Shopping Center Lease Agreement dated September 11, 2001, by and among Beaumont Development Group, L.P., f/k/a Fiesta Mart, Inc., as Lessor, and CAI, L.P., as Lessee, for the property located at 3295 College Street, Suite A, Beaumont, Texas (incorporated herein by reference to Exhibit 10.5.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.6 Industrial Real Estate Lease dated June 16, 2000, by and between American National Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 8550-A Market Street, Houston, Texas (incorporated herein by reference to Exhibit 10.6 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.6.1 First Renewal of Lease dated November 24, 2004, by and between American National Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 8550-A Market Street, Houston, Texas (incorporated herein by reference to Exhibit 10.6.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005).
- 10.7 Lease Agreement dated December 5, 2000, by and between Prologis Development Services, Inc., f/k/a The Northwestern Mutual Life Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 4810 Eisenhower Road, Suite 240, San Antonio, Texas (incorporated herein by reference to Exhibit 10.7 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.7.1 Lease Amendment No. 1 dated November 2, 2001, by and between Prologis Development Services, Inc., f/k/a The Northwestern Mutual Life Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 4810 Eisenhower Road, Suite 240, San Antonio, Texas (incorporated herein by reference to Exhibit 10.7.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.8 Lease Agreement dated June 24, 2005, by and between Cabot Properties, Inc. as Lessor, and CAI, L.P., as Lessee, for the property located at 1132 Valwood Parkway, Carrollton, Texas (incorporated herein by reference to Exhibit 99.1 to Conn's, Inc. Current Report on Form 8-K (file no. 000-50421) as filed with the Securities and Exchange Commission on June 29, 2005).
- 10.9 Loan and Security Agreement dated August 14, 2008, by and among Conn's, Inc. and the Borrowers thereunder, the Lenders party thereto, Bank of America, N.A, a national banking association, as Administrative Agent and Joint Book Runner for the Lenders, referred to as Agent, JPMorgan Chase Bank, National Association, as Syndication Agent and Joint Book Runner for the Lenders, and Capital One, N.A., as Co-Documentation Agent (incorporated herein by reference to Exhibit 99.1 to Conn's Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.9.1 Intercreditor Agreement dated August 14, 2008, by and among Bank of America, N.A., as the ABL Agent, Wells Fargo Bank, National Association, as Securitization Trustee, Conn Appliances, Inc. as the Initial Servicer, Conn Credit Corporation, Inc., as a borrower, Conn Credit I, L.P., as a borrower and Bank of America, N.A., as Collateral Agent (incorporated herein by reference to Exhibit 99.5 to Conn's Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).

- 10.9.2 First Amendment to Loan and Security Agreement dated August 14, 2008, by and among Conn's, Inc. and the Borrowers thereunder, the Lenders party thereto, Bank of America, N.A, a national banking association, as Administrative Agent and Joint Book Runner for the Lenders, referred to as Agent, JPMorgan Chase Bank, National Association, as Syndication Agent and Joint Book Runner for the Lenders, and Capital One, N.A., as Co-Documentation Agent (incorporated herein by reference to Exhibit 10.1 to Conn's Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on February 12, 2010).
- 10.9.3 Second Amendment to Loan and Security Agreement dated August 14, 2008, by and among Conn's, Inc. and the Borrowers thereunder, the Lenders party thereto, Bank of America, N.A, a national banking association, as Administrative Agent and Joint Book Runner for the Lenders, referred to as Agent, JPMorgan Chase Bank, National Association, as Syndication Agent and Joint Book Runner for the Lenders, and Capital One, N.A., as Co-Documentation Agent (incorporated herein by reference to Exhibit 10.1 to Conn's Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on March 4, 2010).
- 10.9.4 Amended and Restated Loan and Security Agreement dated November 30, 2010, by and among Conn's, Inc. and the Borrowers thereunder, the Lenders party thereto, Bank of America, N.A., a national banking association, as Administrative Agent and Collateral Agent for the Lenders, JPMorgan Chase Bank, National Association, as Co-Syndication Agent, Joint Book Runner and Co-Lead Arranger for the Lenders, Wells Fargo Preferred Capital, Inc., as Co-Syndication Agent for the Lenders, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Book Runner and Co-Lead Arranger for the Lenders, Capital One, N.A., as Co-Documentation Agent for the Lenders, and Regions Business Capital, a division of Regions Bank, as Co-Documentation Agent for the Lenders (filed herewith).
- 10.9.5 Intercreditor Agreement by and between Bank of America, N.A. in its capacity as administrative agent and collateral agent under the ABL loan documents and GA Capital, LLC in its capacity as administrative agent and collateral agent under the Term Loan Documents and Conn's, Inc. and Conn Credit I, LP as ABL Borrowers, and Conn Appliances, Inc., Conn Credit I, LP and Conn Credit Corporation, Inc. as Term Loan Borrowers (filed herewith).
- 10.9.6 Amended and Restated Security Agreement dated November 30, 2010, by and among Conn's, Inc. and the Existing Grantors thereunder, and Bank of America, N.A., in its capacity as Agent for Lenders (filed herewith).
- 10.9.7 Amended and Restated Continuing Guaranty dated as of November 30, 2010, by Conn's, Inc. and the Existing Guarantors thereunder, in favor of Bank of America, N.A., in its capacity as Agent for Lenders (filed herewith).
- 10.10 Receivables Purchase Agreement dated September 1, 2002, by and among Conn Funding II, L.P., as Purchaser, Conn Appliances, Inc. and CAI, L.P., collectively as Originator and Seller, and Conn Funding I, L.P., as Initial Seller (incorporated herein by reference to Exhibit 10.10 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.10.1 First Amendment to Receivables Purchase Agreement dated August 1, 2006, by and among Conn Funding II, L.P., as Purchaser, Conn Appliances, Inc. and CAI, L.P., collectively as Originator and Seller (incorporated herein by reference to Exhibit 10.10.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.11 Base Indenture dated September 1, 2002, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated herein by reference to Exhibit 10.11 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.11.1 First Supplemental Indenture dated October 29, 2004 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.1 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on November 4, 2004).

- 10.11.2 Second Supplemental Indenture dated August 1, 2006 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.1 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 23, 2006).
- 10.11.3 Fourth Supplemental Indenture dated August 14, 2008 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.4 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.11.4 Sixth Supplemental Indenture dated November 30, 2010 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (filed herewith).
- 10.12 Amended and Restated Series 2002-A Supplement dated September 10, 2007, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on September 11, 2007).
- 10.12.1 Supplement No. 1 to Amended and Restated Series 2002-A Supplement dated August 14, 2008, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.12.1.1 Supplement No. 2 to Amended and Restated Series 2002-A Supplement dated August 14, 2008, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on March 16, 2010).
- 10.12.2 Amended and Restated Note Purchase Agreement dated September 10, 2007 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.3 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on September 11, 2007).
- 10.12.3 Second Amended and Restated Note Purchase Agreement dated August 14, 2008 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.3 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.12.4 Amendment No. 1 to Second Amended and Restated Note Purchase Agreement dated August 28, 2008 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.12.4 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2008 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 28, 2008).
- 10.12.5 Amendment No. 2 to Second Amended and Restated Note Purchase Agreement dated August 10, 2009 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2009 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 27, 2009).
- 10.12.6 Amendment No. 3 to Second Amended and Restated Note Purchase Agreement dated August 10, 2009 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on February 12, 2010).

- 10.12.7 Amendment No. 4 to Second Amended and Restated Note Purchase Agreement dated August 10, 2009 by and between Conn Funding II. L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on March 4, 2010).
- 10.12.8 Amendment No. 5 to Second Amended and Restated Note Purchase Agreement dated August 10, 2009 by and between Conn Funding II. L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.1 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on March 12, 2010).
- 10.12.9 Amendment No. 6 to Second Amended and Restated Note Purchase Agreement dated August 10, 2009 by and between Conn Funding II. L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.1 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on March 16, 2010).
- 10.12.10 Amendment No. 7 to Second Amended and Restated Note Purchase Agreement dated August 9, 2010 by and among Conn Funding II. L.P., as Issuer, Conn Appliances, Inc., Three Pillars Funding, LLC, JPMorgan Chase Bank, N.A., Jupiter Securitization Company, LLC (as successor by merger to Park Avenue Receivables Company, LLC) and SunTrust Robinson Humphrey, Inc. (incorporated herein by reference to Exhibit 10.12.10 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2010 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 26, 2010).
- 10.13 Servicing Agreement dated September 1, 2002, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.13.1 First Amendment to Servicing Agreement dated June 24, 2005, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 30, 2005).
- 10.13.2 Second Amendment to Servicing Agreement dated November 28, 2005, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.2 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on December 1, 2005).
- 10.13.3 Third Amendment to Servicing Agreement dated May 16, 2006, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.3 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.13.4 Fourth Amendment to Servicing Agreement dated August 1, 2006, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.4 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.13.5 Sixth Amendment to Servicing Agreement dated November 29, 2010 by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (filed herewith).

- 10.14 Form of Executive Employment Agreement (incorporated herein by reference to Exhibit 10.15 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on October 29, 2003).[†]
- 10.14.1 First Amendment to Executive Employment Agreement between Conn's, Inc. and Thomas J. Frank, Sr., Approved by the stockholders May 26, 2005 (incorporated herein by reference to Exhibit 10.15.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2005 (file No. 000-50421) as filed with the Securities and Exchange Commission on August 30, 2005).[†]
- 10.14.2 Executive Retirement Agreement between Conn's, Inc. and Thomas J. Frank, Sr., approved by the Board of Directors June 2, 2009 (incorporated herein by reference to Exhibit 10.14.2 to Conn's, Inc. Form 10-Q for the quarterly period ended April 30, 2009 (file No. 000-50421) as filed with the Securities and Exchange Commission on June 4, 2009).[†]
- 10.14.3 Non-Executive Employment Agreement between Conn's, Inc. and Thomas J. Frank, Sr., approved by the Board of Directors June 19, 2009 (incorporated herein by reference to Exhibit 10.14.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2009 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 27, 2009).[†]
- 10.15 Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.16 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).[†]
- 10.16 Description of Compensation Payable to Non-Employee Directors (incorporated herein by reference to Form 8-K (file no. 000-50421) filed with the Securities and Exchange Commission on June 2, 2005).[†]
- 10.17 Dealer Agreement between Conn Appliances, Inc. and Voyager Service Programs, Inc. effective as of January 1, 1998 (incorporated herein by reference to Exhibit 10.19 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.17.1 Amendment #1 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.17.2 Amendment #2 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.2 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.17.3 Amendment #3 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.3 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.17.4 Amendment #4 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.4 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).

- 10.17.5 Amendment #5 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of April 7, 2007 (incorporated herein by reference to Exhibit 10.18.5 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2007 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 30, 2007).
- 10.18 Service Expense Reimbursement Agreement between Affiliates Insurance Agency, Inc. and American Bankers Life Assurance Company of Florida, American Bankers Insurance Company Ranchers & Farmers County Mutual Insurance Company, Voyager Life Insurance Company and Voyager Property and Casualty Insurance Company effective July 1, 1998 (incorporated herein by reference to Exhibit 10.20 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.1 First Amendment to Service Expense Reimbursement Agreement by and among CAI, L.P., Affiliates Insurance Agency, Inc., American Bankers Life Assurance Company of Florida, Voyager Property & Casualty Insurance Company, American Bankers Life Assurance Company of Florida, American Bankers Insurance Company of Florida and American Bankers General Agency, Inc. effective July 1, 2005 (incorporated herein by reference to Exhibit 10.20.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.2 Seventh Amendment to Service Expense Reimbursement Agreement by and among Conn Appliances, Inc., American Bankers Life Assurance Company of Florida, American Bankers Insurance Company of Florida, American Reliable Insurance Company and Reliable Lloyds Insurance Company effective May 1, 2009 (incorporated herein by reference to Exhibit 10.14.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2009 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 27, 2009).
- 10.19 Service Expense Reimbursement Agreement between CAI Credit Insurance Agency, Inc. and American Bankers Life Assurance Company of Florida, American Bankers Insurance Company Ranchers & Farmers County Mutual Insurance Company, Voyager Life Insurance Company and Voyager Property and Casualty Insurance Company effective July 1, 1998 (incorporated herein by reference to Exhibit 10.21 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.19.1 First Amendment to Service Expense Reimbursement Agreement by and among CAI Credit Insurance Agency, Inc., American Bankers Life Assurance Company of Florida, Voyager Property & Casualty Insurance Company, American Bankers Life Assurance Company of Florida, American Bankers Insurance Company of Florida, American Reliable Insurance Company, and American Bankers General Agency, Inc. effective July 1, 2005 (incorporated herein by reference to Exhibit 10.21.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.19.2 Fourth Amendment to Service Expense Reimbursement Agreement by and among CAI Credit Insurance Agency, Inc., American Bankers Life Assurance Company of Florida, American Bankers Insurance Company of Florida and American Reliable Insurance Company effective May 1, 2009 (incorporated herein by reference to Exhibit 10.14.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2009 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 27, 2009).
- 10.20 Consolidated Addendum and Amendment to Service Expense Reimbursement Agreements by and among Certain Member Companies of Assurant Solutions, CAI Credit Insurance Agency, Inc. and Affiliates Insurance Agency, Inc. effective April 1, 2004 (incorporated herein by reference to Exhibit 10.22 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.21 Series 2006-A Supplement to Base Indenture, dated August 1, 2006, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.23 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).

- 10.22 Retailer Program agreement by and between GE Money bank and Conn Appliances, Inc. effective April 16, 2009 (incorporated herein by reference to Exhibit 10.22 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2010 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 26, 2010).
- 10.23 Agreement by and between Conn Appliances, Inc. and The Rental Store, Inc. effective July 1, 2010 (incorporated herein by reference to Exhibit 10.23 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2010 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 26, 2010).
- 10.24 Term Loan and Security Agreement, dated November 30, 2010, among Conn's, Inc., as parent and guarantor, Conn Appliances, Inc., Conn Credit I, LP, and Conn Credit Corporation, Inc., the financial institutions party to this Agreement from time to time as lenders, GA Capital, LLC, as Administrative Agent and Collateral Agent for the Lenders and Wells Fargo Credit, Inc., as Syndication Agent (filed herewith).
- 10.25 Continuing Guaranty dated November 30, 2010 executed by Conn's, Inc., CAI Holding Co., CAI Credit Insurance Agency, Inc., Conn Lending, LLC, and CAIAIR, Inc., each a Guarantor in favor of GA Capital, LLC, in its capacity as agent (filed herewith).
- 10.26 Security Agreement dated November 30, 2010 entered into and executed by Conn's, Inc., CAI Holding Co., CAI Credit Insurance Agency, Inc., Conn Lending, LLC, and CAIAIR, Inc., collectively, and GA Capital, LLC, in its capacity as Agent (filed herewith).
- 10.27 Receivables Purchase Agreement dated November 30, 2010 by and between Conn Funding, II, LP and Conn Credit I, LP (filed herewith).
- 10.28 Trustee Acknowledgement dated November 30, 2010 between Conn Funding II, LP, as Issuer, and Wells Fargo Bank, National Association, as Trustee (filed herewith).
- 10.29 Assignment dated November 30, 2010 between Conn Funding II, LP, as Seller, and Conn Credit I, LP, as Purchaser (filed herewith).
- 11.1 Statement re: computation of earnings per share is included under Note 1 to the financial statements.
- 12.1 Statement of computation of Ratio of Earnings to Fixed Charges (filed herewith).
- 31.1 Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 31.2 Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).
- 32.1 Section 1350 Certification (Chief Executive Officer and Chief Financial Officer) (furnished herewith).
- 99.1 Subcertification by Chairman of the Board in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.2 Subcertification by President – Retail Division in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.3 Subcertification by President – Credit Division in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.4 Subcertification by Senior Vice President of Finance in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).
- 99.5 Subcertification by Treasurer in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).

99.6 Subcertification by Secretary in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).

99.7 Subcertification of Chairman of the Board, Chief Operating Officer, Treasurer and Secretary in support of Section 1350 Certifications (Chief Executive Officer and Chief Financial Officer) (furnished herewith).

t Management contract or compensatory plan or arrangement.

CONN'S, INC.
as Parent and Guarantor
and
CONN APPLIANCES, INC.,
CONN CREDIT I, LP, and
CONN CREDIT CORPORATION, INC.
as Borrowers

AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT
Dated as of November 30, 2010
\$375,000,000

CERTAIN FINANCIAL INSTITUTIONS,
as Lenders,
BANK OF AMERICA, N.A.,
as Administrative Agent and Collateral Agent,
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, and
WELLS FARGO PREFERRED CAPITAL, INC.,
as Co-Syndication Agent,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, and
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Joint Book Runner, and Co-Lead Arranger,
and
CAPITAL ONE, N.A., and
REGIONS BUSINESS CAPITAL, a division of REGIONS BANK,
as Co-Documentation Agent

TABLE OF CONTENTS

	Page
SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION	1
1.1 Definitions	1
1.2 Accounting Terms	32
1.3 Uniform Commercial Code	32
1.4 Certain Matters of Construction	32
SECTION 2. CREDIT FACILITIES	33
2.1 Revolver Commitment	33
2.2 Increase in Revolver Commitments.	35
2.3 Letter of Credit Facility	36
SECTION 3. INTEREST, FEES AND CHARGES	39
3.1 Interest	39
3.2 Fees	40
3.3 Computation of Interest, Fees, Yield Protection	40
3.4 Reimbursement Obligations	41
3.5 Illegality	41
3.6 Inability to Determine Rates	41
3.7 Increased Costs; Capital Adequacy	42
3.8 Mitigation; Replacement of Foreign Lender	43
3.9 Funding Losses	44
3.10 Maximum Interest	44
SECTION 4. LOAN ADMINISTRATION	44
4.1 Manner of Borrowing and Funding Revolver Loans	44
4.2 Defaulting Lender	46
4.3 Number and Amount of LIBOR Revolver Loans; Determination of Rate	46
4.4 Borrower Agent	46
4.5 One Obligation	47
4.6 Effect of Termination	47
SECTION 5. PAYMENTS	47
5.1 General Payment Provisions	47
5.2 Repayment of Revolver Loans	47
5.3 Curative Equity	48
5.4 Payment of Other Obligations	48
5.5 Marshaling; Payments Set Aside	48
5.6 Post-Default Allocation of Payments	48
5.7 Application of Payments	49
5.8 Loan Account; Account Stated	49
5.9 Taxes	50
5.10 Lender Tax Information	50
5.11 Nature and Extent of Each Borrower's Liability	51

TABLE OF CONTENTS
(continued)

	Page
SECTION 6. CONDITIONS PRECEDENT	53
6.1 Conditions Precedent to Initial Revolver Loans	53
6.2 Conditions Precedent to All Credit Extensions	55
6.3 Conditions Subsequent	56
SECTION 7. COLLATERAL	56
7.1 Grant of Security Interest	56
7.2 Lien on Deposit Accounts; Cash Collateral	57
7.3 Real Estate Collateral	58
7.4 Other Collateral	58
7.5 No Assumption of Liability	59
7.6 Further Assurances	59
7.7 Foreign Subsidiary Stock	59
7.8 Contract Legend	59
SECTION 8. COLLATERAL ADMINISTRATION	59
8.1 Collateral Reports	59
8.2 Administration of Contracts	60
8.3 Administration of Inventory	61
8.4 Administration of Equipment	62
8.5 Administration of Deposit Accounts	63
8.6 Administration of Credit Card Accounts	63
8.7 General Provisions	63
8.8 Power of Attorney	64
SECTION 9. REPRESENTATIONS AND WARRANTIES	65
9.1 General Representations and Warranties	65
9.2 Complete Disclosure	69
SECTION 10. COVENANTS AND CONTINUING AGREEMENTS	69
10.1 Affirmative Covenants	69
10.2 Negative Covenants	73
10.3 Financial Covenants	78
10.4 Curative Equity	78
10.5 Contract Forms	79
10.6 Credit and Collection Guidelines	79
10.7 Minimum Cash Recovery Percent	79
SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT	79
11.1 Events of Default	79
11.2 Remedies upon Default	81
11.3 License	82

TABLE OF CONTENTS
(continued)

	Page	
11.4	Setoff	82
11.5	Remedies Cumulative; No Waiver	82
SECTION 12.	AGENT	83
12.1	Appointment, Authority and Duties of Agent	83
12.2	Agreements Regarding Collateral and Field Examination Reports	84
12.3	Reliance By Agent	85
12.4	Action Upon Default	85
12.5	Ratable Sharing	85
12.6	Indemnification of Agent Indemnitees	85
12.7	Limitation on Responsibilities of Agent	86
12.8	Successor Agent and Co-Agents	86
12.9	Due Diligence and Non-Reliance	87
12.10	Replacement of Certain Lenders	87
12.11	Remittance of Payments and Collections	87
12.12	Agent in its Individual Capacity	88
12.13	Agent Titles	88
12.14	Bank Product Providers	88
12.15	No Third Party Beneficiaries	89
SECTION 13.	BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS	89
13.1	Successors and Assigns	89
13.2	Participations	89
13.3	Assignments	90
SECTION 14.	MISCELLANEOUS	90
14.1	Consents, Amendments and Waivers	90
14.2	Indemnity	91
14.3	Notices and Communications	91
14.4	Performance of Borrowers' Obligations	92
14.5	Credit Inquiries	92
14.6	Severability	92
14.7	Cumulative Effect; Conflict of Terms	93
14.8	Counterparts	93
14.9	Entire Agreement	93
14.10	Relationship with Lenders	93
14.11	No Advisory or Fiduciary Responsibility	93
14.12	Confidentiality	94
14.13	Intentionally Omitted	94
14.14	GOVERNING LAW	94
14.15	Consent to Forum; Arbitration	94
14.16	Waivers by Borrowers	96
14.17	Patriot Act Notice	96

TABLE OF CONTENTS
(continued)

14.18	No Novation	Page 96
14.19	Intercreditor Agreement	97

LIST OF EXHIBITS AND SCHEDULES

Exhibit A	Revolver Note
Exhibit B	Assignment and Acceptance
Exhibit C	Assignment Notice
Exhibit D	Officer's Certificate
Exhibit E	Borrowing Base Certificate
Schedule 1.1	Revolver Commitments of Lenders
Schedule 1.1E(1)	Existing Bank Products
Schedule 1.1E(2)	Existing Letters of Credit
Schedule 1.1L	Leasehold Mortgages
Schedule 7.1(j)	Equity Interests
Schedule 7.3	Real Estate
Schedule 8.5	Deposit Accounts
Schedule 8.6.1	Credit Card Agreements
Schedule 8.7.1	Business Locations
Schedule 9.1.4	Names and Capital Structure
Schedule 9.1.5	Former Names and Companies
Schedule 9.1.11	Patents, Trademarks, Copyrights and Licenses
Schedule 9.1.14	Environmental Matters
Schedule 9.1.15	Restrictive Agreements
Schedule 9.1.16	Litigation
Schedule 9.1.18	Pension Plans
Schedule 9.1.20	Labor Contracts
Schedule 10.2.2	Existing Liens
Schedule 10.2.17	Existing Affiliate Transactions

AMENDED AND RESTATED

LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT is dated as of November 30, 2010, among **CONN'S, INC.**, a Delaware corporation, as parent and guarantor ("Parent"), **CONN APPLIANCES, INC.**, a Texas corporation ("CAI"), **CONN CREDIT I, LP**, a Texas limited partnership ("CCI"), and **CONN CREDIT CORPORATION, INC.**, a Texas corporation ("CCCI"), and together with CAI and CC I, collectively, "Borrowers"), the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), **BANK OF AMERICA, N.A.**, a national banking association, as Administrative Agent and Collateral Agent for the Lenders ("Agent"), **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**, as Co-Syndication Agent, Joint Book Runner and Co-Lead Arranger for the Lenders ("JPMorgan"), **WELLS FARGO PREFERRED CAPITAL, INC.**, as Co-Syndication Agent for the Lenders ("WFPC"), **MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**, as Joint Book Runner and Co-Lead Arranger for the Lenders ("BAS"), **CAPITAL ONE, N.A.**, as Co-Documentation Agent for the Lenders ("Capital One"), and **REGIONS BUSINESS CAPITAL, a division of REGIONS BANK**, as Co-Documentation Agent for the Lenders ("Regions Bank").

RECITALS:

WHEREAS, Borrowers, Agent and various other lenders have previously entered into a Loan and Security Agreement, dated as of August 14, 2008 (as amended, the "Original Loan Agreement");

WHEREAS, Borrowers have requested that Agent and Lenders amend and restate the Original Loan Agreement to, among other things, make available to Borrowers a revolving line of credit for loans and letters of credit in an aggregate amount not to exceed \$375,000,000, which extensions of credit Borrowers will use for the purposes permitted hereunder;

WHEREAS, Agent and Lenders have agreed to make available to Borrowers, a revolving credit facility upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Lenders, Agent, Parent and Borrowers hereby agree to amend and restate the Original Loan Agreement as follows:

SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION

1.1 **Definitions.** As used herein, the following terms have the meanings set forth below:

Account: as defined in the UCC, including all rights to payment for goods sold or leased, or for services rendered.

Adjusted Borrowing Base: the Borrowing Base minus the Availability Covenant Amount.

Adjusted Tangible Assets: all assets of Parent and Borrowers on a consolidated basis, except (a) patents, copyrights, trademarks, trade names, franchises, goodwill, and other similar intangibles; (b) assets constituting intercompany Accounts; (c) assets located and notes and receivables due from obligors domiciled outside the United States of America or Canada; and (d) fixed assets to the extent of any write-up in the book value thereof.

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

Agent Indemnitees: Agent and its officers, directors, employees, Affiliates, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Allocable Amount: as defined in **Section 5.11.3(b)**.

Anti-Terrorism Laws: any laws relating to terrorism or money laundering, including the Patriot Act.

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Applicable Margin: with respect to any Type of Revolver Loan, the margin set forth in the chart below, as determined by the Leverage Ratio for the last Fiscal Quarter:

<u>Level</u>	<u>Leverage Ratio</u>	<u>Base Rate Revolver Loans</u>	<u>LIBOR Revolver Loans</u>
I	≤ 1.25:1.00	2.75%	3.75%
II	> 1.25:1.00	3.00%	4.00%

Until March 31, 2011, margins shall be determined as if Level II were applicable. Thereafter, the margins shall be subject to increase or decrease upon receipt by Agent of the financial statements and corresponding Compliance Certificate for the most recently ended Fiscal Quarter delivered pursuant to **Section 10.1.2(d)**, which change shall be effective on the first day of the calendar month following receipt. If any financial statements and Compliance Certificate due in the preceding Fiscal Quarter have not been received on the due dates thereof, then the margins shall be determined as if Level II were applicable, from such day until the first day of the calendar month following actual receipt.

Approved Fund: any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of an Obligor, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

Assignment and Acceptance: an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit B**.

Availability: the Borrowing Base minus the principal balance of all Revolver Loans.

Availability Covenant Amount: \$25,000,000 so long as any obligations under the Term Loan Facility remain outstanding, and \$0 at all times thereafter.

Bank of America: Bank of America, N.A., a national banking association, and its successors and assigns.

Bank of America Indemnitees: Bank of America and its officers, directors, employees, Affiliates, agents and attorneys.

Bank Product: any of the following products, services or facilities extended to any Borrower or its Subsidiary by a Lender or any of its Affiliates: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card and merchant card services; and (d) leases and other banking products or services as may be requested by any Borrower or its Subsidiary, other than Letters of Credit.

Bank Product Debt: Debt and other obligations of an Obligor relating to Bank Products.

Bank Product Reserve: the aggregate amount of reserves established by Agent from time to time in its reasonable discretion in respect of Secured Bank Product Obligations.

Bankruptcy Code: Title 11 of the United States Code.

Base Rate: for any day, a per annum rate equal to the greater of (a) the Prime Rate for such day; (b) the Federal Funds Rate for such day, plus 0.50%; or (c) LIBOR for a 30-day interest period as determined on such day, plus 1.0%.

Base Rate Revolver Loan: a Revolver Loan that bears interest based on the Base Rate.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrowed Money: with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business and obligations owing to Flooring Lenders), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrower: as defined in the preamble of this Agreement.

Borrower Agent: as defined in **Section 4.4**.

Borrowing: a group of Revolver Loans of one Type that are made on the same day or are converted into Revolver Loans of one Type on the same day.

Borrowing Availability: the Adjusted Borrowing Base minus the principal balance of all Revolver Loans.

Borrowing Base: on any date of determination, an amount equal to the lesser of (a) the aggregate amount of Revolver Commitments, minus the LC Reserve, minus the Term Loan Borrowing Base Reserve; or (b) (i) the sum of the CCI Borrowing Base, plus the CAI Borrowing Base, minus the Term Loan Borrowing Base Reserve.

Borrowing Base Certificate: a certificate, in form and substance satisfactory to Agent (a form acceptable as of the Closing Date is attached as **Exhibit E**) by which Borrowers certify calculation of the Borrowing Base, Adjusted Borrowing Base and the Term Loan Borrowing Base.

Business Day: any day other than a Saturday, Sunday or any other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, North Carolina, Texas and California, and if such day relates to a LIBOR Revolver Loan, any such day on which dealings in Dollar deposits are conducted between banks in the London interbank Eurodollar market.

CAI Availability Reserve: the sum of (without duplication when taken into account with the CCI Availability Reserve) (a) the Inventory Reserve; (b) the Rent and Charges Reserve; (c) the LC Reserve; (d) the Bank Product Reserve; (e) the Sales Tax Reserve; (f) the Gift Card Reserve; (g) the Customer Deposit Reserve; (h) the aggregate amount of liabilities secured by Liens upon Collateral that are senior to Agent's Liens, other than the Liens of Term Agent upon the Real Estate listed on **Schedule 7.3** (but imposition of any such reserve shall not waive an Event of Default arising therefrom); and (i) such additional reserves, in such amounts and with respect to such matters, as Agent in its reasonable judgment may elect to impose from time to time.

CAI Borrowing Base: the sum of the Credit Card Account Formula Amount, plus the Inventory Formula Amount, minus any CAI Availability Reserve.

CAIC: CAI Credit Insurance Agency, Inc., a Louisiana corporation.

CAIH: CAI Holding Co., a Delaware corporation.

Capital Expenditures: all liabilities incurred, expenditures made or payments due (whether or not made) by any Borrower or any of its Subsidiaries for the acquisition of any fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year, including the principal portion of Capital Leases.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, except those Leases existing as of the date of any change in GAAP that requires all leases to be capitalized for financial statement purposes.

Cash Collateral: cash, and any interest or other income earned thereon, that is delivered to Agent to Cash Collateralize any Obligations.

Cash Collateral Account: a demand deposit, money market or other account established by Agent at such financial institution as Agent may select in its discretion, which account shall be subject to Agent's Liens for the benefit of Secured Parties.

Cash Collateralize: the delivery of cash to Agent, as security for the payment of Obligations, in an amount equal to (a) with respect to LC Obligations, 105% of the aggregate LC Obligations, and (b) with respect to other Obligations (including Secured Bank Product Obligations), Agent's good faith estimate of the amount due or to become due, including all fees and other amounts relating to such Obligations. "Cash Collateralization" has a correlative meaning.

Cash Equivalents: (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the United States government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by Bank of America or a commercial bank organized under the laws of the United States or any state or district thereof, rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b); (d) commercial paper issued by Bank of America or rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing within nine months of the date of acquisition; and (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

Cash Management Services: any services provided from time to time by any Lender or any of its Affiliates to any Borrower or any its Subsidiaries in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox and stop payment services.

Cash Recovery Percent: the percent, calculated as of the end of the last day of each month, equal to the amount determined by dividing (i) the actual Gross Cash Collections received by Borrowers from payments made by Contract Debtors during the previous three (3) months by (ii) the sum of the Gross Contract Payments outstanding as of the beginning of the first day of each of the previous three (3) months.

CCI Availability Reserve: the sum of (without duplication when taken into account with the CAI Availability Reserve) (a) the Rent and Charges Reserve; (b) the LC Reserve; (c) the Bank Product Reserve; (d) the Sales Tax Reserve; (e) the Service Maintenance Program Reserve; (f) the aggregate amount of liabilities secured by Liens upon Collateral that are senior to Agent's Liens, other than the Liens of Term Agent upon the Real Estate listed on **Schedule 7.3** (but imposition of any such reserve shall not waive an Event of Default arising therefrom); and (g) such additional reserves, in such amounts and with respect to such matters, as Agent in its reasonable judgment may elect to impose from time to time.

CCI Borrowing Base: the sum of the Contract Formula Amount, minus any CCI Availability Reserve.

CCI Originator Notes: the revolving subordinated promissory notes made by CCI in favor of CAI evidencing that portion of the purchase price represented by Debt incurred by CCI in connection with its purchase of contracts from CAI pursuant to the CCI Receivables Purchase Agreement.

CCI Receivables Purchase Agreement: that certain Contract Receivables Purchase Agreement entered into as of the Closing Date between CCI, as purchaser, CAI, as originator and seller, together with all amendments, modifications and supplements thereto, which agreement shall be in form and substance substantially similar to the CCCI Receivables Purchase Agreement.

CCCI Originator Notes: the revolving subordinated promissory notes made by CCI in favor of CCCI evidencing that portion of the purchase price represented by Debt incurred by CCI in connection with its purchase of contracts from CCCI pursuant to the CCCI Receivables Purchase Agreement.

CCCI Receivables Purchase Agreement: that certain Contract Receivables Purchase Agreement dated as of August 14, 2008 between CCI, as purchaser, CCCI, as originator and seller, together with all amendments, modifications and supplements thereto.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 et seq.).

CFII Originator Note: the subordinated promissory note made by CCI in favor of Conn Funding II, L.P., and transferred to CAI, evidencing that portion of the purchase price represented by Debt incurred by CCI in connection with its purchase of Contracts from Conn Funding II, L.P. pursuant to the CFII Receivables Purchase Agreement.

CFII Receivables Purchase Agreement: that certain Receivables Purchase Agreement dated as of the Closing Date between CCI, as purchaser, and Conn Funding II, L.P., as seller, together with all amendments, modifications and supplements thereto.

Change in Law: the occurrence, after the date hereof, of (a) the adoption or taking effect of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

Change of Control: (a) Parent ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests in CAI; (b) CAI ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests of CAIH, CCCI, CAIC, CCI and CLL; (c) a change in the majority of directors of Parent, CAI, CAI Holding Co. or CCCI, unless approved by the then majority of directors of such entity; or (d) all or substantially all of a Borrower's assets are sold or transferred, other than a sale or transfer to another Borrower.

Claims: all claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations, resignation or replacement of Agent, or replacement of any Lender) incurred by or asserted against any Indemnitee in any way relating to (a) any Revolver Loans, Letters of Credit, Loan Documents, or the use thereof or transactions relating thereto, (b) any action taken or omitted to be taken by any Indemnitee in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) the exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) the failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

CLL: Conn Lending, LLC, a Delaware limited liability company.

Closing Date: as defined in **Section 6.1**.

Code: the Internal Revenue Code of 1986.

Collateral: all Property described in **Section 7.1**, all Property described in any Security Documents as security for any Obligations, and all other Property that now or hereafter secures (or is intended to secure) any Obligations.

Collateral Adjustment Percentage: calculated as of the first day of each month, the sum of the Past Due Percent and the Net Charge-Off Percent.

Compliance Certificate: a certificate, in form and substance satisfactory to Agent, by which Borrowers certify compliance with **Sections 10.2.3** and **10.3** and calculate the applicable level for the Applicable Margin.

Contingent Obligation: any obligation of a Person (without duplication) arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation ("primary obligations") of another obligor ("primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

Contract Advance Rate Amount: 75% of Net Eligible Contract Payments; provided, that the Contract Advance Rate Amount shall be subject to reduction as of the first day of each month, based on the then existing Collateral Adjustment Percentage and Cash Recovery Percent (whichever results in the lower Contract Advance Rate Amount), as follows:

(a) the Contract Advance Rate Amount shall be reduced by 1% for each whole percentage or fraction thereof that the Collateral Adjustment Percentage exceeds 15%; and

(b) the Contract Advance Rate Amount shall be reduced based on the Cash Recovery Percentage as set forth below:

<u>Cash Recovery Percent</u>	<u>Contract Advance Rate Amount</u>
≤ 4.99% > 4.94%	74% of Net Eligible Contract Payments
≤ 4.94% > 4.89%	73% of Net Eligible Contract Payments
≤ 4.89% > 4.84%	72% of Net Eligible Contract Payments
≤ 4.84% > 4.79%	71% of Net Eligible Contract Payments
≤ 4.79% > 4.74%	70% of Net Eligible Contract Payments

Contract Allocation Agreement: an agreement in form and substance satisfactory to Agent between a Borrower and the Securitization Subsidiary, pursuant to which certain Contracts are randomly designated as Securitized Contracts and are allocated to the Securitization Subsidiary.

Contract Debtor: each Person who is obligated to a Borrower to perform any duty under or to make any payment pursuant to the terms of a Contract.

Contract Formula Amounts: the lesser of (i) the Contract Advance Rate Amount, and (ii) 85% of the appraised value of Gross Contract Payments as set forth in the most recent appraisal of Borrowers' Contracts performed by an appraiser and on terms satisfactory to Agent; provided, that the limitation set forth in clause (ii) hereof shall be applicable only so long as any obligations under the Term Loan Facility remain outstanding. Notwithstanding the above, the portion of the Contract Formula Amount supported by Eligible Revolving Contracts shall at no time exceed 10% of the CCI Borrowing Base.

Contracts: all of each Borrower's now owned and hereafter acquired loan agreements, accounts, revolving credit agreements, installment sale contracts, Instruments, notes, documents, chattel paper, and all other forms of obligations owing to such Borrower, including any collateral for any of the foregoing, including all rights under any and all security documents and merchandise returned to or repossessed by such Borrower. For the avoidance of doubt, all Contracts shall include the Contracts assigned to a Borrower pursuant to the Intercompany Assignment Agreement.

Credit Card Account: Accounts together with all income, payments and proceeds thereof, owed by a Credit Card Issuer or Credit Card Processor to a Borrower resulting from charges by a retail customer of a Borrower on credit or debit cards in connection with the sale of goods by a Borrower, or services performed by a Borrower, in each case in the Ordinary Course of Business.

Credit Card Account Formula Amount: 75% of the Value of Eligible Credit Card Accounts.

Credit Card Agreements: with respect to each Borrower, all agreements now or hereafter entered into by such Borrower with any Credit Card Issuer or any Credit Card Processor, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

Credit Card Issuers: any person (other than a Borrower) who issues or whose members issue credit cards, including, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., VISA, U.S.A., Inc. or Visa International and American Express, Discover, Diners Club, Carte Blanche and other non-bank credit or debit cards.

Credit Card Processor Notifications: with respect to each Borrower, individually and collectively, the letter agreements executed by such Borrower and delivered to such Borrower's Credit Card Issuers or Credit Card Processors who are parties to Credit Card Agreements, acknowledging Agent's first priority Lien and the Term Agent's second priority Lien in the monies due and to become due to such Borrower under the Credit Card Agreements of such Borrower, and instructing such Credit Card Issuers or Credit Card Processors to transfer all such amounts to the Dominion Accounts, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

Credit Card Processors: with respect to each Borrower, any servicing or processing agent or any financial intermediary who facilitates, services, processes or manages the credit authorization, billing transfer and/or payment procedures with respect to any of such Borrower's sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer.

Credit and Collection Guidelines: Borrowers' guidelines (which have previously been reviewed and approved by the Agent) which state in detail the credit criteria used by Borrowers in determining the creditworthiness of Contract Debtors and the collection criteria used by Borrowers in collection of amounts due from Contract Debtors.

Curative Equity: common equity contributions made to Parent which Parent contributes as additional common equity contributions to any Borrower and which is designated "Curative Equity" by Borrower Agent under **Section 10.4** at the time it is contributed.

Customer Deposit Reserve: as of any measurement date, a reserve equal to the aggregate amount of deposits paid by the customers of any Borrower for the purchase of goods.

CWA: the Clean Water Act (33 U.S.C. §§ 1251 et seq.).

Debt: as applied to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Leases, but excluding trade payables, accrued expenses and deferred revenues incurred and being paid in the Ordinary Course of Business and amounts owed to Flooring Lenders on account of flooring arrangements paid in the Ordinary Course of Business; (b) all Contingent Obligations; (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of a Borrower, the Obligations. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

Default: an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

Default Rate: for any Obligation (including, to the extent permitted by law, interest not paid when due), 2% plus the interest rate otherwise applicable thereto.

Defaulting Lender: any Lender that, as determined by Agent, (a) has failed to perform any funding obligations hereunder, and such failure is not cured within three Business Days; (b) has notified Agent or any Borrower that such Lender does not intend to comply with its funding obligations hereunder or has made a public statement to the effect that it does not intend to comply with its funding obligations hereunder or under any other credit facility; (c) has failed, within three Business Days following request by Agent, to confirm in a manner satisfactory to Agent that such Lender will comply with its funding obligations hereunder; or (d) has, or has a direct or indirect parent company that has, become the subject of an Insolvency Proceeding or taken any action in furtherance thereof.

Deposit Account Control Agreements: the Deposit Account control agreements to be executed by each institution maintaining a Deposit Account for a Borrower, in favor of Agent and Term Agent, as security for the Obligations.

Distribution: any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt to a holder of Equity Interests; or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

Dollars: lawful money of the United States.

Dominion Accounts: special accounts established by Borrowers at Bank of America or other banks acceptable to Agent, over which Agent has exclusive control for withdrawal purposes.

Dominion Trigger Period: the period (a) commencing on the day that (i) an Event of Default occurs; (ii) average Availability during a month (as reflected in the Loan Account) is less than 15% of the amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit; or (iii) Availability is at any time less than 10% amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit, and (b) ending on the day (i) on which, during the preceding 90 consecutive days, (x) no Event of Default has existed, (y) Availability has at all times been greater than 10% of the amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit, and (z) average Availability has at all times been greater than 15% of the amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit; provided, that this clause (b)(i) shall only be applicable to the first commencement of such period hereunder, and (ii) determined by Agent in its sole discretion for any subsequent commencement of such period; provided, that with respect to any subsequent commencement of such period in order for the period to end the requirements in clause (b)(i) shall be satisfied.

EBITDAR: as of any date of determination, on a trailing 12-month basis and determined on a consolidated basis for Parent and its Subsidiaries derived from financial statements prepared in accordance with GAAP, net income, calculated before interest expense, provision for income taxes, depreciation and amortization expense, stock based compensation, book rent expense, gains or losses arising from the sale of capital assets, any extraordinary gains or losses (in each case, to the extent included in determining net income) (except that net cash extraordinary gains or losses included in the determination of EBITDAR will not exceed \$5,000,000 in any trailing twelve month period; provided, that this parenthetical shall be applicable only so long as any obligations under the Term Loan Facility remain outstanding), and reduced on a Fiscal Quarter basis or such other determination date by an amount equal to (if a positive result) the sum of the EBITDAR Loss Reserve measured as of the end of any Fiscal Quarter or such other determination date, minus Borrowers' recorded loss reserve measured as of the end of the same Fiscal Quarter or such other determination date.

EBITDAR Loss Reserve: at any date is the sum of (i) Net Charge-Offs for the 12-month period ending on the measurement date, plus (ii) the net change in Net Balances over 180 days past due for the 12-month period ending on the measurement date.

Eligible Assignee: a Person that is (a) a Lender, U.S.-based Affiliate of a Lender or Approved Fund or a Term Lender under the Term Loan Agreement; (b) any other financial institution approved by Agent and Borrower Agent (which approval by Borrower Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment), that is organized under the laws of the United States or any state or district thereof, has total assets in excess of \$5 billion, extends asset-based lending facilities in its ordinary course of business and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of the Code or any other Applicable Law; and (c) during any Event of Default, any Person acceptable to Agent in its discretion; provided, that none of Parent or its Subsidiaries may be an Eligible Assignee.

Eligible Contracts: those Contracts owned by a Borrower that Agent, in its reasonable judgment, deems to be Eligible Contracts. Without limiting the foregoing, no Contract shall be an Eligible Contract unless:

- (a) Such Contract is owned by a Borrower and such Borrower has good and marketable title to such Contract free and clear of any Lien of any Person other than Agent and Term Agent;
- (b) the Contract complies in all material respects with all of Borrowers' warranties and representations contained herein;
- (c) no payment due under the Contract is more than 60 days contractually delinquent;
- (d) neither a Borrower nor the Contract Debtor is in default under the terms of the Contract;
- (e) no Borrower has within any 12-month period granted to the Contract Debtor more than 2 extensions of time (each not longer than 1 month) for the payment of any sum due under the Contract;
- (f) the Contract or payments due thereunder are not subject to any defense, counterclaim, offset, discount, or allowance other than discounts provided in connection with promotional credit, such as same as cash offerings or deferred interest programs;
- (g) the terms of the Contract and all related documents and Instruments comply in all respects with all Requirement of Law;
- (h) the Contract Debtor is not an Affiliate or an employee of an Obligor;
- (i) the creditworthiness of the Contract Debtor is acceptable to Agent and the Contract and Contract Debtor conform to the Credit and Collection Guidelines in all material respects;

(j) the Contract Debtor is not subject to an active or pending Insolvency Proceeding under Federal law or any similar proceeding under state law and the applicable Borrower is able to bring suit or enforce remedies against such Contract Debtor through judicial process;

(k) the first scheduled payment pursuant to the terms of the Contract is, or was, due within 45 days following the execution of the Contract and all other payments are scheduled to be made on the same date of each month thereafter;

(l) the payment schedule for such Contract is fully amortizing on a monthly basis;

(m) with respect to installment Contracts only, the original term of the Contract is not more than 48 months;

(n) repayment of the Contract is secured by a first priority interest in any merchandise sold in connection therewith;

(o) to the extent that the balance of the Contract includes sums representing the financing of "service maintenance plans," such plans are in compliance with all applicable consumer credit laws, including any and all special insurance laws relating thereto;

(p) the Contract is not a Modified Contract;

(q) the Contract is originated or acquired in the Ordinary Course of Business;

(r) Agent has a first priority perfected Lien in the Contract; and

(s) the merchandise, if any, which secures the Contract has been delivered to the Contract Debtor and has not been repossessed by a Borrower or returned by the Contract Debtor to a Borrower.

Eligible Credit Card Accounts: Credit Card Accounts that Agent, in its discretion, deems to be Eligible Credit Card Accounts. Without limiting the foregoing, no Credit Card Account shall be an Eligible Credit Card Account unless:

(a) such Credit Card Account is owned by a Borrower and such Borrower has good and marketable title to such Credit Card Account free and clear of any Lien of any Person other than Agent and Term Agent;

(b) such Credit Card Account constitutes an "Account" (as defined in the UCC) and such Credit Card Account has not been outstanding for more than 5 Business Days;

(c) the Credit Card Issuer or Credit Card Processor of the applicable credit card with respect to such Credit Card Account is not the subject of any bankruptcy or insolvency proceedings;

(d) such Credit Card Account is a valid, legally enforceable obligation of the applicable issuer with respect thereto;

(e) such Credit Card Account is subject to a properly perfected first priority Lien in favor of Agent;

- (f) the Credit Card Account conforms to all representations, warranties or other provisions in the Loan Documents relating to Credit Card Account;
- (g) such Credit Card Account is owed by a Person that has executed a Credit Card Processor Notification;
- (h) such Credit Card Account is not evidenced by “chattel paper” or an “instrument” of any kind unless such “chattel paper” or “instrument” is in the possession of Agent, and to the extent necessary or appropriate, endorsed to Agent;
- (i) such Credit Card Account indicates no Person other than a Borrower as payee or remittance party;
- (j) such Credit Card Account has been earned and represents the bona fide amounts due to a Borrower from a Credit Card Processor and/or Credit Card Issuer, and in each case originated in the Ordinary Course of Business; or
- (k) such Credit Card Account has not been disputed, is without recourse, and with respect to which no claim, counterclaim, offset, or chargeback has been asserted (to the extent of such claim, counterclaim, offset, or chargeback).

Eligible Inventory: Inventory owned by a Borrower that Agent, in its reasonable judgment, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it (a) is finished goods and not raw materials, work-in-process, packaging or shipping materials, labels, samples, display items, bags, replacement parts or manufacturing supplies; (b) is not held on consignment, nor subject to any deposit or downpayment; (c) is in new and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale; (d) is not slow-moving, obsolete or unmerchantable, and does not constitute returned or repossessed goods; (e) meets all standards imposed by any Governmental Authority, and does not constitute hazardous materials under any Environmental Law; (f) conforms with the covenants and representations herein; (g) is subject to Agent’s duly perfected, first priority Lien, and no other Lien (including Liens in favor of Flooring Lenders) other than the Lien in favor of Term Agent; (h) is within the continental United States, is not in transit except between locations of Borrowers, is not consigned to any Person and is not located in a clearance center or service center; (i) is not subject to any warehouse receipt or negotiable Document; (j) is not subject to any License or other arrangement that restricts such Borrower’s or Agent’s right to dispose of such Inventory (other than the Term Loan Documents, with respect to the Borrowers, and the Intercreditor Agreement, with respect to Agent), unless Agent has received an appropriate Lien Waiver; (k) is not located on leased premises or in the possession of a warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person, unless the lessor or such Person has delivered a Lien Waiver or an appropriate Rent and Charges Reserve has been established as set forth in **Section 6.4.1**; (l) is reported net of internal load amount or shrinkage accrual; (m) is reflected in the details of a current perpetual inventory report of Borrowers; and (n) is insured in compliance with the provisions of **Section 8.7.2** hereof.

Eligible Revolving Contract: Eligible Contract under which the applicable Contract Debtor may borrow, repay and re-borrow up to the credit limit thereunder.

Enforcement Action: any action to enforce any Obligations (other than Secured Bank Product Obligations) or Loan Documents or to exercise any rights or remedies relating to any Collateral (whether by judicial action, self-help, notification of Contract Debtors, exercise of setoff or recoupment, exercise of any right to vote or act in an Obligor's Insolvency Proceeding or otherwise).

Environmental Agreement: each agreement of Borrowers with respect to any Real Estate subject to a Mortgage, pursuant to which Borrowers agree to indemnify and hold harmless Agent and Lenders from liability under any Environmental Laws.

Environmental Laws: all Applicable Laws (including all programs, permits and guidance promulgated by regulatory agencies), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA) or the protection or pollution of the environment, including CERCLA, RCRA and CWA.

Environmental Notice: a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with, investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

Environmental Release: a release as defined in CERCLA or under any other Environmental Law.

Equity Interest: the interest of any (a) shareholder in a corporation; (b) partner in a partnership (whether general, limited, limited liability or joint venture); (c) member in a limited liability company; or (d) other Person having any other form of equity security or ownership interest.

Equity Interest Pledge Agreement: a pledge agreement, in form and substance satisfactory to Agent, executed by Parent, CAIH and CLL, granting a security interest in the Equity Interests in each of such grantor's Subsidiaries in favor of Agent for the benefit of the Lenders.

ERISA: the Employee Retirement Income Security Act of 1974.

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

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

Event of Default: as defined in **Section 11**.

Excluded Subsidiary: Conn Funding II, L.P., a Texas limited partnership, Conn Appliances, LLC, a Delaware limited liability company, and Conn Funding GP II, L.L.C., a Texas limited liability company.

Excluded Tax: with respect to Agent, any Lender, Issuing Bank or any other recipient of a payment to be made by or on account of any Obligation, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes by the United States or any State or political subdivision thereof), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located; (b) any branch profits taxes imposed by the United States or any similar tax imposed by any State or any other jurisdiction in which a Borrower is located, (c) any backup withholding tax that is required by the Code to be withheld from amounts payable to a Lender that has failed to comply with **Section 5.10**, and (d) in the case of a Foreign Lender, any State or United States withholding tax that (i) is required to be imposed on amounts payable to such Foreign Lender pursuant to the laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) hereunder or (ii) is attributable to such Lender's failure or inability (other than as a result of a Change in Law) to comply with **Section 5.10**, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to **Section 5.9.1** or (iii) and which withholding tax may not be eliminated or reduced by complying with **Section 5.10**.

Existing Bank Products: Bank Products provided under the Original Loan Agreement and in existence on the Closing Date consisting of those listed on **Schedule 1.1E(1)**.

Existing Letters of Credit: the issued and outstanding letters of credit set forth in **Schedule 1.1E(2)**.

Existing Securitization Facility: the asset backed security facility established pursuant to the Base Indenture dated September 1, 2002 between Conn Funding II, L.P. and Wells Fargo Bank, National Association, together with all amendments, modifications and supplements thereto.

Extraordinary Expenses: all costs, expenses or advances that Agent or any Lender may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents, Letters of Credit or Obligations, including any lender liability or other Claims; (c) the exercise, protection or enforcement of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action; (f) negotiation and documentation of any

modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations; and (g) Protective Advances. Such costs, expenses and advances include transfer fees, Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

Federal Funds Rate: (a) the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business Day; or (b) if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by Agent.

Fee Letter: (a) the fee letter agreement between Agent, BAS and Borrowers dated as of even date herewith, and (b) the fee letter agreement between JPMorgan, J.P. Morgan Securities Inc. and Borrowers dated as of even date herewith.

Fiscal Quarter: each period of three months, commencing on the first day of a Fiscal Year.

Fiscal Year: the fiscal year of Parent and its Subsidiaries for accounting and tax purposes, ending on January 31 of each year.

Fixed Charge Coverage Ratio: the ratio, determined monthly on a consolidated basis for Parent and its Subsidiaries for the most recently ended 12-month period, of (a) EBITDAR minus unfinanced Net Capital Expenditures (but, as long as any obligations under the Term Loan Facility remain outstanding, only to the extent that a positive result would occur), to (b) Fixed Charges; provided, that the Fixed Charge Coverage Ratio shall be determined quarterly on a consolidated basis for Parent and its Subsidiaries for the most recently ended four Fiscal Quarters after all obligations under the Term Loan Facility have been terminated.

Fixed Charges: without double counting, the sum of interest expense (other than payment-in-kind and original issue discount), scheduled/amortized principal payments made on Borrowed Money, un-scheduled principal payments made on Borrowed Money (other than payments on account of the Obligations or any other revolving Debt permitted hereunder), book rent expense, cash income taxes paid, and Distributions made, excluding amortization of closing costs and expenses incurred in connection with the Loan Documents, Existing Securitization Facility, Permitted ABS Facility and the Term Loan Facility.

Flooring Intercreditor Agreement: each intercreditor agreement entered into by Agent and a Flooring Lender, in form and substance satisfactory to Agent.

Flooring Lender: any lender which provides financing for the purchase of Inventory by a Borrower.

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: any Lender that is organized under the laws of a jurisdiction other than the laws of the United States, or any state or district thereof.

Foreign Plan: any employee benefit plan or arrangement (a) maintained or contributed to by any Obligor or its Subsidiary that is not subject to the laws of the United States; or (b) mandated by a government other than the United States for employees of any Obligor or its Subsidiary.

Foreign Subsidiary: a Subsidiary of Parent that is a “controlled foreign corporation” under Section 957 of the Code, such that a guaranty by such Subsidiary of the Obligations or a Lien on the assets of such Subsidiary to secure the Obligations would result in material tax liability to Borrowers.

Full Payment: with respect to any Obligations, (a) the full and indefeasible cash payment thereof, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); (b) if such Obligations are LC Obligations or inchoate or contingent in nature, Cash Collateralization thereof (or delivery of a standby letter of credit acceptable to Agent in its discretion, in the amount of required Cash Collateral); and (c) a release of any Claims of Obligors against Agent, Lenders and Issuing Bank arising on or before the payment date. No Revolver Loans shall be deemed to have been paid in full until all Revolver Commitments related to such Revolver Loans have expired or been terminated.

GAAP: generally accepted accounting principles in effect in the United States from time to time.

Gift Card Reserve: a reserve equal to 50% of the face amount of gift cards which are issued by a Borrower and are outstanding as of any measurement date.

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether associated with the United States, a state, district or territory thereof, or a foreign entity or government.

Gross Cash Collections: total Contracts payments received from Contract Debtors and applied to such Contracts during any applicable period.

Gross Contract Payments: as of the date of determination, (i) with respect to an interest bearing Contract the outstanding balance thereof including all accrued but unpaid interest, fees, and other charges, but excluding late charges, owing by the Contract Debtor and (ii) with respect to a precomputed Contract the outstanding balance thereof including all unearned interest, fees, and charges, but excluding late charges, owing by the Contract Debtor.

Guarantor Payment: as defined in **Section 5.11.3(b)**.

Guarantors: Parent, CAIH, CAIC, CLL, CAIAir, Inc., a Delaware corporation, and each other Person who guarantees payment or performance of any Obligations.

Guaranty: each guaranty agreement executed by a Guarantor in favor of Agent.

Hedging Agreement: an agreement relating to any swap, cap, floor, collar, option, forward, cross right or obligation, or combination thereof or similar transaction, with respect to interest rate, foreign exchange, currency, commodity, credit or equity risk.

Increased Reporting Period: any time (i) a Default or Event of Default exists, (ii) average Availability during any month (as reflected in the Loan Account) is less than 20% of the amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit, or (iii) Availability is at any time less than \$50,000,000; provided, that the limitation set forth in clause (iii) hereof shall be applicable only so long as any obligations under the Term Loan Facility remain outstanding. When in place, such Increased Reporting Period shall be deemed continuing so long as (a) such Event of Default has not been waived, and/or (ii) if the Increased Reporting Period arises as a result of Borrowers' failure to achieve Availability as required hereunder, until Availability has exceeded \$50,000,000 for ninety (90) consecutive days, in which case an Increased Reporting Period shall no longer be deemed to be continuing for purposes of this Agreement; provided, that an Increased Reporting Period shall be deemed continuing (even if an Event of Default is no longer continuing and/or Availability exceeds the required amount for ninety (90) consecutive days) at all times after an Increased Reporting Period has occurred and been discontinued on two (2) occasions after the Closing Date.

Indemnified Taxes: Taxes other than Excluded Taxes.

Indemnitees: Agent Indemnitees, Lender Indemnitees, Issuing Bank Indemnitees and Bank of America Indemnitees.

Insolvency Proceeding: any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors.

Intellectual Property: all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Intellectual Property Claim: any claim or assertion (whether in writing, by suit or otherwise) that a Borrower's or its Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

Intercompany Assignment Agreement: (i) an assignment from each Excluded Subsidiary to a Borrower, assigning to such Borrower all of the assets of such Excluded Subsidiary free and clear of any Liens, which agreement shall be in form and substance satisfactory to Agent, and (ii) an assignment pursuant to which the assets transferred under clause (i) above are assigned to CCI free and clear of any Liens, which agreement shall be in form and substance satisfactory to Agent.

Intercreditor Agreement: an intercreditor agreement entered into by Agent, Term Agent, Parent, and Borrowers, in form and substance satisfactory to Agent.

Interest Period: as defined in **Section 3.1.3**.

Inventory: as defined in the UCC, including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in a Borrower's business (but excluding Equipment).

Inventory Formula Amount: the lesser of (i) \$80,000,000; (ii) 75% of the Value of Eligible Inventory; or (iii) 85% of the NOLV Percentage of the Value of Eligible Inventory.

Inventory Reserve: reserves established by Agent to reflect factors that may negatively impact the Value of Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

Investment: any acquisition of all or substantially all assets of a Person; any acquisition of record or beneficial ownership of any Equity Interests of a Person; or any advance or capital contribution to or other investment in a Person.

IRS: the United States Internal Revenue Service.

Issuing Bank: Bank of America or an Affiliate of Bank of America and any other Lender which has issued an Existing Letter of Credit but only with respect to such Existing Letter of Credit.

Issuing Bank Indemnitees: Issuing Bank and its officers, directors, employees, Affiliates, agents and attorneys.

LC Application: an application by Borrower Agent to Issuing Bank for issuance of a Letter of Credit, in form and substance satisfactory to Issuing Bank.

LC Conditions: the following conditions, the satisfaction of which is necessary for issuance of a Letter of Credit by Issuing Bank: (a) each of the conditions set forth in **Section 6**; (b) after giving effect to such issuance, total LC Obligations do not exceed the Letter of Credit Subline, no Overadvance exists and, if no Revolver Loans are outstanding, the LC Obligations do not exceed the Adjusted Borrowing Base (without giving effect to the LC Reserve for purposes of this calculation); (c) the expiration date of such Letter of Credit is (i) no more than 365 days from issuance, in the case of standby Letters of Credit, (ii) no more than 120 days from issuance, in the case of documentary Letters of Credit, and (iii) at least 30 Business Days prior to the Revolver Termination Date; (d) the Letter of Credit and payments thereunder are denominated in Dollars; and (e) the purpose and form of the proposed Letter of Credit is satisfactory to Agent and Issuing Bank in their discretion.

LC Documents: all documents, instruments and agreements (including LC Requests and LC Applications) delivered by Borrowers or any other Person to Issuing Bank or Agent in connection with issuance, amendment or renewal of, or payment under, any Letter of Credit.

LC Obligations: the sum (without duplication) of (a) all amounts owing by Borrowers for any drawings under Letters of Credit; (b) the stated amount of all outstanding Letters of Credit; and (c) all fees and other amounts owing with respect to Letters of Credit.

LC Request: a request for issuance of a Letter of Credit, to be provided by Borrower Agent to Issuing Bank, in form satisfactory to Agent and Issuing Bank.

LC Reserve: the aggregate of all LC Obligations, other than (a) those that have been Cash Collateralized; and (b) if no Default or Event of Default exists, those constituting charges owing to the Issuing Bank.

Leasehold Mortgages: each of the mortgages and deeds of trust, in form and substance reasonably acceptable to Agent, executed by a Borrower in favor of Agent, for the benefit of the Lenders, with respect to the leasehold interests of Borrowers in the Real Estate identified on **Schedule 1.1L**.

Leasehold Mortgage Consent: each consent signed by the land owner for each Real Estate subject to a Leasehold Mortgage, in form and substance reasonably acceptable to Agent.

Lender Indemnitees: Lenders and their officers, directors, employees, Affiliates, agents and attorneys.

Lenders: as defined in the preamble to this Agreement, including Agent in its capacity as a provider of Swingline Loans and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance.

Lending Office: the office designated as such by the applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and Borrower Agent.

Letter of Credit: any standby or documentary letter of credit issued by Issuing Bank for the account of a Borrower, including the Existing Letters of Credit, or any indemnity, guarantee, exposure transmittal memorandum or similar form of credit support issued by Agent or Issuing Bank for the benefit of a Borrower.

Letter of Credit Subline: \$40,000,000.

Leverage Ratio: the ratio, determined as of the end of any Fiscal Quarter for the Parent and its Subsidiaries, on a consolidated basis, of (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP as of the last day of such Fiscal Quarter, to (b) Tangible Net Worth as of the last day of such Fiscal Quarter.

LIBOR: for any Interest Period with respect to a LIBOR Revolver Loan, the per annum rate of interest (rounded up, if necessary, to the nearest 1/100th of 1%), determined by Agent at approximately 11:00 a.m. (London time) two Business Days prior to commencement of such Interest Period, for a term comparable to such Interest Period, equal to (a) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other

commercially available source designated by Agent); or (b) if BBA LIBOR is not available for any reason, the interest rate at which Dollar deposits in the approximate amount of the LIBOR Revolver Loan would be offered by Bank of America's London branch to major banks in the London interbank Eurodollar market. If the Board of Governors imposes a Reserve Percentage with respect to LIBOR deposits, then LIBOR shall be the foregoing rate, divided by 1 minus the Reserve Percentage.

LIBOR Revolver Loan: a Revolver Loan that bears interest based on LIBOR.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: any Person's interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, pledges, hypothecations, statutory trusts, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver: an agreement, in form and substance satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent and Term Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent and Term Agent, and agrees to deliver the Collateral to Agent and Term Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's and Term Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent and Term Agent upon request; and (d) for any Collateral subject to a Licensor's Intellectual Property rights, the Licensor grants to Agent and Term Agent the right, vis-à-vis such Licensor, to enforce Agent's and Term Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable License.

Loan Account: the loan account established by each Lender on its books pursuant to **Section 5.8**.

Loan Documents: this Agreement, Other Agreements, Security Documents, the Intercreditor Agreement and the Flooring Intercreditor Agreements.

Loan Year: each 12-month period commencing on the Closing Date and on each anniversary of the Closing Date.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, operations, Properties, prospects or condition (financial or otherwise) of Obligors, on the value of any material Collateral, on the enforceability of any Loan Documents, or on the validity or priority of Agent's Liens on any Collateral; (b) impairs the ability of the Obligors, collectively, to perform any obligations under the Loan Documents, including repayment of any Obligations; or (c) otherwise materially impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon any Collateral.

Material Contract: any agreement or arrangement to which a Borrower or any of its Subsidiaries are a party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Obligor, including the Securities Act of 1933; (b) for which breach, termination, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect; or (c) that relates to Subordinated Debt, or Debt in an aggregate amount of \$5,000,000 or more.

Modified Contract: a Contract which, at any time, was in payment default for more than 60 days and such payment default was cured by execution of a new Contract in order to adjust, amend, or reduce the payment terms of the original Contract.

Moody's: Moody's Investors Service, Inc., and its successors.

Mortgage: each mortgage, deed of trust or deed to secure debt pursuant to which a Borrower grants to Agent, for the benefit of Secured Parties, Liens upon the Real Estate owned by such Borrower, as security for the Obligations.

Multiemployer Plan: any employee benefit plan of the type described in Section 401(a)(3) of ERISA, to which any Obligor or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

Net Balance: means, as of the date of determination, the Gross Contract Payments of a Contract less all unearned interest owing by the Contract Debtor.

Net Capital Expenditures: Capital Expenditures less: (i) net proceeds received from the sale of any fixed assets in the ordinary course of business and (ii) net proceeds from the sale of Real Estate to the extent constituting a Capital Expenditure, not to exceed \$10,000,000, and only to the extent such Real Estate was acquired in the applicable trailing twelve month period; provided, that after all obligations under the Term Loan Facility have been terminated, Net Capital Expenditures shall mean Capital Expenditures less net proceeds received from the sale of any fixed assets.

Net Charge-Off: for any period, the aggregate amount of all unpaid payments due under Contracts which have been charged off by a Borrower during such period, as reduced by the amount of unearned interest, unearned insurance, accrued but unpaid interest, unpaid late charges, repossession recoveries, cash recoveries and amounts recovered in cash from other third parties, with respect to Contracts which had been charged off during previous periods or during such period.

Net Charge-Off Percent: the percent, calculated on the first day of each month, equal to (a) 4 times the aggregate amount of Net Charge-Offs for the 3 preceding months, divided by (b) the sum of the Net Balance owing under all Contracts outstanding at the end of such month, divided by (c) 3.

Net Eligible Contract Payments: means, as of the date of determination, the remainder of (a) the Gross Contract Payments owing under all Eligible Contracts, minus (b) the sum of (i) the aggregate amount, to the extent included within the definition of Gross Contract Payments, all unearned interest, fees, and charges applicable to the Eligible Contracts and (ii) the unearned insurance commissions as presented on the books and records of Borrowers.

Net Proceeds: with respect to an Asset Disposition, proceeds (including, when received, any deferred or escrowed payments) received by a Borrower or any of its Subsidiaries in cash from such disposition, net of (a) reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b) amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c) transfer or similar taxes; and (d) reserves for indemnities, until such reserves are no longer needed.

NOLV Percentage: the net orderly liquidation value of Inventory, expressed as a percentage, expected to be realized at an orderly, negotiated sale held within a reasonable period of time, net of all liquidation expenses, as determined from the most recent appraisal of Borrowers' Inventory performed by an appraiser and on terms satisfactory to Agent.

Non-Exempt Foreign Lender: as defined in **Section 3.8.2(a)**.

Notes: each Revolver Note or other promissory note executed by a Borrower to evidence any Obligations.

Notice of Borrowing: a Notice of Borrowing to be provided by Borrower Agent to request a Borrowing of Revolver Loans, in form satisfactory to Agent or through electronic means acceptable to Agent.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Borrower Agent to request a conversion or continuation of any Revolver Loans as LIBOR Revolver Loans, in form satisfactory to Agent or through electronic means acceptable to Agent.

Noticed Hedge: Secured Bank Product Obligations arising under a Hedging Agreement.

Obligations: all (a) principal of and premium, if any, on the Revolver Loans, (b) LC Obligations and other obligations of Obligors with respect to Letters of Credit, (c) interest, expenses, fees and other sums payable by Obligors under Loan Documents, (d) obligations of Obligors under any indemnity for Claims, (e) Extraordinary Expenses, (f) Secured Bank Product Obligations, and (g) other Debts, obligations and liabilities of any kind owing by Obligors pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

Obligor: each Borrower, Guarantor, or other Person that is liable for payment of any Obligations or that has granted a Lien in favor of Agent on its assets to secure any Obligations.

Ordinary Course of Business: the ordinary course of business of any Borrower or its Subsidiary, consistent with past practices and undertaken in good faith.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

Original Loan Agreement: as defined in the recitals hereto.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each Note; LC Document; Fee Letter; Lien Waiver; Borrowing Base Certificate, Compliance Certificate, Permitted ABS Intercreditor Agreement, financial statement or report delivered hereunder; or other document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto.

Other Taxes: all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

Overadvance: as defined in **Section 2.1.5**.

Overadvance Loan: a Base Rate Revolver Loan made when an Overadvance exists or is caused by the funding thereof.

Parent: as defined in the Preamble to this Agreement.

Participant: as defined in **Section 13.2**.

Past Due Percent: the percent, calculated as of the beginning of the first day of each month, equal to (a) the Gross Contract Payments owing under all Contracts (excluding Contracts charged-off), as to which any portion of an installment due thereunder is more than 30 days past due as determined on a contractual basis as of the last day of the month immediately preceding the date of calculation, divided by (b) the Gross Contract Payments owing under all Contracts (excluding Contracts charged-off) as of the last day of the month immediately preceding the date of calculation.

Patriot Act: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

Payment Item: each check, draft or other item of payment payable to a Borrower, including those constituting proceeds of any Collateral.

PBGC: the Pension Benefit Guaranty Corporation.

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

Permitted ABS Agent: the entity acting as trustee of the Permitted ABS Facility.

Permitted ABS Documents: the Permitted ABS Financing Agreement, the Permitted ABS Purchase Agreement and all documents, instruments and agreements executed in connection therewith, as the same may be amended, modified, restated or extended from time to time.

Permitted ABS Facility: means a securitization facility, pursuant to which any Borrower will, from time to time, sell and transfer certain Securitized Contracts and related security to a Securitization Subsidiary, pursuant to the Permitted ABS Purchase Agreement, which in turn such Securitization Subsidiary has granted a security interest on such Securitized Contracts and related security to Permitted ABS Agent, for the benefit of certain secured parties, pursuant to the Permitted ABS Financing Agreement.

Permitted ABS Financing Agreement: a Securitized Contracts financing agreement by and between a Securitization Subsidiary and the Permitted ABS Agent, as the same may be amended, modified or supplemented from time to time and which prior to its execution by such Securitization Subsidiary, shall be in form and substance approved by Agent and Required Lenders, which approval will not be unreasonably withheld, delayed or conditioned; provided, that the Securitized Contracts financed by such Permitted ABS Financing Agreement shall (A) include no lesser percentage of receivables, the original final maturity date of which has been extended in accordance with the policies of Parent and its Subsidiaries in existence on the Closing Date than in the absence of such Permitted ABS Facility, (B) include no lesser percentage of receivables as to which all or any part of a scheduled payment remains unpaid for 60 days or more from its due date than in the absence of such Permitted ABS Facility and (C) have a weighted average FICO score (based on the relevant obligors on such receivables) that is not greater than the weighted average FICO score of the portfolio in the absence of such Permitted ABS Facility.

Permitted ABS Intercreditor Agreement: an intercreditor agreement by and among Permitted ABS Agent and Agent, as may be amended, modified or otherwise restated from time to time and shall be in form and substance reasonably acceptable to Agent and Required Lenders.

Permitted ABS Originator Notes: the subordinated promissory notes, in form and substance reasonably acceptable to Agent, made by Securitization Subsidiary in favor of a Borrower evidencing that portion of the purchase price represented by Debt incurred by Securitization Subsidiary in connection with its purchase of Securitization Contracts and related assets from a Borrower pursuant to the Permitted ABS Purchase Agreement.

Permitted ABS Purchase Agreement: a purchase and sale agreement by and between a Borrower and a Securitization Subsidiary, which agreement shall be in form and substance reasonably acceptable to Agent and Required Lenders.

Permitted Asset Disposition: (i) as long as no Default or Event of Default exists and all Net Proceeds are remitted to the Dominion Account or to Term Agent to prepay the Term Loan if required pursuant to the terms of the Term Loan Agreement, an Asset Disposition that is (a) a sale of Inventory in the Ordinary Course of Business; (b) a disposition of Equipment (other than those set forth in subsection (e) below), that, in the aggregate during any 12-month period, has a fair market or book value (whichever is more) of \$5,000,000 or less; (c) a disposition of Inventory that is obsolete, unmerchantable or otherwise unsalable in the Ordinary Course of Business; (d) termination of a lease of real or personal Property that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default; (e) a disposition of any Borrower's Real Estate and related Equipment affixed thereto in connection with a sale or sale-leaseback transaction so long as (x) the Net Proceeds received from the sale of (A) any Real Estate listed on **Schedule 7.3** pursuant to such transaction are not less than the liquidation value of such Real Estate, as determined by the most recent appraisal of such Real Estate received by Agent using an appraiser and methodology reasonably acceptable to Agent and (B) any other Real Estate pursuant to such transaction are not less than the amount for which Borrowers purchased such Real Estate, (y) the Net Proceeds received from the sale of such Real Estate listed on **Schedule 7.3** (less any amount applied to repay any Debt secured by a Lien on such Real Estate incurred pursuant to a refinancing of such Real Estate listed on **Schedule 7.3** permitted pursuant to **Section 10.2.1(i)** hereof) shall be applied to prepay the Term Loan in accordance with Section 5.2.2 of the Term Loan Agreement (together with any prepayment fee then due, if any, under Section 5.2.3 of the Term Loan Agreement), and (z) the terms of such transaction are otherwise reasonably acceptable to Agent; (ii) a Permitted Contract Transfer, (iii) granting of Liens (subject to the Intercreditor Agreement) to secure the obligations under the Term Loan Documents, or (iv) approved in writing by Agent and Required Lenders, such approval not to be unreasonably withheld, delayed or conditioned; provided, that the limitations in subclauses (i)(x) and (i)(y) shall be applicable only so long as any obligations under the Term Loan Facility remain outstanding.

Permitted Contingent Obligations: Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favor of purchasers in connection with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) all other Contingent Obligations in an aggregate amount of \$10,000,000 or less at any time.

Permitted Contract Transfer: (i) a sale by a Borrower to a Securitization Subsidiary of Securitized Contracts pursuant to the Permitted ABS Purchase Agreement, so long as the net proceeds of each such sale of such Contracts exceed the Contract Advance Rate Amount with respect to such Contracts and, unless remitted to the Term Agent to repay the Term Loan as set forth in the Term Loan Agreement, if requested by Agent and the Lenders, remitted directly to Agent from such Securitization Subsidiary or Borrower to be applied to the outstanding Revolver Loans (subject to **Section 5.6.1**) as set forth hereunder (which application shall not result in a reduction of the Commitments except as permitted by **Section 2.1.4**), and (ii) the granting by a Securitization Subsidiary to Permitted ABS Agent of a security interest in such Securitized Contracts pursuant to the Permitted ABS Financing Agreement.

Permitted Distribution: so long as immediately before and after giving effect thereto, (i) no Default or Event of Default exists, (ii) Availability is not less than 20% of the amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit, (iii) projected Availability for the succeeding 6-month period is greater than 20% of the amount of aggregate outstanding Revolver Loans and stated amount of Letters of Credit, and (iv) Supermajority Lenders have provided written consent thereto, Parent or any Borrower may declare and make Distributions which are approved by Parent's board of directors so long as the aggregate amount of Distributions made shall at no time exceed \$50,000,000.

Permitted Lien: as defined in **Section 10.2.2**.

Permitted Purchase Money Debt: Purchase Money Debt of Borrowers and its Subsidiaries that is unsecured or secured only by a Purchase Money Lien, as long as the aggregate amount does not exceed \$15,000,000 at any time and its incurrence does not violate **Section 10.2.3**.

Person: any individual, corporation, limited liability company, partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

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

Prime Rate: the rate of interest announced by Bank of America from time to time as its prime rate. Such rate is set by Bank of America on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

Pro Rata: with respect to any Lender, a percentage (carried out to the ninth decimal place) determined (a) while Revolver Commitments are outstanding, by dividing the amount of such Lender's Revolver Commitment by the aggregate amount of all Revolver Commitments; and (b) at any other time, by dividing the amount of such Lender's Revolver Loans and LC Obligations by the aggregate amount of all outstanding Revolver Loans and LC Obligations.

Properly Contested: with respect to any obligation of an Obligor, (a) the obligation is subject to a bona fide dispute regarding amount or the Obligor's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment could not have a Material Adverse Effect, nor result in forfeiture or sale of any material portion of the assets of the Obligor valued greater than \$5,000,000 in the aggregate; (e) no Lien is imposed on assets of the Obligor, unless bonded and stayed to the satisfaction of Agent; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Protective Advances: as defined in **Section 2.1.6**.

Purchase Money Debt: (a) Debt (other than the Obligations) for payment of any of the purchase price of fixed assets; (b) Debt (other than the Obligations) incurred within 10 days before or after acquisition of any fixed assets, for the purpose of financing any of the purchase price thereof; and (c) any renewals, extensions or refinancings (but not increases) thereof.

Purchase Money Lien: a Lien that secures Purchase Money Debt, encumbering only the fixed assets acquired with such Debt and constituting a Capital Lease or a purchase money security interest under the UCC.

RCRA: the Resource Conservation and Recovery Act (42 U.S.C. §§ 6991-6991i).

Real Estate: all right, title and interest (whether as owner, lessor or lessee) in any real Property and any buildings, structures, parking areas or other improvements thereon.

Related Real Estate Documents: with respect to any Real Estate subject to a Mortgage, the following, in form and substance satisfactory to Agent and received by Agent for review at least 15 days prior to the effective date of the Mortgage: (a) a mortgagee title policy (or binder therefor) covering Agent's interest under the Mortgage, in a form and amount and by an insurer acceptable to Agent, which must be fully paid on such effective date; (b) such assignments of leases, estoppel letters, attornment agreements, consents, waivers and releases as Agent may require with respect to other Persons having an interest in the Real Estate; (c) a current, as-built survey of the Real Estate, containing a metes-and-bounds property description and flood plain certification, and certified by a licensed surveyor acceptable to Agent; (d) flood insurance in an amount, with endorsements and by an insurer acceptable to Agent, if the Real Estate is within a flood plain; (e) a current appraisal of the Real Estate, prepared by an appraiser acceptable to Agent, and in form and substance satisfactory to Required Lenders; (f) an environmental assessment, prepared by environmental engineers acceptable to Agent, and accompanied by such reports, certificates, studies or data as Agent may reasonably require, which shall all be in form and substance satisfactory to Required Lenders; and (g) an Environmental Agreement and such other documents, instruments or agreements as Agent may reasonably require with respect to any environmental risks regarding the Real Estate.

Refinancing Conditions: the following conditions for Refinancing Debt: (a) it is in an aggregate principal amount that does not exceed the principal amount of the Debt being extended, renewed or refinanced unless the excess is used to repay the outstanding Revolver Loans and at the election of Agent or Required Lenders the Revolver Commitments are reduced by the amount of the repayment (and if no Revolver Loans are outstanding, at the election of Agent or Required Lenders, the Revolver Commitments are reduced by the excess); (b) it has a final maturity no sooner than, a weighted average life no less than, and an interest rate no greater than, the Debt being extended, renewed or refinanced; (c) it is subordinated to the Obligations at least to the same extent as the Debt being extended, renewed or refinanced; (d) the representations, covenants and defaults applicable to it are no less favorable to Borrowers than those applicable to the Debt being extended, renewed or refinanced; (e) no additional Lien is granted to secure it; (f) no additional Person is obligated on such Debt; (g) with respect to Refinancing Debt related to the Term Loan, it is subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent and Required Lenders; and (h) upon giving effect to it, no Default or Event of Default exists.

(j). Refinancing Debt: Borrowed Money that is the result of an extension, renewal or refinancing of Debt permitted under **Section 10.2.1(b), (d), (f) or (j)**.

Reimbursement Date: as defined in **Section 2.3.2**.

Rent and Charges Reserve: the aggregate of (a) all past due rent and other amounts owing by an Obligor to any landlord, warehouseman, processor, repairman, mechanic, shipper, freight forwarder, broker or other Person who possesses any Collateral or could assert a Lien on any Collateral; and (b) a reserve at least equal to three months rent and other charges that could be payable to any such Person (if any), unless it has executed a Lien Waiver.

Report: as defined in **Section 12.2.3**.

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

Required Lenders: Lenders (subject to **Section 4.2**) having (a) Revolver Commitments in excess of 66⅔% of the aggregate Revolver Commitments; and (b) if the Revolver Commitments have terminated, Revolver Loans in excess of 66⅔% of all outstanding Revolver Loans.

Requirement of Law: as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

Reserve Percentage: the reserve percentage (expressed as a decimal, rounded up to the nearest 1/100th of 1%) applicable to member banks under regulations issued from time to time by the Board of Governors for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities").

Restricted Investment: any Investment by a Borrower or any of its Subsidiaries, other than (a) Investments in its Subsidiaries to the extent existing on the Closing Date; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance satisfactory to Agent; (c) loans and advances permitted under **Section 10.2.7**; (d) CCI Originator Notes and CCI Originator Notes; (e) Permitted ABS Originator Notes; (f) Investments by CAI which are consistent with the corporate investment policy of CAI from time to time in effect, as approved by Agent (such approval not to be unreasonably withheld); (g) Investments in and by a Securitization Subsidiary permitted under the Permitted ABS Facility; and (h) assignment of assets under the Intercompany Assignment Agreement.

Restrictive Agreement: an agreement (other than a Loan Document or a Term Loan Document) that conditions or restricts the right of any Borrower, its Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any intercompany Debt.

Revolver Commitment: for any Lender, its obligation to make Revolver Loans and to participate in LC Obligations up to the maximum principal amount shown on **Schedule 1.1**, or as hereafter determined pursuant to each Assignment and Acceptance to which it is a party. "**Revolver Commitments**" means the aggregate amount of such commitments of all Lenders.

Revolver Commitment Termination Date: the earliest to occur of (a) the Revolver Termination Date; (b) the date on which Borrowers terminate the Revolver Commitments pursuant to **Section 2.1.4**; or (c) the date on which the Revolver Commitments are terminated pursuant to **Section 11.2**.

Revolver Loan: a loan made pursuant to **Section 2.1**, and any Swingline Loan, Overadvance Loan or Protective Advance.

Revolver Note: a promissory note to be executed by Borrowers in favor of a Lender in the form of **Exhibit A**, which shall be in the amount of such Lender's Revolver Commitment and shall evidence the Revolver Loans made by such Lender.

Revolver Termination Date: November 30, 2013.

Royalties: all royalties, fees, expense reimbursement and other amounts payable by a Borrower under a License.

S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Sales Tax Reserve: a reserve equal to 100% of the aggregate sales tax obligations of Borrowers as set forth in Borrowers' books and records as of any measurement date which have not been prepaid by Borrowers.

Secured Bank Product Obligations: Bank Product Debt owing to a Secured Bank Product Provider, up to the maximum amount (in the case of any Secured Bank Product Provider other than Bank of America and its Affiliates) specified by such provider in writing to Agent, which amount may be established or increased (by further written notice to Agent from time to time) as long as no Default or Event of Default exists and establishment of a Bank Product Reserve for such amount and all other Secured Bank Product Obligations would not result in an Overadvance.

Secured Bank Product Provider: (a) Bank of America or any of its Affiliates; and (b) any Lender or Affiliate of a Lender that is providing a Bank Product, provided the provider delivers written notice to Agent, in form and substance satisfactory to Agent, by the later of the Closing Date or 10 Business Days following creation of the Bank Product, (i) describing the Bank Product and setting forth the maximum amount to be secured by the Collateral and the methodology to be used in calculating such amount, and (ii) agreeing to be bound by **Section 12.14**.

Secured Parties: Agent, Issuing Bank, Lenders and Secured Bank Product Providers.

Security Agreement: a security agreement, in form and substance satisfactory to Agent, executed by each Guarantor pursuant to which Guarantor shall grant to Agent a Lien (for the benefit of the Lenders) in all of such Guarantor's assets.

Security Documents: the Guaranties, each Security Agreement, each Leasehold Mortgage, each Leasehold Mortgage Consent, each Mortgage, Deposit Account Control Agreements, Credit Card Processor Notification, Equity Interest Pledge Agreement, and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Obligations.

Securitized Contracts: the Contracts and related security which have been allocated to the Securitization Subsidiary under the Contract Allocation Agreement and sold by a Borrower to a Securitization Subsidiary pursuant to the Permitted ABS Purchase Agreement.

Securitization Subsidiary: one or more direct or indirect Subsidiaries of Parent formed for the purposes of entering into a Permitted ABS Facility.

Senior Officer: the chairman of the board, president, chief executive officer or chief financial officer of a Borrower or, if the context requires, an Obligor.

Service Maintenance Program Reserve: as of any measurement date, a reserve equal to the aggregate in-house service maintenance costs incurred by Borrowers for the previous 12-month period.

Settlement Report: a report delivered by Agent to Lenders summarizing the Revolver Loans and participations in LC Obligations outstanding as of a given settlement date, allocated to Lenders on a Pro Rata basis in accordance with their Revolver Commitments.

Solvent: as to any Person, such Person (a) owns Property whose fair salable value is greater than the amount required to pay all of its debts (including contingent, subordinated, unmatured and unliquidated liabilities); (b) owns Property whose present fair salable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (c) is able to pay all of its debts as they mature; (d) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (e) is not “insolvent” within the meaning of Section 101(32) of the Bankruptcy Code; and (f) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates. “Fair salable value” means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase.

Subordinated Debt: Debt incurred by a Borrower that is expressly subordinate and junior in right of payment to Full Payment of all Obligations, and is on terms (including maturity, interest, fees, repayment, covenants and subordination) reasonably satisfactory to Agent.

Subsidiary: any entity at least 50% of whose voting securities or Equity Interests is owned by a Person (including indirect ownership by such Person through other entities in which the Person directly or indirectly owns 50% of the voting securities or Equity Interests).

Substitute Lender: as defined in **Section 3.8.2(a)**.

Supermajority Lenders: Lenders (subject to **Section 4.2**) having (a) Revolver Commitments in excess of 90% of the aggregate Revolver Commitments; and (b) if the Revolver Commitments have been terminated, Revolver Loans in excess of 90% of all outstanding Revolver Loans.

Swingline Loan: any Borrowing of Base Rate Revolver Loans funded with Agent's funds, until such Borrowing is settled among Lenders or repaid by Borrowers.

Tangible Net Worth: at any date means an amount equal to: (i) the net book value (after deducting related depreciation, obsolescence, amortization, valuation and other proper reserves) at which the Adjusted Tangible Assets of a Person would be shown on a balance sheet at such date in accordance with GAAP, less (ii) the amount at which such Person's liabilities would be shown on such balance sheet in accordance with GAAP, and including as liabilities all reserves for contingencies and other potential liabilities.

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

Term Agent: GA Capital, LLC.

Term Loan: as defined in the Term Loan Agreement.

Term Loan Agreement: the Term Loan and Security Agreement dated as of November 30, 2010 between Parent and Borrowers, on the one hand, and Term Agent and the Term Lenders party thereto, on the other hand.

Term Loan Borrowing Base: has the meaning given in the Term Loan Agreement.

Term Loan Borrowing Base Reserve: an amount equal to the result, if a positive number, of (x) the outstanding amount of the Term Loan, minus (y) the amount by which the Term Loan Borrowing Base exceeds the Borrowing Base (without giving effect to the Term Loan Borrowing Base Reserve).

Term Loan Documents: the Term Loan Agreement and each other document related to or evidencing the Term Loan Facility including the Loan Documents, as defined in the Term Loan Agreement.

Term Loan Facility: the senior secured term loan facility pursuant to the Term Loan Agreement and other Term Loan Documents.

Transferee: any actual or potential Eligible Assignee, Participant or other Person acquiring an interest in any Obligations.

Type: any type of a Revolver Loan (i.e., Base Rate Revolver Loan or LIBOR Revolver Loan) that has the same interest option and, in the case of LIBOR Revolver Loans, the same Interest Period.

UCC: the Uniform Commercial Code as in effect in the State of California or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

Unfunded Pension Liability: the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

Unused Line Fee Percentage: a percentage equal to (i) 0.75% per annum if the average daily balance of Revolver Loans and stated amount of Letters of Credit during the immediately preceding quarter is less than 50% of the Revolver Commitments, and (b) 0.50% per annum if the average daily balance of Revolver Loans and stated amount of Letters of Credit during the immediately preceding quarter is equal to or greater than 50% of the Revolver Commitments.

Upstream Payment: a Distribution by a Subsidiary of a Borrower to such Borrower.

Value: (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a moving weighted average cost basis, and excluding any portion of cost attributable to intercompany profit among Borrowers and their Affiliates; and (b) for a Credit Card Account, its face amount, reduced by, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Borrower may be obligated to rebate to a customer, a Credit Card Processor, or Credit Card Issuer pursuant to the terms of any Credit Card Agreement or understanding (written or oral)), (ii) the aggregate amount of all cash received in respect of such Credit Card Account but not yet applied by a Borrower to reduce the amount of such Credit Card Account, and (iii) the amount of all accrued and unpaid fees owed to Credit Card Processors or Credit Card Issuers.

1.2 Accounting Terms. Under the Loan Documents (except as otherwise specified herein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Borrowers delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP if Borrowers' certified public accountants concur in such change, the change is disclosed to Agent, and **Section 10.3 is amended in a manner satisfactory to Required Lenders to take into account the effects of the change.**

1.3 Uniform Commercial Code. As used herein, the following terms are defined in accordance with the UCC in effect in the State of California from time to time: "**Chattel Paper**", "**Commercial Tort Claim**", "**Deposit Account**", "**Document**", "**Equipment**", "**General Intangibles**", "**Goods**", "**Instrument**", "**Investment Property**", "**Letter-of-Credit Right**" and "**Supporting Obligation**".

1.4 Certain Matters of Construction. The terms "**herein**", "**hereof**", "**hereunder**" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, "**from**" means "**from and including**", and "**to**" and "**until**" each mean "**to but excluding**". The terms "**including**" and "**include**" shall mean "**including, without limitation**" and, for purposes of each Loan Document, the parties agree that the rule of ejusdem generis shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws or statutes include all related rules, regulations, interpretations, amendments and successor provisions;

(b) any document, instrument or agreement includes any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section means, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules mean, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person includes successors and assigns; (f) time of day means time of day in the Pacific Time Zone; or (g) except as otherwise set forth herein, discretion of Agent, Issuing Bank or any Lender means the reasonable discretion of such Person. All calculations of Value, fundings of Revolver Loans, issuances of Letters of Credit and payments of Obligations shall be in Dollars and, unless the context otherwise requires, all determinations (including calculations of Borrowing Base and financial covenants) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Borrowing Base calculations shall be consistent with historical methods of valuation and calculation, and otherwise satisfactory to Agent (and not necessarily calculated in accordance with GAAP). Borrowers shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent, Issuing Bank or any Lender under any Loan Documents. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. Whenever the phrase “to the best of Borrowers’ knowledge” or words of similar import are used in any Loan Documents, it means actual knowledge of a Senior Officer, or knowledge that a Senior Officer would have obtained if he or she had engaged in good faith and diligent performance of his or her duties, including reasonably specific inquiries of employees or agents and a good faith attempt to ascertain the matter to which such phrase relates.

SECTION 2. CREDIT FACILITIES

2.1 Revolver Commitment.

2.1.1 Revolver Loans. Each Lender agrees, severally on a Pro Rata basis up to its Revolver Commitment, on the terms set forth herein, to make Revolver Loans to Borrowers from time to time through the Revolver Commitment Termination Date. The Revolver Loans may be repaid and reborrowed as provided herein. In no event shall Lenders have any obligation to honor a request for a Revolver Loan (x) by CAI if the unpaid balance of Revolver Loans made to CAI outstanding at such time (including the requested Revolver Loan) would exceed the CAI Borrowing Base, (y) by CCI or CCCI if the unpaid balance of Revolver Loans made to CCI and CCCI outstanding at such time (including the requested Revolver Loan) would exceed the CCI Borrowing Base, or (z) by any Borrower if the unpaid balance of Revolver Loans outstanding at such time (including the requested Revolver Loan) would exceed the Adjusted Borrowing Base.

2.1.2 Revolver Notes. The Revolver Loans made by each Lender and interest accruing thereon shall be evidenced by the records of Agent and such Lender. At the request of any Lender, Borrowers shall deliver a Revolver Note to such Lender.

2.1.3 Use of Proceeds. The proceeds of Revolver Loans shall be used by Borrowers solely (a) to satisfy all obligations under the Existing Securitization Facility; (b) to pay fees and transaction expenses associated with the closing of this credit facility; (c) to pay Obligations in accordance with this Agreement; and (d) for working capital and other lawful corporate purposes of Borrowers.

2.1.4 Voluntary Reduction or Termination of Revolver Commitments.

(a) The Revolver Commitments shall terminate on the Revolver Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least 30 days prior written notice to Agent, Borrowers may, at their option, terminate the Revolver Commitments and this Agreement. Any notice of termination given by Borrowers shall be irrevocable. On the termination date, Borrowers shall make Full Payment of all Obligations.

(b) Borrowers may permanently reduce the Revolver Commitments, on a Pro Rata basis for each Lender, upon at least 30 days prior written notice to Agent, which notice shall specify the amount of the reduction and shall be irrevocable once given; provided, that Borrowers may not permanently reduce the Revolver Commitments to an amount less than \$125,000,000. Each reduction shall be in a minimum amount of \$10,000,000, or an increment of \$1,000,000 in excess thereof.

(c) Concurrently with any reduction in or termination of the Revolver Commitments, for whatever reason (including an Event of Default), Borrowers shall pay to Agent, for the Pro Rata benefit of Lenders and as liquidated damages for loss of bargain (and not as a penalty), an amount equal to (i) if the reduction or termination occurs during the first Loan Year, 0.50% of the Revolver Commitments being reduced or terminated; and (ii) if it occurs thereafter, 0.25% of the Revolver Commitments being reduced or terminated. No termination charge shall be payable if termination occurs on the Revolver Termination Date or in connection with a refinancing of this credit facility by Bank of America or any of its Affiliates.

2.1.5 Overadvances. If the aggregate Revolver Loans made to CAI exceed the CAI Borrowing Base or the aggregate Revolver Loans made to CCI and CCCI exceed the CCI Borrowing Base, (in each case, an “Overadvance”) or the aggregate Revolver Loans made to all Borrowers exceed the lesser of the aggregate Revolver Commitments and the Adjusted Borrowing Base at any time, the excess amount shall be payable by Borrowers immediately, but all such Revolver Loans shall nevertheless constitute Obligations secured by the Collateral and entitled to all benefits of the Loan Documents. Unless its authority has been revoked in writing by Required Lenders, Agent may require Lenders to honor requests for Overadvance Loans and to forbear from requiring Borrowers to cure an Overadvance, (a) when no other Event of Default is known to Agent, as long as (i) the Overadvance does not continue for more than 30 consecutive days (and no Overadvance may exist for at least five consecutive days thereafter before further Overadvance Loans are required), and (ii) the Overadvance is not known by Agent to exceed \$10,000,000 in the aggregate; and (b) regardless of whether an Event of Default exists, if Agent discovers an Overadvance not previously known by it to exist, as long as from the date of such discovery the Overadvance (i) is not increased by more than \$500,000, and (ii) does not continue for more than 30 consecutive days. In no event shall Overadvance Loans be made that would cause the outstanding Revolver Loans and LC Obligations to exceed the aggregate Revolver Commitments. Any funding of an Overadvance Loan or suffering of an Overadvance shall not constitute a waiver by Agent or Lenders of the Event of Default caused thereby. In no event shall any Borrower or other Obligor be deemed a beneficiary of this Section nor authorized to enforce any of its terms.

2.1.6 Protective Advances. Agent shall be authorized, in its sole discretion, at any time that any conditions in **Section 6** are not satisfied, to make Base Rate Revolver Loans (a) up to an aggregate amount not to exceed at any time the lesser of (i) the aggregate Revolver Commitments, and (ii) the outstanding amount of \$5,000,000, if Agent deems such Revolver Loans necessary or desirable to preserve or protect Collateral, or to enhance the

collectability or repayment of Obligations; or (b) to pay any other amounts chargeable to Obligors under any Loan Documents, including costs, fees and expenses (such Revolver Loans are referred to herein as “Protective Advances”). Each Lender shall participate in each Protective Advance on a Pro Rata basis. Required Lenders may at any time revoke Agent’s authority to make further Protective Advances by written notice to Agent. Absent such revocation, Agent’s determination that funding of a Protective Advance is appropriate shall be conclusive.

2.2 Increase in Revolver Commitments.

(a) Subject to the terms and conditions hereof, at any time after the Closing Date and up to the Revolver Commitment Termination Date, provided that no Default or Event of Default has occurred and is continuing, Borrowers may request that the Lenders increase the Revolver Commitments up to an aggregate amount of \$500,000,000 (each such commitment increase, a “Revolver Commitment Increase”) by notifying Agent and each Lender of the amount of the proposed Revolver Commitment Increase. Notwithstanding anything in this Agreement to the contrary, no Revolver Commitment Increase shall require the approval of any Lender other than any Lender (if any) providing all or part of the Revolver Commitment Increase, no Lender shall be required to provide all or part of any Revolver Commitment Increase unless it agrees to do so in its sole discretion, and no Revolver Commitment Increase shall be in an amount less than \$10,000,000.

(b) Any Revolver Commitment Increase shall be offered by Borrowers to the Lenders on a Pro Rata basis on the date that the Revolver Commitment Increase is requested. The Lenders shall have 15 Business Days to respond to any request for a Revolver Commitment Increase (by notice to Borrowers and Agent) and may elect to accept all, a portion or none of their respective Pro Rata shares of the proposed Revolver Commitment Increase. Any Lender which fails to respond to a request for a Revolver Commitment Increase by the end of such 15 Business Day period will be deemed to have declined the request for its Pro Rata share of the requested Revolver Commitment Increase. If any portion of a requested Revolver Commitment Increase is not provided by the Lenders, then Borrowers may request that the other Lenders (without regard to their Pro Rata percentage) or one or more Eligible Assignees provide such Revolver Commitment Increase. In any such case, each Person providing a portion of the requested Revolver Commitment Increase shall execute and deliver to Agent and Borrowers all such documentation as may be reasonably required by Agent to evidence such Revolver Commitment Increase.

(c) If any requested Revolver Commitment Increase is agreed to in accordance with this **Section 2.2**, Agent and Borrowers shall determine the effective date of such Revolver Commitment Increase (the “Commitment Increase Effective Date”). Agent, with the consent and approval of Borrowers, shall promptly confirm in writing to the Lenders the final allocation of such Revolver Commitment Increase and the Commitment Increase Effective Date. On the Commitment Increase Effective Date: (i) the Pro Rata shares of the Lenders shall be amended to reflect the reallocated Revolver Commitments; (ii) each Person added as a new Lender pursuant to a Revolver Commitment Increase (a “New Lender”) shall become a Lender hereunder and under the other Loan Documents with a Revolver Commitment as set forth on the Assignment and Acceptance executed by such Lender; (iii) the Revolver Commitment of each existing Lender that increases its Revolver Commitment pursuant to a Revolver Commitment Increase (an “Increasing Lender”) shall be increased as reflected on such Assignment and Acceptance; (iv) Borrowers shall pay (which may be funded with Revolver Loans made under the Revolver Commitment Increase) the principal amount of, and accrued and unpaid interest on, Revolver Loans of the Lenders other than the New Lenders in an

amount sufficient (as determined by Agent) to permit the New Lenders and the Increasing Lenders to fund Revolver Loans in an amount equal to the New Lenders' and the Increasing Lenders' respective Pro Rata shares of the then outstanding Revolver Loans, and in connection with such payment shall also pay funding losses, if any, on such repayment in accordance with **Section 3.9**; (v) each New Lender shall fund Revolver Loans in an amount equal to its Pro Rata share of the then outstanding Revolver Loans; and (vi) each Increasing Lender shall fund Revolver Loans in an amount necessary such that, after giving effect to such funding, it shall have funded its Pro Rata share of the entire amount of the then outstanding Revolver Loans. Any New Lender shall be required to have a Revolver Commitment of not less than \$10,000,000.

(d) As a condition precedent to the effectiveness of any such Revolver Commitment Increase, Borrowers shall deliver to Agent a certificate signed by a Senior Officer, dated as of the Commitment Increase Effective Date, that as of the Commitment Increase Effective Date no Default or Event of Default has occurred and is continuing.

(e) In no event shall the Revolver Commitments exceed \$500,000,000 without the consent of each Lender.

2.3 Letter of Credit Facility.

2.3.1 Issuance of Letters of Credit. Issuing Bank agrees to issue Letters of Credit from time to time until 30 days prior to the Revolver Termination Date (or until the Revolver Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

(a) Each Borrower acknowledges that Issuing Bank's willingness to issue any Letter of Credit is conditioned upon Issuing Bank's receipt of a LC Application with respect to the requested Letter of Credit, as well as such other instruments and agreements as Issuing Bank may customarily require for issuance of a letter of credit of similar type and amount. Issuing Bank shall have no obligation to issue any Letter of Credit unless (i) Issuing Bank receives a LC Request and LC Application at least three Business Days prior to the requested date of issuance; (ii) each LC Condition is satisfied; and (iii) if a Defaulting Lender exists, such Lender or Borrowers have entered into arrangements satisfactory to Agent and Issuing Bank to eliminate any funding risk associated with the Defaulting Lender. If, in sufficient time to act, Issuing Bank receives written notice from a Lender that any LC Condition has not been satisfied, Issuing Bank shall have no obligation to issue the requested Letter of Credit (or any other) until such notice is withdrawn in writing by the Required Lenders or until Required Lenders have waived such condition in accordance with this Agreement. Prior to receipt of any such notice, Issuing Bank shall not be deemed to have knowledge of any failure of LC Conditions.

(b) Letters of Credit may be requested by a Borrower only (i) to support obligations of such Borrower incurred in the Ordinary Course of Business; or (ii) for other purposes as Agent and Lenders may approve from time to time in writing. The renewal or extension of any Letter of Credit shall be treated as the issuance of a new Letter of Credit, except that delivery of a new LC Application shall be required at the discretion of Issuing Bank.

(c) Borrowers assume all risks of the acts, omissions or misuses of any Letter of Credit by the beneficiary. In connection with issuance of any Letter of Credit, none of Agent, Issuing Bank or any Lender shall be responsible for the existence, character, quality, quantity, condition, packing, value or delivery of any goods purported to be represented by any Documents; any differences or variation in the character, quality, quantity, condition, packing, value or delivery of any goods from that expressed in any Documents; the form, validity, sufficiency, accuracy, genuineness or legal effect of any Documents or of any endorsements thereon; the time, place, manner or order in which shipment of goods is made; partial or incomplete shipment of, or failure to ship, any goods referred to in a Letter of Credit or Documents; any deviation from instructions, delay, default or fraud by any shipper or other Person in connection with any goods, shipment or delivery; any breach of contract between a shipper or vendor and a Borrower; errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopy, e-mail, telephone or otherwise; errors in interpretation of technical terms; the misapplication by a beneficiary of any Letter of Credit or the proceeds thereof; or any consequences arising from causes beyond the control of Issuing Bank, Agent or any Lender, including any act or omission of a Governmental Authority. The rights and remedies of Issuing Bank under the Loan Documents shall be cumulative. Issuing Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrowers are discharged with proceeds of any Letter of Credit.

(d) In connection with its administration of and enforcement of rights or remedies under any Letters of Credit or LC Documents, Issuing Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, documentation or communication in whatever form believed by Issuing Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person. Issuing Bank may consult with and employ legal counsel, accountants and other experts to advise it concerning its obligations, rights and remedies, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by such experts. Issuing Bank may employ agents and attorneys-in-fact in connection with any matter relating to Letters of Credit or LC Documents, and shall not be liable for the negligence or misconduct of agents and attorneys-in-fact selected with reasonable care.

(e) All Existing Letters of Credit shall be deemed to have been issued pursuant to this Agreement, and from and after the Closing Date shall be subject to and governed by the terms and conditions set forth herein.

2.3.2 Reimbursement; Participations.

(a) If Issuing Bank honors any request for payment under a Letter of Credit, Borrowers shall pay to Issuing Bank, on the same day ("Reimbursement Date"), the amount paid by Issuing Bank under such Letter of Credit, together with interest at the interest rate for Base Rate Revolver Loans from the Reimbursement Date until payment by Borrowers. The obligation of Borrowers to reimburse Issuing Bank for any payment made under a Letter of Credit shall be absolute, unconditional, irrevocable, and joint and several, and shall be paid without regard to any lack of validity or enforceability of any Letter of Credit or the existence of any claim, setoff, defense or other right that Borrowers may have at any time against the beneficiary. Whether or not Borrower Agent submits a Notice of Borrowing, Borrowers shall be deemed to have requested a Borrowing of Base Rate Revolver Loans in an amount necessary to pay all amounts due Issuing Bank on any Reimbursement Date and each Lender agrees to fund its Pro Rata share of such Borrowing whether or not the Revolver Commitments have terminated, an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied.

(b) Upon issuance of a Letter of Credit, each Lender shall be deemed to have irrevocably and unconditionally purchased from Issuing Bank, without recourse or warranty, an undivided Pro Rata interest and participation in all LC Obligations relating to the Letter of Credit. If Issuing Bank makes any payment under a Letter of Credit and Borrowers do not reimburse such payment on the Reimbursement Date, Agent shall promptly notify Lenders and each Lender shall promptly (within one Business Day) and unconditionally pay to Agent, for the benefit of Issuing Bank, the Lender's Pro Rata share of such payment. Upon request by a Lender, Issuing Bank shall furnish copies of any Letters of Credit and LC Documents in its possession at such time.

(c) The obligation of each Lender to make payments to Agent for the account of Issuing Bank in connection with Issuing Bank's payment under a Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, qualification or exception whatsoever, and shall be made in accordance with this Agreement under all circumstances, irrespective of any lack of validity or unenforceability of any Loan Documents; any draft, certificate or other document presented under a Letter of Credit having been determined to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or the existence of any setoff or defense that any Obligor may have with respect to any Obligations. Issuing Bank does not assume any responsibility for any failure or delay in performance or any breach by any Borrower or other Person of any obligations under any LC Documents. Issuing Bank does not make to Lenders any express or implied warranty, representation or guaranty with respect to the Collateral, LC Documents or any Obligor. Issuing Bank shall not be responsible to any Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any LC Documents; the validity, genuineness, enforceability, collectability, value or sufficiency of any Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor.

(d) No Issuing Bank Indemnitee shall be liable to any Lender or other Person for any action taken or omitted to be taken in connection with any LC Documents except as a result of its actual gross negligence or willful misconduct. Issuing Bank shall not have any liability to any Lender if Issuing Bank refrains from any action under any Letter of Credit or LC Documents until it receives written instructions from Required Lenders.

2.3.3 Cash Collateral. If any LC Obligations, whether or not then due or payable, shall for any reason be outstanding at any time (a) that an Event of Default exists, (b) that Borrowing Availability is less than zero, (c) after the Revolver Commitment Termination Date, or (d) within 20 Business Days prior to the Revolver Termination Date, then Borrowers shall, at Issuing Bank's or Agent's request, Cash Collateralize the stated amount of all outstanding Letters of Credit and pay to Issuing Bank the amount of all other LC Obligations. Borrowers shall, **on demand** by Issuing Bank or Agent from time to time, Cash Collateralize the LC Obligations of any Defaulting Lender. If Borrowers fail to provide any Cash Collateral as required hereunder, Lenders may (and shall upon direction of Agent) advance, as Revolver Loans, the amount of the Cash Collateral required (whether or not the Revolver Commitments have terminated, an Overadvance exists or the conditions in **Section 6** are satisfied).

2.3.4 Resignation of Issuing Bank. Issuing Bank may resign at any time upon notice to Agent and Borrowers. On the effective date of such resignation, Issuing Bank shall have no further obligation to issue, amend, renew, extend or otherwise modify any Letter of Credit, but shall continue to have the benefits of **Sections 2.3, 12.6 and 14.2** with respect to any Letters of Credit issued or other actions taken while Issuing Bank. Agent shall promptly appoint a replacement Issuing Bank and, as long as no Default or Event of Default exists, such replacement shall be reasonably acceptable to Borrowers.

SECTION 3. INTEREST, FEES AND CHARGES

3.1 Interest.

3.1.1 Rates and Payment of Interest.

(a) The Obligations shall bear interest (i) if a Base Rate Revolver Loan, at the Base Rate in effect from time to time, plus the Applicable Margin; (ii) if a LIBOR Revolver Loan, at LIBOR for the applicable Interest Period, plus the Applicable Margin; and (iii) if any other Obligation (including, to the extent permitted by law, interest not paid when due), at the Base Rate in effect from time to time, plus the Applicable Margin for Base Rate Revolver Loans. Interest shall accrue from the date the Revolver Loan is advanced or the Obligation is incurred or payable, until paid by Borrowers. If a Revolver Loan is repaid on the same day made, one day's interest shall accrue.

(b) During an Insolvency Proceeding with respect to any Borrower, or during any other Event of Default if Agent or Required Lenders in their discretion so elect, Obligations shall bear interest at the Default Rate (whether before or after any judgment). Each Borrower acknowledges that the cost and expense to Agent and Lenders due to an Event of Default are difficult to ascertain and that the Default Rate is a fair and reasonable estimate to compensate Agent and Lenders for this.

(c) Interest accrued on the Revolver Loans shall be due and payable in arrears, (i) on the first day of each month; (ii) on any date of prepayment, with respect to the principal amount of Revolver Loans being prepaid; and (iii) on the Revolver Commitment Termination Date. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable on demand. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable on demand.

3.1.2 Application of LIBOR to Outstanding Revolver Loans.

(a) Borrowers may on any Business Day, subject to delivery of a Notice of Conversion/Continuation, elect to convert any portion of the Base Rate Revolver Loans to, or to continue any LIBOR Revolver Loan at the end of its Interest Period as, a LIBOR Revolver Loan. During any Default or Event of Default, Agent may (and shall at the direction of Required Lenders) declare that no Revolver Loan may be made, converted or continued as a LIBOR Revolver Loan.

(b) Whenever Borrowers desire to convert or continue Revolver Loans as LIBOR Revolver Loans, Borrower Agent shall give Agent a Notice of Conversion/Continuation, no later than 11:00 a.m. at least three Business Days before the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall notify each Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the amount of Revolver Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be 30 days if not specified). If, upon

the expiration of any Interest Period in respect of any LIBOR Revolver Loans, Borrowers shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such Revolver Loans into Base Rate Revolver Loans.

3.1.3 Interest Periods. In connection with the making, conversion or continuation of any LIBOR Revolver Loans, Borrowers shall select an interest period ("Interest Period") to apply, which interest period shall be one, two or three months; provided, however, that:

(a) the Interest Period shall commence on the date the Revolver Loan is made or continued as, or converted into, a LIBOR Revolver Loan, and shall expire on the numerically corresponding day in the calendar month at its end;

(b) if any Interest Period commences on a day for which there is no corresponding day in the calendar month at its end or if such corresponding day falls after the last Business Day of such month, then the Interest Period shall expire on the last Business Day of such month; and if any Interest Period would expire on a day that is not a Business Day, the period shall expire on the next Business Day; and

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

3.1.4 Interest Rate Not Ascertainable. If Agent shall determine that on any date for determining LIBOR, due to any circumstance affecting the London interbank market, adequate and fair means do not exist for ascertaining such rate on the basis provided herein, then Agent shall immediately notify Borrowers of such determination. Until Agent notifies Borrowers that such circumstance no longer exists, the obligation of Lenders to make LIBOR Revolver Loans shall be suspended, and no further Revolver Loans may be converted into or continued as LIBOR Revolver Loans.

3.2 Fees.

3.2.1 Unused Line Fee. Borrowers shall pay to Agent, for the Pro Rata benefit of Lenders, a fee equal to the Unused Line Fee Percentage times the amount by which the Revolver Commitments exceed the average daily balance of Revolver Loans and stated amount of Letters of Credit during the immediately preceding month. Such fee shall be payable in arrears, on the first day of each month and on the Revolver Commitment Termination Date.

3.2.2 LC Facility Fees. Borrowers shall pay (a) to Agent, for the Pro Rata benefit of Lenders, a fee equal to the Applicable Margin in effect for LIBOR Revolver Loans times the average daily stated amount of Letters of Credit, which fee shall be payable monthly in arrears, on the first day of each month; (b) to Agent, for its own account, a fronting fee equal to 0.125% per annum on the stated amount of each Letter of Credit, which fee shall be payable monthly in arrears, on the first day of each month; and (c) to Issuing Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Letters of Credit, which charges shall be paid as and when incurred. During an Event of Default, the fee payable under clause (a) shall be increased by 2% per annum.

3.2.3 Agent Fees. In consideration of arrangement and syndication of the Revolver Commitments and other services provided hereunder, Borrowers shall pay to Agent the fees described in the Fee Letter.

3.3 Computation of Interest, Fees, Yield Protection. All interest, as well as fees and other charges calculated on a per annum basis, shall be computed for the actual days elapsed, based on a year of 360 days. Each determination by Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate, refund or proration. All fees payable under **Section 3.2** are compensation for services and are not, and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate as to amounts payable by Borrowers under **Section 3.4, 3.6, 3.7, 3.9** or **5.9**, submitted to Borrower Agent by Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within 10 days following receipt of the certificate.

3.4 Reimbursement Obligations. Borrowers shall reimburse Agent and Lenders for all Extraordinary Expenses. Borrowers shall also reimburse Agent for all legal, accounting, appraisal, consulting, and other reasonable fees, costs and expenses incurred by it in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral, Loan Documents and transactions contemplated thereby, including any actions taken to perfect or maintain priority of Agent's Liens on any Collateral, to maintain any insurance required hereunder or to verify Collateral; and (c) subject to the limits of **Section 10.1.1(b)**, each inspection, audit or appraisal with respect to any Obligor or Collateral, whether prepared by Agent's personnel or a third party. All reasonable legal, accounting and consulting fees shall be charged to Borrowers by Agent's professionals. If, for any reason (including inaccurate reporting on financial statements or a Compliance Certificate), it is determined that a higher Applicable Margin should have applied to a period than was actually applied, then the proper margin shall be applied retroactively and Borrowers shall immediately pay to Agent, for the Pro Rata benefit of Lenders, an amount equal to the difference between the amount of interest and fees that would have accrued using the proper margin and the amount actually paid. All amounts payable by Borrowers under this Section shall be due **on demand**.

3.5 Illegality. If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund LIBOR Revolver Loans, or to determine or charge interest rates based upon LIBOR, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to Agent, any obligation of such Lender to make or continue LIBOR Revolver Loans or to convert Base Rate Revolver Loans to LIBOR Revolver Loans shall be suspended until such Lender notifies Agent that the circumstances giving rise to such determination no longer exist. Upon delivery of such notice, Borrowers shall prepay or, if applicable, convert all LIBOR Revolver Loans of such Lender to Base Rate Revolver Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Revolver Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Revolver Loans. Upon any such prepayment or conversion, Borrowers shall also pay accrued interest on the amount so prepaid or converted.

3.6 Inability to Determine Rates. If Required Lenders notify Agent for any reason in connection with a request for a Borrowing of, or conversion to or continuation of, a LIBOR Revolver Loan that (a) Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such Revolver Loan, (b) adequate and reasonable means do not exist for determining LIBOR for the requested Interest Period, or (c) LIBOR for the requested Interest Period does not adequately and fairly reflect the cost to such Lenders of funding such Revolver Loan, then Agent will promptly so notify Borrower Agent and each Lender. Thereafter, the obligation of Lenders to make or maintain LIBOR Revolver Loans shall be suspended until Agent (upon instruction by Required Lenders) revokes such notice. Upon receipt of such notice, Borrower Agent may revoke any pending request for a Borrowing of, conversion to or continuation of a LIBOR Revolver Loan or, failing that, will be deemed to have submitted a request for a Base Rate Revolver Loan.

3.7 Increased Costs; Capital Adequacy.

3.7.1 Change in Law. If any Change in Law shall:

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

(b) subject any Lender or Issuing Bank to any Tax with respect to any Revolver Loan, Loan Document, Letter of Credit or participation in LC Obligations, or change the basis of taxation of payments to such Lender or Issuing Bank in respect thereof (except for Indemnified Taxes or Other Taxes covered by **Section 5.9** and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or Issuing Bank); or

(c) impose on any Lender or Issuing Bank or the London interbank market any other condition, cost or expense affecting any Revolver Loan, Loan Document, Letter of Credit or participation in LC Obligations;

and the result thereof shall be to increase the cost to such Lender of making or maintaining any LIBOR Revolver Loan (or of maintaining its obligation to make any such Revolver Loan), or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or Issuing Bank, Borrowers will pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

3.7.2 Capital Adequacy. If any Lender or Issuing Bank determines that any Change in Law affecting such Lender or Issuing Bank or any Lending Office of such Lender or such Lender's or Issuing Bank's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Issuing Bank's or holding company's capital as a consequence of this Agreement, or such Lender's or Issuing Bank's Revolver Commitments, Revolver Loans, Letters of Credit or participations in LC Obligations, to a level below that which such Lender, Issuing Bank or holding company could have achieved but for such

Change in Law (taking into consideration such Lender's, Issuing Bank's and holding company's policies with respect to capital adequacy), then from time to time Borrowers will pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

3.7.3 Compensation. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation, but Borrowers shall not be required to compensate a Lender or Issuing Bank for any increased costs incurred or reductions suffered more than nine months prior to the date that the Lender or Issuing Bank notifies Borrower Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.8 Mitigation; Replacement of Foreign Lender.

3.8.1 Mitigation. If any Lender gives a notice under **Section 3.5** or requests compensation under **Section 3.7**, or if Borrowers are required to pay additional amounts with respect to a Lender under **Section 5.9**, then such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to it. Borrowers shall pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

3.8.2 Replacement of Foreign Lender.

(a) If Borrowers are obligated to make any material payments under **Section 5.9** to any Foreign Lender (a "Non-Exempt Foreign Lender"), then Borrower Agent, upon at least 5 Business Days prior irrevocable notice to Agent and the Non-Exempt Foreign Lender, may permanently replace the Non-Exempt Foreign Lender with one or more Eligible Assignees with the consent of Agent (which shall not be unreasonably withheld or delayed) (each, a "Substitute Lender"), and the Non-Exempt Foreign Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Non-Exempt Foreign Lender shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Non-Exempt Foreign Lender and each Substitute Lender shall execute and deliver an Assignment and Acceptance, subject only to the Non-Exempt Foreign Lender being repaid its Pro Rata share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Non-Exempt Foreign Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Non-Exempt Foreign Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Non-Exempt Foreign Lender

shall be made in accordance with the terms of **Section 13.3**. Until such time as the Substitute Lender shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Non-Exempt Foreign Lender hereunder and under the other Loan Documents, the Non-Exempt Foreign Lender shall remain obligated to make the Non-Exempt Foreign Lender's Pro Rata share of Revolver Loans and to purchase a participation in each Letter of Credit, according to its Pro Rata share.

3.9 Funding Losses. If for any reason (other than default by a Lender) (a) any Borrowing of, or conversion to or continuation of, a LIBOR Revolver Loan does not occur on the date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn), (b) any repayment or conversion of a LIBOR Revolver Loan occurs on a day other than the end of its Interest Period, or (c) Borrowers fail to repay a LIBOR Revolver Loan when required hereunder, then Borrowers shall pay to Agent its customary administrative charge and to each Lender all losses and expenses that it sustains as a consequence thereof, including loss of anticipated profits and any loss or expense actually incurred arising from liquidation or redeployment of funds or from fees payable to terminate deposits of matching funds. Lenders shall not be required to purchase Dollar deposits in the London interbank market or any other offshore Dollar market to fund any LIBOR Revolver Loan, but the provisions hereof shall be deemed to apply as if each Lender had purchased such deposits to fund its LIBOR Revolver Loans.

3.10 Maximum Interest. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law ("maximum rate"). If Agent or any Lender shall receive interest in an amount that exceeds the maximum rate, the excess interest shall be applied to the principal of the Obligations or, if it exceeds such unpaid principal, refunded to Borrowers. In determining whether the interest contracted for, charged or received by Agent or a Lender exceeds the maximum rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

SECTION 4. LOAN ADMINISTRATION

4.1 Manner of Borrowing and Funding Revolver Loans.

4.1.1 Notice of Borrowing.

(a) Whenever a Borrower desires funding of a Borrowing of Revolver Loans, Borrower Agent shall give Agent a Notice of Borrowing. Such notice must be received by Agent no later than 11:00 a.m. (i) on the Business Day of the requested funding date, in the case of Base Rate Revolver Loans, and (ii) at least three Business Days prior to the requested funding date, in the case of LIBOR Revolver Loans. Notices received after 11:00 a.m. shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) which Borrower is requesting a Revolver Loan, (B) the amount of the Borrowing, (C) the requested funding date (which must be a Business Day), (D) whether the Borrowing is to be made as Base Rate Revolver Loans or LIBOR Revolver Loans, and (E) in the case of LIBOR Revolver Loans, the duration of the applicable Interest Period (which shall be deemed to be 30 days if not specified).

(b) Unless payment is otherwise timely made by Borrowers, the becoming due of any Obligations (whether principal, interest, fees or other charges, including Extraordinary Expenses, LC Obligations, Cash Collateral and Secured Bank Product Obligations) shall be deemed to be a request for Base Rate Revolver Loans on the due date, in the amount of such Obligations. The proceeds of such Revolver Loans shall be disbursed as direct payment of the relevant Obligation. In addition, Agent may, at its option, charge such Obligations against any operating, investment or other account of a Borrower maintained with Agent or any of its Affiliates.

(c) If Borrowers establish a controlled disbursement account with Agent or any Affiliate of Agent, then the presentation for payment of any check or other item of payment drawn on such account at a time when there are insufficient funds to cover it shall be deemed to be a request for Base Rate Revolver Loans on the date of such presentation, in the amount of the check and items presented for payment. The proceeds of such Revolver Loans may be disbursed directly to the controlled disbursement account or other appropriate account.

4.1.2 Fundings by Lenders. Each Lender shall timely honor its Revolver Commitment by funding its Pro Rata share of each Borrowing of Revolver Loans that is properly requested hereunder. Except for Borrowings to be made as Swingline Loans, Agent shall endeavor to notify Lenders of each Notice of Borrowing (or deemed request for a Borrowing) by 12:00 noon on the proposed funding date for Base Rate Revolver Loans or by 3:00 p.m. at least two Business Days before any proposed funding of LIBOR Revolver Loans. Each Lender shall fund to Agent such Lender's Pro Rata share of the Borrowing to the account specified by Agent in immediately available funds not later than 2:00 p.m. on the requested funding date, unless Agent's notice is received after the times provided above, in which event Lender shall fund its Pro Rata share by 11:00 a.m. on the next Business Day. Subject to its receipt of such amounts from Lenders, Agent shall disburse the proceeds of the Revolver Loans as directed by Borrower Agent. Unless Agent shall have received (in sufficient time to act) written notice from a Lender that it does not intend to fund its Pro Rata share of a Borrowing, Agent may assume that such Lender has deposited or promptly will deposit its share with Agent, and Agent may disburse a corresponding amount to Borrowers. If a Lender's share of any Borrowing or of any settlement pursuant to **Section 4.1.3(b)** is not received by Agent, then Borrowers agree to repay to Agent **on demand** the amount of such share, together with interest thereon from the date disbursed until repaid, at the rate applicable to such Borrowing.

4.1.3 Swingline Loans; Settlement.

(a) Agent may, but shall not be obligated to, advance Swingline Loans to Borrowers, up to an aggregate outstanding amount not to exceed 10% of the Revolving Commitments, unless the funding is specifically required to be made by all Lenders hereunder. Each Swingline Loan shall constitute a Revolver Loan for all purposes, except that payments thereon shall be made to Agent for its own account. The obligation of Borrowers to repay Swingline Loans shall be evidenced by the records of Agent and need not be evidenced by any promissory note.

(b) To facilitate administration of the Revolver Loans, Lenders and Agent agree (which agreement is solely among them, and not for the benefit of or enforceable by any Borrower) that settlement among them with respect to Swingline Loans and other Revolver Loans may take place periodically on a date determined from time to time by Agent, which shall occur at least twice each month. On each settlement date, settlement shall be made with each Lender in accordance with the Settlement Report delivered by Agent to Lenders. Between settlement dates, Agent may in its discretion apply payments on Revolver Loans to Swingline Loans, regardless of any designation

by Borrower or any provision herein to the contrary. Each Lender's obligation to make settlements with Agent is absolute and unconditional, without offset, counterclaim or other defense, and whether or not the Revolver Commitments have terminated, an Overadvance exists or the conditions in **Section 6** are satisfied. If, due to an Insolvency Proceeding with respect to a Borrower or otherwise, any Swingline Loan may not be settled among Lenders hereunder, then each Lender shall be deemed to have purchased from Agent a Pro Rata participation in each unpaid Swingline Loan and shall transfer the amount of such participation to Agent, in immediately available funds, within one Business Day after Agent's request therefor.

4.1.4 **Notices.** Each Borrower authorizes Agent and Lenders to extend, convert or continue Revolver Loans, effect selections of interest rates, and transfer funds to or on behalf of Borrowers based on telephonic or e-mailed instructions. Borrowers shall confirm each such request by prompt delivery to Agent of a Notice of Borrowing or Notice of Conversion/Continuation, if applicable, but if it differs in any material respect from the action taken by Agent or Lenders, the records of Agent and Lenders shall govern. Neither Agent nor any Lender shall have any liability for any loss suffered by a Borrower as a result of Agent or any Lender acting upon its understanding of telephonic or e-mailed instructions from a person believed in good faith by Agent or any Lender to be a person authorized to give such instructions on a Borrower's behalf.

4.2 **Defaulting Lender.** Agent may (but shall not be required to), in its discretion, retain any payments or other funds received by Agent that are to be provided to a Defaulting Lender hereunder, and may apply such funds to such Lender's defaulted obligations or readvance the funds to Borrowers in accordance with this Agreement. The failure of any Lender to fund a Revolver Loan, to make any payment in respect of LC Obligations or to otherwise perform its obligations hereunder shall not relieve any other Lender of its obligations, and no Lender shall be responsible for default by another Lender. Lenders and Agent agree (which agreement is solely among them, and not for the benefit of or enforceable by any Borrower) that, solely for purposes of determining a Defaulting Lender's right to vote on matters relating to the Loan Documents and to share in payments, fees and Collateral proceeds thereunder, a Defaulting Lender shall not be deemed to be a "Lender" until all its defaulted obligations have been cured.

4.3 **Number and Amount of LIBOR Revolver Loans; Determination of Rate.** Each Borrowing of LIBOR Revolver Loans when made shall be in a minimum amount of \$5,000,000, or an increment of \$1,000,000 in excess thereof. No more than 8 Borrowings of LIBOR Revolver Loans may be outstanding at any time, and all LIBOR Revolver Loans having the same length and beginning date of their Interest Periods shall be aggregated together and considered one Borrowing for this purpose. Upon determining LIBOR for any Interest Period requested by Borrowers, Agent shall promptly notify Borrowers thereof by telephone or electronically and, if requested by Borrowers, shall confirm any telephonic notice in writing.

4.4 **Borrower Agent.** Each Borrower hereby designates CAI ("**Borrower Agent**") as its representative and agent for all purposes under the Loan Documents, including requests for Revolver Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications, preparation and delivery of Borrowing Base Certificates and financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Agent, Issuing Bank or any Lender. Borrower Agent hereby accepts such appointment. Agent

and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by Borrower Agent on behalf of any Borrower. Agent and Lenders may give any notice or communication with a Borrower hereunder to Borrower Agent on behalf of such Borrower. Each of Agent, Issuing Bank and Lenders shall have the right, in its discretion, to deal exclusively with Borrower Agent for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Borrower Agent shall be binding upon and enforceable against it.

4.5 **One Obligation.** The Revolver Loans, LC Obligations and other Obligations shall constitute one general obligation of Borrowers and (unless otherwise expressly provided in any Loan Document) shall be secured by Agent's Lien upon all Collateral; provided, however, that Agent and each Lender shall be deemed to be a creditor of, and the holder of a separate claim against, each Borrower to the extent of any Obligations jointly or severally owed by such Borrower.

4.6 **Effect of Termination.** On the effective date of the full termination of the Revolver Commitments, all Obligations shall be immediately due and payable, and any Lender may terminate its and its Affiliates' Bank Products (including, only with the consent of Agent, any Cash Management Services). All undertakings of Borrowers contained in the Loan Documents shall survive any termination, and Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents until Full Payment of the Obligations. Notwithstanding Full Payment of the Obligations, Agent shall not be required to terminate its Liens in any Collateral unless, with respect to any damages Agent may incur as a result of the dishonor or return of Payment Items applied to Obligations, Agent receives (a) a written agreement, executed by Borrowers and any Person whose advances are used in whole or in part to satisfy the Obligations, indemnifying Agent and Lenders from any such damages; or (b) such Cash Collateral as Agent, in its discretion, deems necessary to protect against any such damages. The provisions of **Sections 2.3, 3.4, 3.6, 3.7, 3.9, 5.5, 5.9, 5.10, 12, 14.2** and this Section, and the obligation of each Obligor and Lender with respect to each indemnity given by it in any Loan Document, shall survive Full Payment of the Obligations and any release relating to this credit facility.

SECTION 5. PAYMENTS

5.1 **General Payment Provisions.** All payments of Obligations shall be made in Dollars, without offset, counterclaim or defense of any kind, free of (and without deduction for) any Taxes, and in immediately available funds, not later than 12:00 noon on the due date and shall be made (except as otherwise instructed by Agent after the Closing Date) at Agent's office identified under Agent's signature hereto. Any payment after such time shall be deemed made on the next Business Day. If any payment under the Loan Documents shall be stated to be due on a day other than a Business Day, the due date shall be extended to the next Business Day and such extension of time shall be included in any computation of interest and fees. Any payment of a LIBOR Revolver Loan prior to the end of its Interest Period shall be accompanied by all amounts due under **Section 3.9**. Any prepayment of Revolver Loans shall be applied first to Base Rate Revolver Loans and then to LIBOR Revolver Loans; provided, however, that as long as no Event of Default exists, prepayments of LIBOR Revolver Loans may, at the option of Borrowers and Agent, be held by Agent as Cash Collateral and applied to such Revolver Loans at the end of their Interest Periods.

5.2 Repayment of Revolver Loans. Revolver Loans shall be due and payable in full on the Revolver Termination Date, unless payment is sooner required hereunder. Revolver Loans may be prepaid from time to time, without penalty or premium. If any Asset Disposition includes the disposition of Contracts or Inventory, then Net Proceeds equal to the greater of (a) the net book value of such Contracts and Inventory, or (b) the reduction in the Borrowing Base upon giving effect to such disposition, shall be applied to the Revolver Loans. Notwithstanding anything herein to the contrary, if an Overadvance exists, Borrowers shall, on the sooner of Agent's demand or the first Business Day after any Borrower has knowledge thereof, repay the outstanding Revolver Loans in an amount sufficient to reduce the principal balance of Revolver Loans so that aggregate Revolver Loans made to CAI do not exceed the CAI Borrowing Base, the aggregate Revolver Loans made to CCI and CCCI do not exceed the CCI Borrowing Base and the aggregate Revolver Loans made to all Borrowers do not exceed the Adjusted Borrowing Base.

5.3 Curative Equity. Within 1 Business Day of the date of receipt by any Borrower of the proceeds of any Curative Equity pursuant to **Section 10.4**, such Borrower shall prepay the outstanding principal of the Obligations in accordance with **Section 5.1** in an amount equal to 100% of such proceeds, net of any reasonable out-of-pocket expenses incurred in connection with the issuance of such Curative Equity.

5.4 Payment of Other Obligations. Obligations other than Revolver Loans, including LC Obligations and Extraordinary Expenses, shall be paid by Borrowers as provided in the Loan Documents or, if no payment date is specified, on demand.

5.5 Marshaling; Payments Set Aside. None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of Borrowers is made to Agent, Issuing Bank or any Lender, or Agent, Issuing Bank or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent, Issuing Bank or such Lender in its discretion) to be repaid to a trustee, receiver or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

5.6 Post-Default Allocation of Payments.

5.6.1 Allocation. Notwithstanding anything herein to the contrary, during an Event of Default, monies to be applied to the Obligations, whether arising from payments by Obligor, realization on Collateral, setoff or otherwise, shall be allocated as follows:

- (a) **FIRST**, to all costs and expenses, including Extraordinary Expenses, owing to Agent;
- (b) **SECOND**, to all amounts owing to Agent on Swingline Loans and Protective Advances;

- (c) **THIRD**, to all costs and expenses, including Extraordinary Expenses, owing to any Lender;
- (d) **FOURTH**, to all amounts owing to Issuing Bank on LC Obligations;
- (e) **FIFTH**, to all Obligations constituting fees (other than Secured Bank Product Obligations);
- (f) **SIXTH**, to all Obligations constituting interest (other than Secured Bank Product Obligations);
- (g) **SEVENTH**, to provide Cash Collateral for outstanding Letters of Credit;
- (h) **EIGHTH**, to all Revolver Loans and Noticed Hedges, including Cash Collateralization of outstanding Noticed Hedges;
- (i) **NINTH**, to all other Obligations (including Secured Bank Product Obligations); and
- (j) **LAST**, to the Borrowers.

Amounts shall be applied to each category of Obligations set forth above until Full Payment thereof and then to the next category. If amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in the category. Amounts distributed with respect to any Secured Bank Product Obligations shall be the lesser of the maximum Secured Bank Product Obligations last reported to Agent or the actual Secured Bank Product Obligations as calculated by the methodology reported to Agent for determining the amount due. Agent shall have no obligation to calculate the amount to be distributed with respect to any Secured Bank Product Obligations, and may request a reasonably detailed calculation of such amount from the applicable Secured Party. If a Secured Party fails to deliver such calculation within 5 Business Days following request by Agent, Agent may assume the amount to be distributed is zero. The allocations set forth in this Section are solely to determine the rights and priorities of Agent and Secured Parties as among themselves, and may be changed by agreement among them without the consent of any Obligor. This Section is not for the benefit of or enforceable by any Borrower.

5.6.2 **Erroneous Application**. Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by any Lender, such Lender hereby agrees to return it).

5.7 **Application of Payments**. The ledger balance in the main Dominion Account as of the end of a Business Day shall be applied to the Obligations at the beginning of the next Business Day, during any Dominion Trigger Period. If, as a result of such application, a credit balance exists, the balance shall not accrue interest in favor of Borrowers and shall be made available to Borrowers as long as no Default or Event of Default exists. Each Borrower irrevocably waives the right to direct the application of any payments or Collateral proceeds, and agrees that Agent shall have the continuing, exclusive right to apply and reapply same against the Obligations, in such manner as Agent deems advisable.

5.8 Loan Account; Account Stated.

5.8.1 Loan Account. Agent shall maintain in accordance with its usual and customary practices an account or accounts ("Loan Account") evidencing the Debt of Borrowers resulting from each Revolver Loan or issuance of a Letter of Credit from time to time. Any failure of Agent to record anything in the Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of Borrowers to pay any amount owing hereunder. Agent may maintain a single Loan Account in the name of Borrower Agent, and each Borrower confirms that such arrangement shall have no effect on the joint and several character of its liability for the Obligations.

5.8.2 Entries Binding. Entries made in the Loan Account shall constitute presumptive evidence of the information contained therein. If any information contained in the Loan Account is provided to or inspected by any Person, then such information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies Agent in writing within 30 days after receipt or inspection that specific information is subject to dispute; provided, that payment by Borrowers to Agent of any amounts owed hereunder which are under dispute by Borrowers shall not be deemed a waiver of Borrowers' right to continue such dispute.

5.9 Taxes.

5.9.1 Payments Free of Taxes. All payments by Obligor of Obligations shall be free and clear of and without reduction for any Taxes. If Applicable Law requires any Obligor or Agent to withhold or deduct any Tax (including backup withholding or withholding Tax), the withholding or deduction shall be based on information provided pursuant to **Section 5.10** and Agent shall pay the amount withheld or deducted to the relevant Governmental Authority. If the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by Borrowers shall be increased so that Agent, Lender or Issuing Bank, as applicable, receives an amount equal to the sum it would have received if no such withholding or deduction (including deductions applicable to additional sums payable under this Section) had been made. Without limiting the foregoing, Borrowers shall timely pay all Other Taxes to the relevant Governmental Authorities.

5.9.2 Payment. Borrowers shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) Agent, Lenders and Issuing Bank for any Indemnified Taxes or Other Taxes (including those attributable to amounts payable under this Section) withheld or deducted by any Obligor or Agent, or paid by Agent, any Lender or Issuing Bank, with respect to any Obligations, Letters of Credit or Loan Documents, whether or not such Taxes were properly asserted by the relevant Governmental Authority (provided, that payment by Borrowers to Agent of any amounts owed hereunder which are under dispute by Borrowers shall not be deemed a waiver of Borrower's right to continue such dispute), and including all penalties, interest and reasonable expenses relating thereto which arise as a result of any action or inaction by Borrowers, as well as any amount that a Lender or Issuing Bank fails to pay indefeasibly to Agent under **Section 5.10**. A certificate as to the amount of any such payment or liability delivered to Borrower Agent by Agent, or by a Lender or Issuing Bank (with a copy to Agent), shall be conclusive, absent manifest error. As soon as practicable after any payment of Taxes by a Borrower, Borrower Agent shall deliver to Agent a receipt from the Governmental Authority or other evidence of payment satisfactory to Agent.

5.10 Lender Tax Information.

5.10.1 Status of Lenders. Each Lender shall deliver documentation and information to Agent and Borrower Agent, at the times and in the form required by Applicable Law or reasonably requested by Agent or Borrower Agent, sufficient to permit Agent or Borrowers to determine (a) whether or not payments made with respect to Obligations are subject to Taxes, (b) if applicable, the required rate of withholding or deduction, and (c) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes for such payments or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction.

5.10.2 Documentation. If a Borrower is resident for tax purposes in the United States, any Lender that is a "United States person" within the meaning of section 7701(a)(30) of the Code shall deliver to Agent and Borrower Agent IRS Form W-9 or such other documentation or information prescribed by Applicable Law or reasonably requested by Agent or Borrower Agent to determine whether such Lender is subject to backup withholding or information reporting requirements. If any Foreign Lender is entitled to any exemption from or reduction of withholding tax for payments with respect to the Obligations, it shall deliver to Agent and Borrower Agent, on or prior to the date on which it becomes a Lender hereunder (and from time to time thereafter upon request by Agent or Borrower Agent, but only if such Foreign Lender is legally entitled to do so), (a) IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party; (b) IRS Form W-8ECI; (c) IRS Form W-8IMY and all required supporting documentation; (d) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, IRS Form W-8BEN and a certificate showing such Foreign Lender is not (i) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (ii) a "10 percent shareholder" of any Obligor within the meaning of section 881(c)(3)(B) of the Code, or (iii) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code; or (e) any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in withholding tax, together with such supplementary documentation necessary to allow Agent and Borrowers to determine the withholding or deduction required to be made.

5.10.3 Lender Obligations. Each Lender and Issuing Bank shall promptly notify Borrowers and Agent of any change in circumstances that would change any claimed Tax exemption or reduction. Each Lender and Issuing Bank shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) Borrowers and Agent for any Taxes, losses, claims, liabilities, penalties, interest and expenses (including reasonable attorneys' fees) incurred by or asserted against a Borrower or Agent by any Governmental Authority due to such Lender's or Issuing Bank's failure to deliver, or inaccuracy or deficiency in, any documentation required to be delivered by it pursuant to this Section. Each Lender and Issuing Bank authorizes Agent to set off any amounts due to Agent under this Section against any amounts payable to such Lender or Issuing Bank under any Loan Document.

5.11 Nature and Extent of Each Borrower's Liability.

5.11.1 Joint and Several Liability. Each Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Obligations and all agreements under the Loan Documents. Each Borrower agrees that its guaranty obligations hereunder constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until Full Payment of the Obligations, and that such obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change

in, any Obligations or Loan Document, or any other document, instrument or agreement to which any Obligor is or may become a party or be bound; (b) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for the Obligations or any action, or the absence of any action, by Agent or any Lender in respect thereof (including the release of any security or guaranty); (d) the insolvency of any Obligor; (e) any election by Agent or any Lender in an Insolvency Proceeding for the application of Section 1111(b)(2) of the Bankruptcy Code; (f) any borrowing or grant of a Lien by any other Borrower, as debtor-in-possession under Section 364 of the Bankruptcy Code or otherwise; (g) the disallowance of any claims of Agent or any Lender against any Obligor for the repayment of any Obligations under Section 502 of the Bankruptcy Code or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Full Payment of all Obligations.

5.11.2 Waivers.

(a) Each Borrower expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or Lenders to marshal assets or to proceed against any Obligor, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Borrower. Each Borrower waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of all Obligations. It is agreed among each Borrower, Agent and Lenders that the provisions of this **Section 5.11** are the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Agent and Lenders would decline to make Loans and issue Letters of Credit. Each Borrower acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Agent and Lenders may, in their sole discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral or any Real Estate by judicial foreclosure or non-judicial sale or enforcement, without affecting any rights and remedies under this **Section 5.11**. If, in taking any action in connection with the exercise of any rights or remedies, Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Borrower or other Person, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, each Borrower consents to such action and waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any Borrower might otherwise have had. Any election of remedies that results in denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Borrower shall not impair any other Borrower's obligation to pay the full amount of the Obligations. Each Borrower waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Borrower's rights of subrogation against any other Person. Agent may bid all or a portion of the Obligations at any foreclosure or trustee's sale or at any private sale, and the amount of such bid need not be paid by Agent but shall be credited against the Obligations. The amount of the successful bid at any such sale, whether

Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this **Section 5.11**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

5.11.3 Extent of Liability; Contribution.

(a) Notwithstanding anything herein to the contrary, each Borrower's liability under this **Section 5.11** shall be limited to the greater of (i) all amounts for which such Borrower is primarily liable, as described below, and (ii) such Borrower's Allocable Amount.

(b) If any Borrower makes a payment under this **Section 5.11** of any Obligations (other than amounts for which such Borrower is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Guarantor Payments in the same proportion that such Borrower's Allocable Amount bore to the total Allocable Amounts of all Borrowers, then such Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "Allocable Amount" for any Borrower shall be the maximum amount that could then be recovered from such Borrower under this **Section 5.11** without rendering such payment voidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

(c) Nothing contained in this **Section 5.11** shall limit the liability of any Borrower to pay Revolver Loans made directly or indirectly to that Borrower (including Revolver Loans advanced to any other Borrower and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower), LC Obligations relating to Letters of Credit issued to support such Borrower's business, and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder. Agent and Lenders shall have the right, at any time in their discretion, to condition Revolver Loans and Letters of Credit upon a separate calculation of borrowing availability for each Borrower and to restrict the disbursement and use of such Revolver Loans and Letters of Credit to such Borrower.

5.11.4 Joint Enterprise. Each Borrower has requested that Agent and Lenders make this credit facility available to Borrowers on a combined basis, in order to finance Borrowers' business most efficiently and economically. Borrowers' business is a mutual and collective enterprise, and the successful operation of each Borrower is dependent upon the successful performance of the integrated group. Borrowers believe that consolidation of their credit facility will enhance the borrowing power of each Borrower and ease administration of the facility, all to their mutual advantage. Borrowers acknowledge that Agent's and Lenders' willingness to extend credit and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to Borrowers and at Borrowers' request.

5.11.5 Subordination. Each Borrower hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Obligor, howsoever arising, to the Full Payment of all Obligations.

SECTION 6. CONDITIONS PRECEDENT/SUBSEQUENT

6.1 Conditions Precedent to Initial Revolver Loans. In addition to the conditions set forth in **Section 6.2**, Lenders shall not be required to fund any requested Revolver Loan, issue any Letter of Credit, or otherwise extend credit to Borrowers hereunder, until the date ("Closing Date") that each of the following conditions has been satisfied:

(a) Notes shall have been executed by Borrowers and delivered to each Lender that requests issuance of a Note. Each other Loan Document (other than a Compliance Certificate) shall have been duly executed and delivered to Agent by each of the signatories thereto, and each Obligor (to the extent a party thereto) shall be in compliance with all terms thereof.

(b) Agent shall have received acknowledgments of all filings or recordations necessary to perfect its Liens in the Collateral, as well as UCC and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral, except Permitted Liens.

(c) Agent shall have received certificates, in the form of **Exhibit D**, from a knowledgeable Senior Officer of Parent and each Borrower certifying that, after giving effect to the initial Revolver Loans and transactions hereunder, (i) it is Solvent; (ii) no Default or Event of Default exists; (iii) the representations and warranties set forth in **Section 9** are true and correct; and (iv) it has complied with all agreements and conditions to be satisfied by it under the Loan Documents.

(d) Agent shall have received a certificate of a duly authorized officer of each Obligor, certifying (i) that attached copies of such Obligor's Organic Documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents. Agent may conclusively rely on this certificate until it is otherwise notified by the applicable Obligor in writing.

(e) Agent shall have received a written opinion of Andrews Kurth, LLP, as well as any local counsel to Borrowers or Agent, with respect to the Loan Documents.

(f) Agent shall have received a written opinion from Parent's Corporate General Counsel with respect to existence and authority of each Obligor, and with respect to each Obligor there has been no violation of laws and there exists no litigation regarding each Obligor.

(g) Agent shall have received a written opinion of Hughes Watters Askanase L.L.P. regarding the enforceability of Borrowers' form of Contract and its compliance with any Requirement of Law with respect to the laws of the State of Texas and relevant federal laws.

(h) Agent shall have received a written opinion of Hughes Watters Askanase L.L.P. regarding the enforceability of Borrowers' form of Contract and its compliance with any Requirement of Law with respect to the laws of the State of Oklahoma and relevant federal laws.

(i) Agent shall have received a written opinion of McGlinchey Stafford PLLC regarding the enforceability of Borrowers' form of Contract and its compliance with any Requirement of Law with respect to the laws of the State of Louisiana and relevant federal laws.

(j) Agent shall have received copies of the charter documents of each Obligor, certified by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization. Agent shall have received good standing certificates for each Obligor, issued by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization and each jurisdiction where such Obligor's conduct of business or ownership of Property necessitates qualification.

(k) Agent shall have completed its business, financial and legal due diligence of Obligors, including a roll-forward of its previous field examination, with results satisfactory to Agent. No material adverse change in the financial condition of any Obligor or in the quality, quantity or value of any Collateral shall have occurred since July 31, 2010.

(l) Borrowers shall have paid all fees and expenses due and payable to Agent and Lenders on the Closing Date.

(m) Agent shall have received a Borrowing Base Certificate prepared as of November 12, 2010. Upon giving effect to the initial funding of Revolver Loans and issuance of Letters of Credit, the making of the Term Loan under the Term Loan Facility, and the payment by Borrowers of all fees and expenses incurred in connection herewith, the Term Loan Facility and the assignment of assets pursuant to the Intercompany Assignment Agreement, the completion of an equity rights offering, the redemption of Borrowers' Existing Securitization Facility, as well as any payables stretched beyond their customary payment practices, Availability shall be at least \$60,000,000.

(n) Agent shall have received copies of the Term Loan Agreement and the Term Loan Documents.

(o) Agent shall have received a letter from each third party service maintenance providers acknowledging that any refunds owed to a Borrower as a result of the cancellation of a third party service maintenance plan purchased under a Contract shall be paid directly to the Dominion Account, which letter shall be in form and substance satisfactory to Agent.

(p) Agent shall have received a letter from each third party credit insurance provider acknowledging that any refunds owed to a Borrower as a result of the cancellation of a credit insurance policy shall be paid directly to the Dominion Account, which letter shall be in form and substance satisfactory to Agent.

(q) Agent shall have received a fully signed Intercreditor Agreement.

(r) Agent shall have received evidence that the Existing Securitization Facility (as defined in the Original Loan Agreement) will be paid in full and terminated on the Closing Date.

(s) Agent shall have received each fully executed Intercompany Assignment Agreement together with evidence that on the Closing Date all of the assignments set forth therein shall be consummated.

6.2 Conditions Precedent to All Credit Extensions. Agent, Issuing Bank and Lenders shall not be required to fund any Revolver Loans, arrange for issuance of any Letters of Credit or grant any other accommodation to or for the benefit of Borrowers, unless the following conditions are satisfied:

(a) No Default or Event of Default shall exist at the time of, or result from, such funding, issuance or grant;

(b) The representations and warranties of each Obligor in the Loan Documents shall be true and correct on the date of, and upon giving effect to, such funding, issuance or grant (except for representations and warranties that expressly relate to an earlier date);

(c) All conditions precedent in any other Loan Document shall be satisfied;

(d) No event shall have occurred or circumstance exist that has or could reasonably be expected to have a Material Adverse Effect;

(e) With respect to issuance of a Letter of Credit, the LC Conditions shall be satisfied; and

(f) After giving effect to the funding of any Revolver Loan, issuance of any Letters of Credit or granting of any other accommodation to or for the benefit of the Borrowers, Borrowing Availability shall be in an amount greater than zero.

Each request (or deemed request) by Borrowers for funding of a Revolver Loan, issuance of a Letter of Credit or grant of an accommodation shall constitute a representation by Borrowers that the foregoing conditions are satisfied on the date of such request and on the date of such funding, issuance or grant. As an additional condition to any funding, issuance or grant, Agent shall have received such other information, documents, instruments and agreements as it deems appropriate in connection therewith.

6.3 Conditions Subsequent. Borrowers shall deliver each of the following within the specified time period:

6.3.1 Within 60 days after the Closing Date, Borrowers shall deliver to Agent the Related Real Estate Documents for all Real Estate listed on **Schedule 7.3**.

SECTION 7. COLLATERAL

7.1 Grant of Security Interest. To secure the prompt payment and performance of all Obligations, each Borrower hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all Property of such Borrower, including all of the following Property, whether now owned or hereafter acquired, and wherever located:

- (a) all Contracts;
- (b) all Accounts including Credit Card Accounts;
- (c) all Chattel Paper, including electronic chattel paper;
- (d) all Commercial Tort Claims, including those shown on **Schedule 9.1.16**;
- (e) all Deposit Accounts;
- (f) all Documents;
- (g) all General Intangibles, including Intellectual Property;
- (h) all Goods, including Inventory, Equipment and fixtures;
- (i) all Instruments;
- (j) all Investment Property, including the Equity Interests of each Borrower in its Subsidiaries set forth on **Schedule 7.1(j)**;
- (k) all Letter-of-Credit Rights;
- (l) all Supporting Obligations;

(m) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a Lender, including any Cash Collateral;

(n) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and

(o) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

No Contracts or its related security shall be released from Agent's security interest to become a Securitized Contract unless and until Agent executes a release releasing such Contract from Agent's security interest. If a Securitized Contract is transferred from a Securitization Subsidiary back to a Borrower, it shall cease being a Securitized Contract upon such transfer back and, together with its related security shall again constitute Collateral hereunder.

7.2 Lien on Deposit Accounts; Cash Collateral.

7.2.1 Deposit Accounts. To further secure the prompt payment and performance of all Obligations, each Borrower hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all amounts credited to any Deposit Account of such Borrower, including any sums in any blocked or lockbox accounts (if any) or in any accounts into which such sums are swept. Each Borrower authorizes and directs

each bank or other depository to deliver to Agent, and each Deposit Account Control Agreement shall require such bank or other depository to deliver to Agent, on a daily basis during a Dominion Trigger Period, all balances in each Deposit Account maintained by such Borrower with such depository for application to the Obligations then outstanding. Each Borrower irrevocably appoints Agent as such Borrower's attorney-in-fact to collect such balances to the extent any such delivery is not so made.

7.2.2 Cash Collateral. At the request of Borrower Agent, any Cash Collateral shall be invested, at Agent's discretion, in Cash Equivalents, but Agent shall have no responsibility for any investment or loss. Each Borrower hereby grants to Agent, for the benefit of Secured Parties, a security interest in all Cash Collateral held from time to time and all proceeds thereof, as security for the Obligations, whether such Cash Collateral is held in a Cash Collateral Account or elsewhere. Agent may apply Cash Collateral to the payment of any Obligations, in such order as Agent may elect, as they become due and payable. Each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent. No Borrower or other Person claiming through or on behalf of any Borrower shall have any right to any Cash Collateral, until Full Payment of all Obligations.

7.3 Real Estate Collateral.

7.3.1 Lien on Real Estate. Subject to **Section 6.3**, the Obligations shall also be secured by Mortgages upon the Real Estate listed on **Schedule 7.3**. The Mortgages shall be duly recorded, at Borrowers' expense, in each office where such recording is required to constitute a valid, secured Lien on the Real Estate covered thereby. If any Borrower acquires Real Estate hereafter, Borrowers shall, within 30 days, execute, deliver and record a Mortgage sufficient to create a valid, secured Lien in favor of Agent on such Real Estate, and shall deliver all Related Real Estate Documents.

7.3.2 Collateral Assignment of Leases. To further secure the prompt payment and performance of all Obligations, each Borrower hereby transfers and assigns to Agent, for the benefit of Secured Parties, all of such Borrower's right, title and interest in, to and under all now or hereafter existing leases of real Property to which such Borrower is a party, whether as lessor or lessee, and all extensions, renewals, modifications and proceeds thereof.

7.3.3 Real Estate Collateral. Borrowers have delivered to Agent fully executed Leasehold Mortgages upon all leased Real Estate of Borrowers identified in **Schedule 1.1L**. Agent shall hold such Leasehold Mortgages, and Agent and each Borrower agree that the Leasehold Mortgages will not create a valid Lien in favor of Agent until the Leasehold Mortgage is recorded as set forth below. If any Borrower acquires a leasehold interest in Real Estate hereafter, Borrowers shall, upon acquiring such interest and upon Agent's request, agree to use commercially reasonable efforts to obtain a Leasehold Mortgage Consent from each landlord for each such new leased Real Estate, and if such consent is obtained, execute and deliver a Leasehold Mortgage sufficient to create a Lien in favor of Agent on such Real Estate. Agent and such Borrower agree that any such Leasehold Mortgage shall not create a valid Lien in favor of Agent until the Leasehold Mortgage is recorded as set forth below. At any time (i) Availability is less than \$30,000,000, or (ii) an Event of Default exists, at the option of Agent the Leasehold Mortgages shall be duly recorded, at Borrowers' expense, in each office where such recording is required to provide notice to third party's of Agent's Lien on the Real Estate covered thereby.

7.4 Other Collateral.

7.4.1 Commercial Tort Claims. Borrowers shall (i) promptly notify Agent in writing if any Borrower has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$500,000), (ii) promptly amend **Schedule 9.1.16** to include such claim, and (iii) take such actions as Agent deems appropriate to subject such claim to a duly perfected, first priority Lien in favor of Agent (for the benefit of Secured Parties).

7.4.2 Certain After-Acquired Collateral. Borrowers shall promptly notify Agent in writing if, after the Closing Date, any Borrower obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, Documents, Instruments, Intellectual Property, Investment Property or Letter-of-Credit Rights and, upon Agent's request, shall promptly take such actions as Agent deems appropriate to effect Agent's duly perfected, first priority Lien upon such Collateral, including obtaining any appropriate possession, control agreement or Lien Waiver. If any Collateral is in the possession of a third party, at Agent's request, Borrowers shall obtain an acknowledgment that such third party holds the Collateral for the benefit of Agent.

7.5 No Assumption of Liability. The Lien on Collateral granted hereunder is given as security only and shall not subject Agent or any Lender to, or in any way modify, any obligation or liability of Borrowers relating to any Collateral.

7.6 Further Assurances. Promptly upon request, Borrowers shall deliver such instruments, assignments, title certificates, or other documents or agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Borrower authorizes Agent to file any financing statement that indicates the Collateral as "all assets" or "all personal property" of such Borrower, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect its Lien on any Collateral.

7.7 Foreign Subsidiary Stock. Notwithstanding **Section 7.1**, the Collateral shall include only 65% of the voting stock of any Foreign Subsidiary.

7.8 Contract Legend.

7.8.1 New Contracts. Borrowers shall immediately following the execution or receipt of a Contract stamp or type in on the Contract the following:

This instrument or agreement is assigned as collateral to Bank of America, N.A.

Provided, that so long as any obligations under the Term Loan Facility remain outstanding, such legend may include a reference to the Lien in favor of Term Agent.

7.8.2 Assigned Contracts. Notwithstanding the above, Borrowers shall cause each of the Contracts assigned to a Borrower pursuant to the Intercompany Assignment Agreement to include the above legend within 30 days after the Closing Date.

SECTION 8. COLLATERAL ADMINISTRATION

8.1 Collateral Reports. By the 15th day of each month and at such other times as Agent may request, Borrowers shall deliver to Agent (and Agent shall promptly deliver same to Lenders) (i) a Borrowing Base Certificate prepared as of the close of business of the previous month (provided that the NOLV Percentage to be applied to the Value of Eligible Inventory and the appraisal percentage used to determine the value of Gross Contract Payments shall be the applicable NOLV Percentage or appraisal percentage, as applicable, set forth in the most recent appraisal delivered to Agent for (x) the month in which the Borrowing Base Certificate is delivered or (y) the immediately succeeding month during such period of such immediately succeeding month pending delivery of a new Borrowing Base Certificate) (provided, that Borrowing Base Certificates shall be delivered weekly during a Increased Reporting Period; provided further, that the calculation of contracts not qualifying as Eligible Contracts, the CAI Availability Reserve and CCI Availability Reserve shall be provided by Borrower on a monthly basis at all times), (ii) an aggregate list of Borrowers' Contracts, aged in 30 days contractual delinquency intervals and separately identifying the revolving Contracts; (iii) a calculation of the Past Due Percent, the Cash Recovery Percent, Collateral Adjustment Percentage, the Charge-Off Percent; the Eligible Contracts, the Eligible Inventory, the Eligible Credit Card Accounts; (iv) an Inventory turn report of Borrowers' Inventory; (v) a listing of each Borrower's Inventory by location, specifying the amount of Inventory at each location; (vi) the summary balances of Borrowers' "primary portfolio" and "secondary portfolio" (as such portfolios are described in Parent's SEC filings) and delinquent balances of each such portfolio; (vii) such other reports as to the Collateral of Borrower as Agent shall reasonably request from time to time, together with a reconciliation to the general ledger; and (viii) a certificate of an officer of Borrower Agent certifying as to the accuracy and completeness of the foregoing. All calculations of Availability in any Borrowing Base Certificate shall originally be made by Borrowers and certified by a Senior Officer, provided that Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of declines in value of any Collateral, due to collections received in the Dominion Account or otherwise; (b) to adjust advance rates to reflect changes in dilution, quality, mix and other factors affecting Collateral; and (c) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the CAI Availability Reserve or CCI Availability Reserve.

8.2 Administration of Contracts.

8.2.1 Contracts.

(a) Borrowers hereby represent and warrant to Agent and Lenders with respect to the Contracts, that: (i) each existing Contract represents, and each future Contract will represent, a bona fide obligation of the Contract Debtor, enforceable in accordance with its terms; (ii) each existing Contract is, and each future Contract will be, for a liquidated amount payable by the Contract Debtor thereon on the terms set forth in the Contract therefor or in the schedule thereof delivered to Agent, without any offset, deduction, defense (including the defense of usury), or counterclaim; (iii) there is only one original counterpart of the Contract executed by the Contract Debtor and any copies of such original are clearly marked as copies; (iv) each Contract correctly sets forth the terms thereof, including the interest rate, if any, applicable thereto and correctly describes the collateral, if any, for such Contract; (v) the signatures of all Contract Debtors are genuine and, to the knowledge of Borrowers, each Contract Debtor had the legal capacity to enter into and execute such documents on the date thereof; (vi) each Contract complies with all Requirement of Law; and (viii) Borrowers have not used illegal, improper, fraudulent or deceptive marketing techniques or unfair business practices with respect to the Contracts.

(b) Borrowers shall not grant any discount, credit or allowance to any such Contract Debtor without Agent's prior written consent, except for discounts, credits and allowances made or given in the Ordinary Course of Business or in compliance with the Credit and Collection Guidelines.

(c) Except as provided in Borrowers' Credit and Collection Guidelines, Borrowers shall not accept any note or other instrument (except a check or other instrument for the immediate payment of money) with respect to any Contract without Agent's written consent. If Agent consents to the acceptance of any such instrument, it shall be considered as evidence of the Contract and not payment thereof and Borrowers will promptly deliver such instrument to Agent, endorsed by the applicable Borrower to Agent in a manner satisfactory in form and substance to Agent. Regardless of the form of presentment, demand, notice of protest with respect thereto, the Contract Debtor shall remain liable thereon until such Instrument is paid in full.

(d) Agent may rely, in determining which Contracts are Eligible Contracts, on all statements and representations made by Borrowers with respect thereto.

(e) Except as provided in the Credit and Collections Guidelines with respect to Modified Contracts, Borrowers shall not amend or modify any Contract without Agent's prior written consent and any such modifications to the applicable Contract are identified as approved modifications.

(f) Borrowers shall hold each original Contract as the custodian for Agent for the purposes of perfecting Agent's Lien in the Contracts.

(g) If the original of any Contract is in print format, Borrowers shall keep such Contract in a fireproof file cabinet at Borrowers' chief executive office (unless delivered to Agent hereunder) and if the original Contract is in electronic format, Borrowers shall keep an electronic version on their computer systems in their chief executive office and with backup copies kept in location other than the chief executive office.

8.2.2 Taxes. If any collections received from payments made by Contract Debtors includes charges for any Taxes, Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of such Borrower and to charge Borrowers therefor; provided, however, that neither Agent nor Lenders shall be liable for any Taxes that may be due from Borrowers or with respect to any Collateral.

8.2.3 Contract Verification. Whether or not a Default or Event of Default exists, Agent shall have the right at any time, in the name of Agent, any designee of Agent or any Borrower, to verify the validity, amount or any other matter relating to any Contracts by mail, telephone or otherwise. Borrowers shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

8.2.4 Maintenance of Dominion Account. Borrowers shall maintain Dominion Accounts pursuant to lockbox or other arrangements acceptable to Agent. Borrowers shall obtain an agreement (in form and substance satisfactory to Agent) from each lockbox servicer (if any) and Dominion Account bank, establishing Agent's control over and Lien in the lockbox (if any) or Dominion Account, which may be exercised by Agent during any

Dominion Trigger Period, requiring immediate deposit of all remittances received in the lockbox (if any) to a Dominion Account, and waiving offset rights of such servicer or bank, except for customary administrative charges. If a Dominion Account is not maintained with Bank of America, Agent may, during any Dominion Trigger Period, require immediate transfer of all funds in such account to a Dominion Account maintained with Bank of America. Agent and Lenders assume no responsibility to Borrowers for any lockbox arrangement (if any) or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.2.5 Proceeds of Collateral. Borrowers shall request in writing and otherwise take all necessary steps to ensure that all payments on Contracts or otherwise relating to Collateral are made directly to a Dominion Account (or a lockbox relating to a Dominion Account, if any). If any Borrower or its Subsidiary receives cash or Payment Items with respect to any Collateral, it shall hold same in trust for Agent and promptly (not later than the next Business Day) deposit same into a Dominion Account; provided, that payments on Securitization Contracts sold to the Securitization Subsidiary pursuant to the Permitted ABS Purchase Agreement may be remitted to and held by the Securitization Subsidiary and not subject to the requirements set forth above.

8.3 Administration of Inventory.

8.3.1 Records and Reports of Inventory. Each Borrower shall keep accurate and complete records of its Inventory, including costs and daily withdrawals and additions, and shall submit to Agent inventory and reconciliation reports in form satisfactory to Agent, on such periodic basis as Agent may request. Each Borrower shall conduct a physical inventory at each of its locations at least once per calendar year (and on a more frequent basis if requested by Agent when an Event of Default exists) and periodic cycle counts consistent with historical practices, and shall provide to Agent a report based on each such inventory and count promptly upon completion thereof, together with such supporting information as Agent may request. Agent may participate in and observe each physical count.

8.3.2 Returns of Inventory. No Borrower shall return any Inventory to a supplier, vendor or other Person, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default, Event of Default or Overadvance exists or would result therefrom; (c) Agent is promptly notified if the aggregate Value of all Inventory returned in any month exceeds \$2,500,000; and (d) any payment received by a Borrower in excess of the aggregate amount of \$2,500,000 in any month for a return is promptly remitted to Agent for application to the Obligations.

8.3.3 Acquisition, Sale and Maintenance. No Borrower shall acquire or accept any Inventory on consignment or approval (other than in the Ordinary Course of Business), and shall take all reasonable steps to assure that all Inventory is produced in accordance with Applicable Law. To the best of Borrowers' knowledge, all of each Borrower's Inventory is produced in accordance with the FLSA. No Borrower shall sell any Inventory on consignment or approval or any other basis under which the customer may return or require a Borrower to repurchase such Inventory. Borrowers shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

8.4 Administration of Equipment.

8.4.1 Records and Schedules of Equipment. Each Borrower shall keep accurate and complete records of its Equipment, including kind, quality, quantity, cost, acquisitions and dispositions thereof, and shall submit to Agent, on such periodic basis as Agent may request, a current schedule thereof, in form satisfactory to Agent. Promptly upon request, Borrowers shall deliver to Agent evidence of their ownership or interests in any Equipment.

8.4.2 Dispositions of Equipment. No Borrower shall sell, lease or otherwise dispose of any Equipment, without the prior written consent of Agent and Required Lenders, other than (a) a Permitted Asset Disposition; and (b) replacement of Equipment that is worn, damaged or obsolete with Equipment of like function and value, if the replacement Equipment is acquired substantially contemporaneously with such disposition and is free of Liens other than Permitted Liens.

8.4.3 Condition of Equipment. The Equipment is in good operating condition and repair, and all necessary replacements and repairs have been made so that the value and operating efficiency of the Equipment is preserved at all times, reasonable wear and tear excepted. Each Borrower shall ensure that the Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications. No Borrower shall permit any Equipment to become affixed to real Property unless any landlord or mortgagee delivers a Lien Waiver or an appropriate Rent and Charges Reserve has been established with respect thereto.

8.5 Administration of Deposit Accounts. Schedule 8.5 sets forth all Deposit Accounts maintained by Borrowers, including all Dominion Accounts. Each Borrower shall take all actions necessary to establish Agent's control of each such Deposit Account (other than an account exclusively used for payroll, payroll taxes or employee benefits, or an account containing not more than \$10,000 at any time). Each Borrower shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Agent or Term Agent) to have control over a Deposit Account or any Property deposited therein. Each Borrower shall promptly notify Agent of any opening or closing of a Deposit Account and, with the consent of Agent, will amend Schedule 8.5 to reflect same.

8.6 Administration of Credit Card Accounts.

8.6.1 Credit Card Agreements. Schedule 8.6.1 is a list of all Credit Card Agreements as of the Closing Date.

8.6.2 Credit Card Processor Notifications. Each Borrower shall deliver to Agent copies of Credit Card Processor Notifications which have been executed on behalf of such Borrower and delivered to such Borrower's Credit Card Issuers and Credit Card Processors. Each Credit Card Processor Notification shall require the ACH or wire transfer no less frequently than daily to a Dominion Account of all payments due from Credit Card Processors or Credit Card Issuers.

8.7 General Provisions.

8.7.1 Location of Collateral. All tangible items of Collateral, other than Inventory in transit, shall at all times be kept by Borrowers at the business locations set forth in **Schedule 8.7.1**, except that Borrowers may (a) make sales or other dispositions of Collateral in accordance with **Section 10.2.6**; and (b) move Collateral to another location in the United States, upon 30 Business Days prior written notice to Agent.

8.7.2 Insurance of Collateral; Condemnation Proceeds.

(a) Each Borrower shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (with a Best Rating of at least A7, unless otherwise approved by Agent) satisfactory to Agent. All proceeds under each policy shall be payable to Agent. From time to time upon request, Borrowers shall deliver to Agent the certified copies of its insurance policies and updated flood plain searches. Unless Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as loss payee; (ii) requiring 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever, except 10 days notice shall be given for cancellation due to non-payment of premium; and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Borrower or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Borrower fails to provide and pay for any insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge Borrowers therefor. Each Borrower agrees to deliver to Agent, promptly as rendered, copies of all claims reports made to insurance companies in excess of \$1,000,000. While no Event of Default exists, Borrowers may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent. If an Event of Default exists, only Agent shall be authorized to settle, adjust and compromise such claims.

(b) Any proceeds of insurance (other than proceeds from workers' compensation or D&O insurance) and any awards arising from condemnation of any Collateral shall be paid to Agent and shall be deposited in the Dominion Account. Any such proceeds or awards that relate to Inventory shall be applied to payment of the Revolver Loans, and if a Dominion Trigger Period exists, then to any other Obligations outstanding.

(c) If requested by Borrowers in writing within 15 days after Agent's receipt of any insurance proceeds or condemnation awards relating to any loss or destruction of Equipment or Real Estate, Borrowers may use such proceeds or awards to repair or replace such Equipment or Real Estate (and until so used, the proceeds shall be held by Agent as Cash Collateral) as long as (i) no Default or Event of Default exists; (ii) such repair or replacement is promptly undertaken and concluded, in accordance with plans satisfactory to Agent; (iii) replacement buildings are of comparable size, quality and utility to the destroyed buildings; (iv) the repaired or replaced Property is free of Liens, other than Permitted Liens that are not Purchase Money Liens; (v) Borrowers comply with disbursement procedures for such repair or replacement as Agent may reasonably require; and (vi) the aggregate amount of such proceeds or awards from any single casualty or condemnation does not exceed \$5,000,000.

8.7.3 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof), and all other payments required to be made by Agent to any Person to realize upon any Collateral, shall be borne and paid by Borrowers. Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Borrowers' sole risk.

8.7.4 Defense of Title to Collateral. Each Borrower shall at all times defend its title to Collateral and Agent's Liens therein against all Persons, claims and demands whatsoever, except Permitted Liens.

8.8 Power of Attorney. Each Borrower hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Borrower's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or a Borrower's name, but at the cost and expense of Borrowers:

(a) Endorse a Borrower's name on any Payment Item or other proceeds of Collateral (including proceeds of insurance) that come into Agent's possession or control; and

(b) During an Event of Default, (i) notify any Contract Debtors of the assignment of their Contracts, demand and enforce payments on Contracts, by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Contracts; (ii) settle, adjust, modify, compromise, discharge or release any claims with respect to amounts due on Contracts or other Collateral, or any legal proceedings brought to collect on Contracts or other Collateral; (iii) sell or assign any Contract and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) collect, liquidate, and receive balances in Deposit Accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign a Borrower's name to a proof of claim or other document in a bankruptcy of a Contract Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to a Borrower, and notify postal authorities to deliver any such mail to an address designated by Agent; (vii) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Contract, Inventory or other Collateral; (viii) use a Borrower's stationery and sign its name to verifications of Contract and notices to Contract Debtors; (ix) use information contained in any data processing, electronic, or other information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which a Borrower is a beneficiary; and (xii) take all other actions as Agent deems appropriate to fulfill any Borrower's obligations under the Loan Documents.

SECTION 9. REPRESENTATIONS AND WARRANTIES

9.1 General Representations and Warranties. To induce Agent and Lenders to enter into this Agreement and to make available the Revolver Commitments, Revolver Loans and Letters of Credit, Parent and each Borrower represents and warrants that:

9.1.1 Organization and Qualification. Parent and its Subsidiaries are duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization. Parent and its Subsidiaries are duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

9.1.2 Power and Authority. Each Obligor is duly authorized to execute, deliver and perform its Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a) require any consent or approval of any holders of Equity Interests of any Obligor, other than those already obtained; (b) contravene the Organic Documents of any Obligor; (c) violate or cause a default under any Applicable Law or Material Contract; or (d) result in or require the imposition of any Lien (other than Permitted Liens) on any Property of any Obligor.

9.1.3 Enforceability. Each Loan Document is a legal, valid and binding obligation of each Obligor party thereto, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

9.1.4 Capital Structure. **Schedule 9.1.4** shows, for each of Parent and its Subsidiaries, its name, its jurisdiction of organization, its authorized and issued Equity Interests, the holders of its Equity Interests, and all agreements binding on such holders with respect to their Equity Interests. Except as disclosed on **Schedule 9.1.4**, in the five years preceding the Closing Date, neither Parent nor any Subsidiary has acquired any substantial assets from any other Person nor has been the surviving entity in a merger or combination. Parent has good title to its Equity Interests in its Subsidiaries, subject only to Agent's Lien and Term Agent's Lien, and all such Equity Interests are duly issued, fully paid and non-assessable. Except as set forth in **Schedule 9.1.4**, there are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of Parent or its Subsidiary.

9.1.5 Corporate Names; Locations. During the five years preceding the Closing Date, except as shown on **Schedule 9.1.5**, neither Parent nor its Subsidiary has been known as or used any corporate, fictitious or trade names, has been the surviving corporation of a merger or combination, or has acquired any substantial part of the assets of any Person. The chief executive offices and other places of business of Parent and its Subsidiaries are shown on **Schedule 8.7.1**. During the five years preceding the Closing Date, no Borrower or its Subsidiary has had any other office or place of business.

9.1.6 Title to Properties; Priority of Liens. Each of Parent and its subsidiaries has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except Permitted Liens and minor defects in title to its Real Estate that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purpose. Each of Parent and its Subsidiaries has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral are duly perfected, first priority Liens, subject only to Permitted Liens that are expressly allowed to have priority over Agent's Liens.

9.1.7 Financial Statements. The consolidated and consolidating balance sheets, and related statements of income, cash flow and shareholder's equity, of Parent and its Subsidiaries that have been and are hereafter delivered to Agent and Lenders, are prepared in accordance with GAAP, and fairly present the financial positions and results of operations of Parent and its Subsidiaries at the dates and for the periods indicated. All

projections delivered from time to time to Agent and Lenders have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time. Since July 31, 2010, there has been no change in the condition, financial or otherwise, of Parent or any of its Subsidiaries (when taken as a whole) that could reasonably be expected to have a Material Adverse Effect. No financial statement delivered to Agent or Lenders at any time contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make such statement not materially misleading. Each Borrower and its Subsidiaries are Solvent.

9.1.8 Surety Obligations. Neither Parent nor any of its Subsidiaries are obligated as surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder.

9.1.9 Taxes. Parent and each of its Subsidiaries have filed all federal, state and local tax returns and other reports that it is required by law to file, and has paid, or made provision for the payment of, all Taxes upon it, its income and its Properties that are due and payable, except to the extent being Properly Contested. The provision for Taxes on the books of each Parent and its Subsidiaries is adequate for all years not closed by applicable statutes, and for its current Fiscal Year.

9.1.10 Brokers. There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents.

9.1.11 Intellectual Property. Each of Parent and its Subsidiaries own or has the lawful right to use all Intellectual Property necessary for the conduct of its business, without conflict with any rights of others except for any such conflict of infringement that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. There is no pending or, to Parent's or any Borrower's knowledge, threatened Intellectual Property Claim with respect to Parent, any of its Subsidiaries or any of their Property (including any Intellectual Property). Except as disclosed on **Schedule 9.1.11, neither Parent nor its Subsidiaries pays or owes any Royalty or other compensation to any Person with respect to any Intellectual Property. All Intellectual Property owned, used or licensed by, or otherwise subject to any interests of, Parent or its Subsidiaries is shown on Schedule 9.1.11.**

9.1.12 Governmental Approvals. Each of Parent and its Subsidiaries have, is in compliance with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties. To the best of each Borrowers' knowledge, all necessary import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect, and Parent and its Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.13 Compliance with Laws. Each of Parent and its Subsidiaries have duly complied, and its Properties and business operations are in compliance, in all material respects with all Applicable Law (including all consumer credit disclosure laws and regulations), except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to Parent or its Subsidiaries under any Applicable Law. To the best of Borrowers' knowledge no Inventory has been produced in violation of the FLSA.

9.1.14 Compliance with Environmental Laws. Except as disclosed on **Schedule 9.1.14**, neither Parent's nor its Subsidiary's past or present operations, Real Estate or other Properties are subject to any federal, state or local investigation to determine whether any remedial action is needed to address any environmental pollution, hazardous material or environmental clean-up. Neither Parent nor its Subsidiaries have received any Environmental Notice. Neither Parent nor its Subsidiaries have any contingent liability with respect to any Environmental Release, environmental pollution or hazardous material on any Real Estate now or previously owned, leased or operated by it.

9.1.15 Burdensome Contracts. Neither Parent nor its Subsidiaries are a party or subject to any contract, agreement or charter restriction that could reasonably be expected to have a Material Adverse Effect. Neither Parent nor its Subsidiaries are party or subject to any Restrictive Agreement, except as shown on **Schedule 9.1.15**. No such Restrictive Agreement prohibits the execution, delivery, or performance of any Loan Document by an Obligor.

9.1.16 Litigation. Except as shown on **Schedule 9.1.16**, there are no proceedings or investigations pending or, to Parent's or any Borrower's knowledge, threatened against Parent or its Subsidiaries, or any of their businesses, operations, Properties, prospects or conditions, that (a) relate to any Loan Documents or transactions contemplated thereby; or (b) could reasonably be expected to have a Material Adverse Effect if determined adversely to Parent or its Subsidiaries. Except as shown on such Schedule, no Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$100,000). Neither Parent nor its Subsidiaries are in default with respect to any order, injunction or judgment of any Governmental Authority.

9.1.17 No Defaults. No event or circumstance has occurred or exists that constitutes a Default or Event of Default. Neither Parent nor its Subsidiaries are in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default, under any Material Contract or in the payment of any Borrowed Money. There is no basis upon which any party (other than a Parent or its Subsidiaries) could terminate a Material Contract prior to its scheduled termination date.

9.1.18 ERISA. Except as disclosed on **Schedule 9.1.18**:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, and other federal and state laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Parent and Borrowers, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Obligor and ERISA Affiliate has made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of Parent and Borrowers, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted in or could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Obligor or ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Obligor or ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) no Obligor or ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) With respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities.

9.1.19 Trade Relations. There exists no actual or threatened termination, limitation or modification of any business relationship between Parent or its Subsidiaries and any customer or supplier, or any group of customers or suppliers, who individually or in the aggregate are material to the business of Parent or its Subsidiaries. There exists no condition or circumstance that could reasonably be expected to impair the ability of Parent or its Subsidiaries to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date.

9.1.20 Labor Relations. Except as described on **Schedule 9.1.20**, neither Parent nor its Subsidiaries are party to or bound by any collective bargaining agreement, management agreement or consulting agreement. There are no material grievances, disputes or controversies with any union or other organization of Parent or its Subsidiaries' employees, or, to any Borrower's knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

9.1.21 Payable Practices. Neither Parent nor its Subsidiaries shall make any change in its historical accounts payable practices from those in effect on the Closing Date other than any changes made in the Ordinary Course of Business.

9.1.22 Not a Regulated Entity. No Obligor is (a) an "investment company" or a "person directly or indirectly controlled by or acting on behalf of an investment company" within the meaning of the Investment Company Act of 1940; or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any public utilities code or any other Applicable Law regarding its authority to incur Debt.

9.1.23 Margin Stock. Neither Parent nor its Subsidiaries are engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No Revolver Loan proceeds or Letters of Credit will be used by Borrowers to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose in any manner that would result in a violation of Regulations T, U or X of the Board of Governors.

9.1.24 Excluded Subsidiaries. At all times after the consummation of the Intercompany Assignment Agreements the Excluded Subsidiaries shall conduct no business and have no material assets.

9.2 Complete Disclosure. No Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make the statements contained therein not materially misleading. There is no fact or circumstance that any Obligor has failed to disclose to Agent in writing that could reasonably be expected to have a Material Adverse Effect.

SECTION 10. COVENANTS AND CONTINUING AGREEMENTS

10.1 Affirmative Covenants. As long as any Revolver Commitments or Obligations are outstanding, Parent and each Borrower shall, and shall cause each of their Subsidiaries to:

10.1.1 Inspections; Appraisals.

(a) Permit Agent from time to time, subject (except when a Default or Event of Default exists) to reasonable notice and normal business hours, to visit and inspect the Properties of any Parent or its Subsidiaries, inspect, audit and make extracts from Parent's or its Subsidiaries' books and records, and discuss with its officers, employees, agents, advisors and independent accountants Parent's or such Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither Agent nor any Lender shall have any duty to Parent or any Borrower to make any inspection, nor to share any results of any inspection, appraisal or report with Parent or any Borrower. Borrowers acknowledge that all inspections, appraisals and reports are prepared by Agent and Lenders for their purposes, and Parent and Borrowers shall not be entitled to rely upon them.

(b) Reimburse Agent for all charges, costs and expenses of Agent in connection with (i) examinations of any Obligor's books and records or any other financial or Collateral matters as Agent deems appropriate, up to 2 times per Loan Year; and (ii) appraisals of Inventory up to 2 times per Loan Year (it being understood that Agent shall require at least 2 examinations per year pursuant to clause (i) above and at least 2 appraisals of Inventory per year pursuant to clause (ii) above); provided, however, that if an examination or appraisal is initiated during an Increased Reporting Period, all charges, costs and expenses therefor shall be reimbursed by Borrowers without regard to such limits. Subject to and without limiting the foregoing, Parent and Borrowers specifically agree to pay Agent's then standard charges for each day that an employee of Agent or its Affiliates is engaged in any examination activities, and shall pay the standard charges of Agent's internal appraisal group. This Section shall not be construed to limit Agent's right to conduct examinations or to obtain appraisals at any time in its discretion, nor to use third parties for such purposes.

10.1.2 Financial and Other Information. Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Agent and Lenders (the documents required to be delivered pursuant to **clauses (a), (b) and (h)** below shall be deemed to have been delivered on the date on which such documents are posted on the Securities and Exchange Commission's website at www.sec.gov and Borrowers have given notice to Agent of such posting):

(a) as soon as available, and in any event no later than the earlier of (i) the date Parent files its 10K with the Securities and Exchange Commission, or (ii) 90 days after the close of each Fiscal Year, balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders' equity for such Fiscal Year, on a consolidated basis for Parent and its Subsidiaries, which consolidated statements shall be audited and certified (without qualification) by a firm of independent certified public accountants of recognized standing selected by Parent and acceptable to Agent, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information acceptable to Agent;

(b) as soon as available, and in any event no later than the earlier of (i) the date Parent files its 10Q with the Securities and Exchange Commission, or (ii) 45 days after the end of each Fiscal Quarter, unaudited balance sheets as of the end of such Fiscal Quarter and the related statements of income and cash flow for such Fiscal Quarter and for the portion of the Fiscal Year then elapsed, on a consolidated basis for Parent and its Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by the chief financial officer of Borrower Agent as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such Fiscal Quarter and period, subject to normal year end adjustments and the absence of footnotes;

(c) as soon as available, and in any event within 30 days after the end of each month that is not the last month of a Fiscal Quarter, internal management financial statements (balance sheet, statement of income, and cash flow statement) as of the end of such month, on a consolidated basis for Parent and its Subsidiaries, setting forth in comparative form corresponding figures for (i) the preceding Fiscal Year and (ii) such period set forth in the projections delivered pursuant to **Section 10.1.2(f)** hereof, in each case on a month-to-date and year-to-date basis with respect to profit and loss and cash flow statements, in each case certified by the chief financial officer of Borrower Agent as prepared in accordance with its normal internal, interim reporting practices;

(d) within the time frame specified for the delivery of financial statements under clauses (a)(ii), (b)(ii) and (c) above, or more frequently if requested by Agent while a Default or Event of Default exists, a Compliance Certificate executed by the chief financial officer or treasurer of Borrower Agent;

(e) not later than 30 days after receipt thereof by Borrowers, copies of all management letters (if any) and other material reports submitted to Borrowers by their accountants in connection with such financial statements, if any;

(f) not later than 30 days after the commencement of each Fiscal Year, preliminary projections of Parent's consolidated balance sheets, results of operations, cash flow and Availability for such Fiscal Year, month by month, and not later than 60 days after the commencement of each Fiscal Year, final projections of Parent's consolidated balance sheets, results of operations, cash flow and Availability for such Fiscal Year, month by month, approved by the Parent's board of directors or other governing body;

(g) at Agent's request, a listing of each Borrower's trade payables, specifying the trade creditor and balance due, and a detailed trade payable aging, all in form satisfactory to Agent;

(h) promptly after the sending or filing thereof, copies of any proxy statements, financial statements or reports that Parent or any Borrower has made generally available to its shareholders; copies of any regular, periodic and special reports or registration statements or prospectuses that Parent or any Borrower files with the Securities and Exchange Commission or any other Governmental Authority, or any securities exchange; and copies of any press releases or other statements made available by Parent or a Borrower to the public concerning material changes to or developments in the business of Parent or such Borrower;

(i) promptly after the sending or filing thereof, copies of any annual report to be filed in connection with each Plan or Foreign Plan;

(j) as soon as available, and in any event no later than 45 days after the end of each Fiscal Quarter, Borrower's "data tape" in form and substance reasonably satisfactory to Agent and Required Lenders; and

(k) such other reports and information (financial or otherwise) as Agent may reasonably request (at its reasonable discretion or at the reasonable request of any Lender) from time to time in connection with any Collateral or any Borrower's, its Subsidiary's or other Obligor's financial condition or business.

10.1.3 Notices. Notify Agent and Lenders in writing, promptly after Parent or a Borrower's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the threat or commencement of any proceeding or investigation, whether or not covered by insurance, if an adverse determination could have a Material Adverse Effect; (b) any pending or threatened material labor dispute, strike or walkout, or the expiration of any material labor contract; (c) any default under or termination of a Material Contract; (d) the existence of any Default or Event of Default; (e) any judgment in an amount exceeding \$1,000,000; (f) the assertion of any Intellectual Property Claim, if an adverse resolution could have a Material Adverse Effect; (g) any violation or asserted violation of any Applicable Law (including ERISA, OSHA, FLSA, or any Environmental Laws), if an adverse resolution could have a Material Adverse Effect; (h) any Environmental Release by an Obligor or on any Property owned, leased or occupied by an Obligor; or receipt of any Environmental Notice; (i) the occurrence of any material ERISA Event; (j) the discharge of or any withdrawal or resignation by Borrowers' independent accountants; (k) any opening of a new office or place of business, at least 30 days prior to such opening; (l) any default under the Term Loan Agreement or the Term Loan Documents, or (m) together with the delivery of the subsequent Compliance Certificate, the filing (or authorization by any Obligor to any party other than Agent for the filing thereof) of any financing statement (including any amendment thereto or continuation thereof), mortgage or other lien filing (including any federal U.S. Copyright Office or U.S. Patent and Trademark Office intellectual property lien filing).

10.1.4 Landlord and Storage Agreements. Upon request, provide Agent with copies of all existing agreements, and promptly after execution thereof provide Agent with copies of all future agreements, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

10.1.5 Compliance with Laws. Comply with all Applicable Laws, including ERISA, Environmental Laws, FLSA, OSHA, Anti-Terrorism Laws, and laws regarding collection and payment of Taxes, and maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any Environmental Release occurs at or on any Properties of Parent or its Subsidiaries, it shall act promptly and diligently to investigate and report to Agent and all appropriate Governmental Authorities the extent of, and to make appropriate remedial action to eliminate, such Environmental Release, whether or not directed to do so by any Governmental Authority.

10.1.6 Taxes. Pay and discharge all Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

10.1.7 Insurance. In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (with a Best Rating of at least A7, unless otherwise approved by Agent) satisfactory to Agent, with respect to the Properties and business of Borrowers and its Subsidiaries of such type (including product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated.

10.1.8 Licenses. Keep each License affecting any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material Property of Borrowers and its Subsidiaries in full force and effect; promptly notify Agent of any proposed modification to any such License, or entry into any new License, in each case at least 30 days prior to its effective date; pay all Royalties when due; and notify Agent of any default or breach asserted by any Person to have occurred under any License.

10.1.9 Future Subsidiaries. Promptly notify Agent upon any Person becoming a Subsidiary of Parent and, if such Person is neither a Foreign Subsidiary nor a Securitization Subsidiary, cause it to guaranty the Obligations in a manner satisfactory to Agent, and to execute and deliver such documents, instruments and agreements and to take such other actions as Agent shall require to evidence and perfect a Lien in favor of Agent (for the benefit of Secured Parties) on all assets of such Person, including delivery of such legal opinions, in form and substance satisfactory to Agent, as it shall deem appropriate.

10.1.10 [Reserved]

10.1.11 Service Maintenance Plans. To the extent that Borrowers finance so-called "service maintenance plans," Borrowers shall ensure that the cost of such plans are disclosed to the Contract Debtors and such plans are in compliance with all applicable consumer credit laws, including any and all special insurance laws relating thereto.

10.1.12 Charge-Off Policy. Borrowers shall establish and implement, in a manner satisfactory to Agent, a policy for charging off the unpaid balance of its delinquent Contracts as set forth in the Credit and Collections Guidelines. Borrowers shall not in any way modify such policy as in effect on the Closing Date without providing 10 Business Days prior written notice to Agent of such modification and, if such modification is a material modification, obtaining Agent's consent to such material modification, which consent will not be unreasonably withheld.

10.1.13 Loss Reserve. Borrowers shall maintain, on a consolidated basis, loss reserves at all times during the term of the Agreement in amounts required to be maintained under GAAP.

10.1.14 Dissolution of Excluded Subsidiaries. Within 15 days after the Closing Date, Parent and Borrowers shall file all of the necessary documents with the applicable Governmental Authority to cause each of the Excluded Subsidiaries to be dissolved and shall deliver evidence of such dissolution to Agent promptly after receipt thereof from such Governmental Authority. The Excluded Subsidiaries shall not hold any assets or conduct any business after the Closing Date.

10.2 Negative Covenants. As long as any Revolver Commitments or Obligations are outstanding, Parent and each Borrower shall not, and shall not permit any of its Subsidiaries to:

10.2.1 Permitted Debt. Create, incur, guarantee or suffer to exist any Debt, except:

(a) the Obligations;

(b) Subordinated Debt;

(c) Permitted Purchase Money Debt;

(d) Borrowed Money (other than the Obligations, the obligations under the Term Loan Documents, Subordinated Debt and Permitted Purchase Money Debt), but only to the extent outstanding on the Closing Date and not satisfied with proceeds of the initial Revolver Loans;

(e) Bank Product Debt;

(f) Debt that is in existence when a Person becomes a Subsidiary of Parent or that is secured by an asset when acquired by Parent or its Subsidiaries, as long as such Debt was not incurred in contemplation of such Person becoming a Subsidiary of Parent or such acquisition, and does not exceed \$15,000,000 in the aggregate at any time;

(g) Permitted Contingent Obligations;

(h) Debt owed to a Flooring Lender, provided that such Flooring Lender has entered into a Flooring Intercreditor Agreement with respect to such Debt;

(i) (x) Debt incurred for the acquisition of Real Estate by a Borrower so long as the purchase price of such Real Estate does not exceed the fair market value of the Real Estate at the time of its acquisition and the Debt incurred in connection therewith does not exceed 100% of the purchase price of such Real Estate, and (y) Debt secured solely by Real Estate owned by a Borrower as of the Closing Date incurred to refinance a portion of the Term Loan Facility; provided, that (i) the amount of Net Proceeds received by such Borrower with respect to such Debt shall be not less than the amount advanced by the Term Lenders under the Term Loan Borrowing Base with

respect to any Real Estate listed on **Schedule 7.3** being refinanced, (ii) the Net Proceeds received by Borrowers with respect to such Debt to refinance any Real Estate listed on **Schedule 7.3** shall be applied to prepay the Term Loan in accordance with Section 5.2.2 of the Term Loan Agreement (together with any prepayment fee then due, if any, under Section 5.2.3 of the Term Loan Agreement), and (iii) the Lien of the Mortgage held by Agent on such Real Estate shall be subordinated to the Lien of the Lender holding such Debt; provided further, that the aggregate outstanding Debt permitted under this subsection (i) does not at any time exceed, excluding any advances under the Term Loan against such Real Estate, (A) \$10,000,000 plus (B) such additional amount incurred so long as no Default or Event of Default has occurred and is continuing and Availability on a pro forma basis after giving effect to the incurrence of such Debt and on a projected basis for the six months following the incurrence of such Debt is not less than \$75,000,000, provided further, that once the obligations under the Term Loan Facility are paid in full and the Term Loan Facility is terminated, the only limitation on the amount of Debt permitted under this subsection (i) shall be to require that Debt under this subsection (i) not exceed \$25,000,000 outstanding at any time.

(j) Debt incurred under the Term Loan Facility and otherwise incurred under the Term Loan Documents;

(k) Refinancing Debt as long as each Refinancing Condition is satisfied;

(l) Debt incurred in connection with the purchase of Contracts and related assets by CCI from CCCI as evidenced by the CCCI

Originator Notes;

(m) Debt incurred in connection with the purchase of Contracts and related assets by CCI from CAI as evidenced by the CCI

Originator Notes;

(n) Permitted ABS Facility so long as prior to entering into such facility Agent and Required Lenders have approved the structure and documents related to such facility and the Permitted ABS Agent has entered into the Permitted ABS Intercreditor Agreement;

(o) Debt incurred under the Permitted ABS Originator Notes;

(p) Debt incurred in connection with the purchase of Contracts and related assets by CCI from an Excluded Subsidiary as evidenced by the CFII Originator Note; and

(q) Debt that is not included in any of the preceding clauses of this Section, is not secured by a Lien and does not exceed \$10,000,000 in the aggregate at any time.

10.2.2 Permitted Liens. Create or suffer to exist any Lien upon any of its Property, except the following (collectively, "Permitted Liens");

(a) Liens in favor of Agent;

(b) Purchase Money Liens securing Permitted Purchase Money Debt;

(c) Liens for Taxes not yet due or being Properly Contested;

(d) statutory Liens (other than Liens for Taxes or imposed under ERISA) arising in the Ordinary Course of Business, but only if (i) payment of the obligations secured thereby is not yet due or is being Properly Contested, and (ii) such Liens do not materially impair the value or use of the Property or materially impair operation of the business of Parent or its Subsidiaries;

(e) Liens incurred or deposits made in the Ordinary Course of Business to secure the performance of tenders, bids, leases, contracts (except those relating to Borrowed Money), statutory obligations and other similar obligations, or arising as a result of progress payments under government contracts, as long as such Liens are at all times junior to Agent's Liens;

(f) Liens arising in the Ordinary Course of Business that are subject to Lien Waivers;

(g) Liens arising by virtue of a judgment or judicial order against Parent or its Subsidiaries, or any Property of Parent or its Subsidiaries, as long as such Liens are (i) in existence for less than 20 consecutive days or being Properly Contested, and (ii) at all times junior to Agent's Liens;

(h) easements, rights-of-way, restrictions, covenants or other agreements of record, and other similar charges or encumbrances on Real Estate, that do not secure any monetary obligation and do not interfere with the Ordinary Course of Business;

(i) normal and customary rights of setoff upon deposits in favor of depository institutions, and Liens of a collecting bank on Payment Items in the course of collection;

(j) Liens in favor of a Flooring Lender so long as such Liens do not attach to any assets of a Borrower other than the Inventory floored by such Flooring Lender;

(k) Liens securing only the Real Estate owned by a Borrower to secure Debt permitted under **Section 10.2.1(i)**;

(l) existing Liens shown on **Schedule 10.2.2**;

(m) Liens on the Equity Interests of Parent which are held by Parent, to the extent such Equity Interests are deemed to be Margin Stock;

(n) Liens on the Securitized Contracts in favor of the Permitted ABS Agent and subject to the Permitted ABS Intercreditor Agreement;

(o) Liens (subject to the Intercreditor Agreement) in favor of Term Agent securing the obligations under the Term Loan Documents and any Refinancing Debt or Liens solely on Real Estate set forth on **Schedule 7.3** in connection with a refinancing of the Term Loan permitted pursuant to clause (i) of **Section 10.2.1**;

(p) rights of CCI in the Contracts purchased from CCCI pursuant to the CCI Receivables Purchase Agreement and evidenced by a UCC-1 Financing Statement naming CCI as a secured party and CCCI as debtor; provided, that such rights are an ownership right and not a Lien; and

(q) rights of CAI in the Contracts purchased from CCCI pursuant to the CAI Receivables Purchase Agreement and evidenced by a UCC-1 Financing Statement naming CAI as a secured party and CCCI as debtor; provided, that such rights are an ownership right and not a Lien.

10.2.3 Capital Expenditures. Make Capital Expenditures (net of any net proceeds from the sale of any Borrower's fixed assets) in excess of \$22,000,000 in the aggregate during any 12-month period, measured as at the end of each Fiscal Quarter.

10.2.4 Distributions; Upstream Payments. Declare or make any Distributions, except Upstream Payments and Permitted Distributions; or create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary of Parent to make any Upstream Payment, except for restrictions under the Loan Documents, the Term Loan Documents, under Applicable Law or in effect on the Closing Date as shown on **Schedule 9.1.15**.

10.2.5 Restricted Investments. Make any Restricted Investment.

10.2.6 Disposition of Assets. Make any Asset Disposition, except a Permitted Asset Disposition, a disposition of Equipment under **Section 8.4.2**, a transfer of Property by an Obligor of its Subsidiary to a Borrower, or a disposition of Margin Stock by Parent.

10.2.7 Loans. Make any loans or other advances of money to any Person, except (a) advances to an officer or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (b) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (c) deposits with financial institutions permitted hereunder; (d) as long as no Default or Event of Default exists, intercompany loans by a Borrower to another Borrower; (e) loans made by a Borrower to a Contract Debtor pursuant to a Contract; (f) loans made under the CCI Originator Notes and CCCI Originator Notes, and (g) loans made under the ABS Originator Notes.

10.2.8 Restrictions on Payment of Certain Debt.

(a) Make any payments (whether voluntary or mandatory, or a prepayment, redemption, repurchase, retirement, defeasance or acquisition) with respect to (i) any Subordinated Debt, except regularly scheduled payments of principal, interest and fees, but only to the extent permitted under any subordination agreement relating to such Debt (and a Senior Officer of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all conditions under such agreement have been satisfied); or (ii) any Borrowed Money (other than the Obligations and obligations under the Term Loan Documents) prior to its due date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Agent and Required Lenders).

(b) Make (1) any voluntary prepayment with respect to the Term Loan (other than in connection with a refinancing permitted under **Section 10.2.1**), unless in each case, immediately prior to and after giving effect to any such voluntary prepayment (x) no Event of Default exists and (y) Availability exceeds \$60,000,000, or (2) any mandatory prepayment with respect to the Term Loan other than those set forth in Section 5.2.2 of the Term Loan Agreement.

10.2.9 Fundamental Changes. Merge, combine or consolidate with any Person, or liquidate, wind up its affairs or dissolve itself, in each case whether in a single transaction or in a series of related transactions, except for (x) mergers or consolidations of a wholly-owned Subsidiary with another wholly-owned Subsidiary or into a Borrower and (y) dissolution of the Excluded Subsidiaries; change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; or change its form or state of organization.

10.2.10 Subsidiaries. Form or acquire any Subsidiary after the Closing Date, except in accordance with **Sections 10.1.9** and **10.2.5**; or permit any existing Subsidiary to issue any additional Equity Interests except director's qualifying shares.

10.2.11 Organic Documents. Amend, modify or otherwise change any of its Organic Documents as in effect on the Closing Date except in the Ordinary Course of Business and in a manner not adverse to Agent or Lenders.

10.2.12 Tax Consolidation. File or consent to the filing of any consolidated income tax return with any Person other than Borrowers and its Subsidiaries.

10.2.13 Accounting Changes. Make any material change in accounting treatment or reporting practices, except as required by GAAP and in accordance with **Section 1.2**; or change its Fiscal Year.

10.2.14 Restrictive Agreements. Become a party to any Restrictive Agreement, except a Restrictive Agreement (a) in effect on the Closing Date; (b) relating to secured Debt permitted hereunder, as long as the restrictions apply only to collateral for such Debt; or (c) constituting customary restrictions on assignment in leases and other contracts.

10.2.15 Hedging Agreements. Enter into any Hedging Agreement, except to hedge risks arising in the Ordinary Course of Business and not for speculative purposes.

10.2.16 Conduct of Business. Engage in any business, other than its business as conducted on the Closing Date and any activities incidental thereto.

10.2.17 Affiliate Transactions. Enter into or be party to any transaction with an Affiliate, except (a) transactions contemplated by the Loan Documents; (b) payment of reasonable compensation to officers and employees for services actually rendered, and loans and advances permitted by **Section 10.2.7**; (c) payment of customary directors' fees and indemnities; (d) transactions solely among Borrowers; (e) transactions with Affiliates that were consummated prior to the Closing Date, as shown on **Schedule 10.2.17**; (f) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms fully disclosed to Agent and no less favorable than would be obtained in a comparable arm's-length transaction with a non-Affiliate; and (g) entry into the Permitted ABS Purchase Agreement, the Contract Allocation Agreement and Permitted ABS Originator Notes and all transactions contemplated thereunder.

10.2.18 Plans. Become party to any Multiemployer Plan or Foreign Plan, other than any in existence on the Closing Date.

10.2.19 Amendments to Subordinated Debt/Term Loan Documents.

(a) Amend, supplement or otherwise modify any document, instrument or agreement relating to any Subordinated Debt, if, in each case, such modification (a) increases the principal balance of such Debt, or increases any required payment of principal or interest; (b) accelerates the date on which any installment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (c) shortens the final maturity date or otherwise accelerates amortization; (d) increases the interest rate; (e) increases or adds any fees or charges; (f) modifies any covenant in a manner or adds any representation, covenant or default that is more onerous or restrictive in any material respect for Parent or its Subsidiaries, or that is otherwise materially adverse to Parent, any of its Subsidiaries or Lenders; or (g) results in the Obligations not being fully benefited by the subordination provisions thereof.

(b) Amend, supplement or otherwise modify any Term Loan Document, except as set forth in the Intercreditor Agreement.

10.2.20 Credit Card Agreements. No Borrower shall enter into any Credit Card Agreements other than the ones expressly contemplated in **Section 8.6.1**.

10.2.21 Amendment to Permitted ABS Documents. Permit any amendment, modification or other change in the Permitted ABS Documents or any related instrument or agreement, if it results in any covenants, terms or conditions that are more restrictive or burdensome for the Borrowers than those in effect as of the date of this Agreement. Borrowers shall promptly provide written notice of any such amendments to the Agent.

10.3 Financial Covenants. As long as any Revolver Commitments or Obligations are outstanding, Parent shall, on a consolidated basis with its Subsidiaries:

10.3.1 Minimum Fixed Charge Coverage Ratio. Maintain a Fixed Charge Coverage Ratio at least equal to 1.10:1.00 for the month ending October 31, 2010 and each month thereafter, in each case measured monthly as at the last day of each month on a trailing twelve month basis; provided, that the Fixed Charge Coverage Ratio shall be determined quarterly, measured as of the last day of each Fiscal Quarter for the most recently ended four Fiscal Quarters, after all obligations under the Term Loan Facility have been terminated.

10.3.2 Maximum Leverage Ratio. Maintain Leverage Ratio not greater than 2.00:1.00 for the Fiscal Quarter ending October 31, 2010 and each Fiscal Quarter thereafter, measured as of the last day of each Fiscal Quarter.

10.3.3 Minimum Availability. Maintain Availability of not less than \$25,000,000 at all times; provided, that this financial covenant shall be applicable only so long as any obligations under the Term Loan Facility remain outstanding.

10.4 Curative Equity

10.4.1 Subject to the limitations set forth in **Section 10.4.6**, Borrowers may cure an Event of Default arising out of a breach of any of the financial covenants set forth in **Sections 10.3.1** and **10.3.2** (the "Specified Financial Covenants") (as the case may be) by way of an investment of Curative Equity prior to the date on which the Compliance Certificate is delivered to Agent pursuant to **Section 10.1.2(d)** in respect of the month or Fiscal Quarter (as the case may be) with respect to which any such breach occurred; provided, that Borrowers' right to so cure an Event of Default shall be contingent on the timely delivery of such Compliance Certificate as required under **Section 10.1.2(d)**.

10.4.2 Borrowers shall promptly notify Agent of their receipt of any proceeds of Curative Equity and shall immediately apply the same to the payment of the Obligations in the manner specified in **Section 5.3**.

10.4.3 Subject to the limitations set forth in **Section 10.4.6**, any investment of Curative Equity shall be in an amount that is sufficient to cause Parent and its Subsidiaries to be in compliance with all of the Specified Financial Covenants as at the last day of the most recently ended month or Fiscal Quarter (as the case may be), calculated for such purpose as if such amount were additional EBITDAR and increase in Tangible Net Worth, and a decrease in Total Liabilities, as necessary, of Parent and its Subsidiaries as at such date and had been included in the financial calculations of Parent and its Subsidiaries on such date.

10.4.4 In the Compliance Certificate delivered pursuant to **Section 10.1.2(d)** in respect of the month end or Fiscal Quarter end (as the case may be) on which Curative Equity is used to cure any breach of the Specified Financial Covenants, Borrowers shall (i) include evidence of its receipt of Curative Equity proceeds, and (ii) set forth a calculation of the financial results and balance sheet of Parent and its Subsidiaries as at such month end or Fiscal Quarter end (as the case may be) (including for such purposes the proceeds of such Curative Equity as either deemed EBITDAR for such month end or Fiscal Quarter end (as the case may be) and the three following month end or Fiscal Quarter end (as the case may be), or increased Tangible Net Worth and decreased Total Liabilities for such month end or Fiscal Quarter end (as the case may be), as if received on such date), which shall confirm that on a pro forma basis taking into account the application of Curative Equity proceeds, Parent and its Subsidiaries would have been in compliance with the Specified Financial Covenants (as at such date).

10.4.5 Upon delivery of a Compliance Certificate pursuant to **Section 10.1.2(d)** conforming to the requirements of this Section, any Event of Default that is continuing from a breach of any of the Specified Financial Covenants shall be deemed cured with no further action required by the Lenders. In the event Borrowers do not cure all financial covenant violations as provided in this **Section 10.4**, the existing Event of Default shall continue unless waived by the Required Lenders in writing.

10.4.6 Notwithstanding the foregoing, Borrowers' rights under this **Section 10.4** may (i) be exercised not more than one time during the term of this Agreement, (ii) not be exercised in an amount less than \$1,000,000 or greater than \$5,000,000, and (iii) shall be on terms acceptable to Agent.

10.5 Contract Forms. Borrowers shall not use or acquire in their business Contracts which are not on the printed forms previously approved in writing by Agent and Borrowers shall not change or vary the printed forms of such Contracts without Agent's prior written consent, unless such change or variation is required by any Requirement of Law. Agent may reasonably withhold its consent until Agent receives a satisfactory opinion of Borrowers' counsel regarding compliance of the revised form of Contract with any Requirement of Law.

10.6 Credit and Collection Guidelines. Borrowers shall not make any material changes in its Credit and Collection Guidelines (a copy of which has been previously furnished by Borrowers to Agent) without Agent's prior written consent, which Agent may withhold in its sole and absolute discretion. Borrower shall not enter into or otherwise acquire Contracts which do not comply with the Credit and Collection Guidelines.

10.7 Minimum Cash Recovery Percent. As long as any Revolver Commitments or Obligations are outstanding, Parent shall, on a consolidated basis with its Subsidiaries maintain a Cash Recovery Percent in a percentage not equal to or less than 4.74% for each month, measured monthly as of the last day of each month.

SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT

11.1 Events of Default. Each of the following shall be an "Event of Default" hereunder, if the same shall occur for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

(a) A Borrower fails to pay any Obligations when due (whether at stated maturity, on demand, upon acceleration or otherwise);

(b) Any representation, warranty or other written statement of an Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given;

(c) A Borrower breaches or fail to perform any covenant contained in **Section 7.2, 7.3, 7.4, 7.6, 7.8.2, 8.1, 8.2.1, 8.2.4, 8.2.5, 8.4.2, 10.1.1, 10.1.2, 10.1.3, 10.1.7** (only with respect to a failure to maintain insurance at the required coverage amount), **10.1.12** (only with respect to a failure to provide Agent with prior notice of a material modification and to obtain Agent's consent to such material modification), **10.2, 10.3 or 10.7**;

(d) An Obligor breaches or fails to perform any other covenant contained in any Loan Documents, and such breach or failure is not cured within 15 days after a Senior Officer of such Obligor has knowledge thereof or receives notice thereof from Agent, whichever is sooner; provided, however, that such notice and opportunity to cure shall not apply if the breach or failure to perform is not capable of being cured within such period or is a willful breach by an Obligor;

(e) A Guarantor repudiates, revokes or attempts to revoke its Guaranty; an Obligor denies or contests the validity or enforceability of any Loan Documents or Obligations, or the perfection or priority of any Lien granted to Agent; or any Loan Document ceases to be in full force or effect for any reason (other than a waiver or release by Agent and Lenders);

(f) Any breach or default of an Obligor occurs under any document, instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Debt (other than the Obligations) in excess of \$5,000,000 (including the documents related to the Term Loan Facility and the Permitted ABS Documents), if the maturity of or any payment with respect to such Debt may be accelerated or demanded due to such breach;

(g) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, individually or cumulatively with all unsatisfied judgments or orders against all Obligors, \$5,000,000 (net of any insurance coverage therefor acknowledged in writing by the insurer), unless a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise;

(h) A loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds \$5,000,000;

(i) An Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any material part of its business; an Obligor suffers the loss, revocation or termination of any material license, permit, lease or agreement necessary to its business; there is a cessation of any material part of an Obligor's business for a material period of time; any material Collateral or Property of an Obligor is taken or impaired through condemnation; an Obligor agrees to or commences any liquidation, dissolution or winding up of its affairs; or an Obligor is not Solvent;

(j) An Insolvency Proceeding is commenced by an Obligor; an Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally; a trustee is appointed to take possession of any substantial Property of or to operate any of the business of an Obligor; or an Insolvency Proceeding is commenced against an Obligor and: the Obligor consents to institution of the proceeding, the petition commencing the proceeding is not timely contested by the Obligor, the petition is not dismissed within 45 days after filing, or an order for relief is entered in the proceeding;

(k) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of an Obligor to a Pension Plan, Multiemployer Plan or PBGC, or that constitutes grounds for appointment of a trustee for or termination by the PBGC of any Pension Plan or Multiemployer Plan; an Obligor or ERISA Affiliate fails to pay when due any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan;

(l) An Obligor or any of its Senior Officers is criminally indicted or convicted for (i) a felony committed in the conduct of the Obligor's business, or (ii) violating any state or federal law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) that could lead to forfeiture of any material Property or any Collateral;

(m) A Change of Control occurs; or any event occurs or condition exists that has a Material Adverse Effect; or

(n) Any default or event of default occurs under the Term Loan Agreement or any other Term Loan Documents.

11.2 Remedies upon Default. If an Event of Default described in **Section 11.1(j)** occurs with respect to any Borrower, then to the extent permitted by Applicable Law, all Obligations (other than Secured Bank Product Obligations) shall become automatically due and payable and all Revolver Commitments shall terminate, without any action by Agent or notice of any kind. In addition, or if any other Event of Default exists, Agent may in its sole discretion (and shall upon written direction of Required Lenders) do any one or more of the following from time to time:

(a) declare any Obligations (other than Secured Bank Product Obligations) immediately due and payable, whereupon they shall be due and payable without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Borrowers to the fullest extent permitted by law;

(b) terminate, reduce or condition any Revolver Commitment, or make any adjustment to the Borrowing Base, CAI Borrowing Base, or CCI Borrowing Base;

(c) require Obligors to Cash Collateralize LC Obligations, Secured Bank Product Obligations and other Obligations that are contingent or not yet due and payable, and, if Obligors fail promptly to deposit such Cash Collateral, Agent may (and shall upon the direction of Required Lenders) advance the required Cash Collateral as Revolver Loans (whether or not an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied); and

(d) exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Borrowers to assemble Collateral, at Borrowers' expense, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by a Borrower, Borrowers agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its sole discretion, deems advisable. Each Borrower agrees that 10 days notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable. Agent shall have the right to conduct such sales on any Obligor's premises, without charge, and such sales may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may credit bid and set off the amount of such price against the Obligations.

11.3 License. Except as is prohibited by an existing and enforceable anti-assignment provision (other than to the extent that any such term would be rendered ineffective pursuant to the UCC or any other applicable law or principles of equity), Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person) any or all Intellectual Property of Borrowers, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. Each Borrower's rights and interests under Intellectual Property shall inure to Agent's benefit.

11.4 Setoff. At any time during an Event of Default, Agent, Issuing Bank, Lenders, and any of their Affiliates are authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by Agent, Issuing Bank, such Lender or such Affiliate to or for the credit or the account of an Obligor against any Obligations, irrespective of whether or not Agent, Issuing Bank, such Lender or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although

such Obligations may be contingent or unmatured or are owed to a branch or office of Agent, Issuing Bank, such Lender or such Affiliate different from the branch or office holding such deposit or obligated on such indebtedness. The rights of Agent, Issuing Bank, each Lender and each such Affiliate under this Section are in addition to other rights and remedies (including other rights of setoff) that such Person may have.

11.5 Remedies Cumulative; No Waiver.

11.5.1 Cumulative Rights. All agreements, warranties, guaranties, indemnities and other undertakings of Borrowers under the Loan Documents are cumulative and not in derogation of each other. The rights and remedies of Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies available by agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

11.5.2 Waivers. No waiver or course of dealing shall be established by (a) the failure or delay of Agent or any Lender to require strict performance by Borrowers with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise; (b) the making of any Loan or issuance of any Letter of Credit during a Default, Event of Default, or other failure to satisfy any conditions precedent; or (c) acceptance by Agent or any Lender of any payment or performance by an Obligor under any Loan Documents in a manner other than that specified therein. It is expressly acknowledged by Borrowers that any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

SECTION 12. AGENT

12.1 Appointment, Authority and Duties of Agent.

12.1.1 Appointment and Authority. Each Secured Party appoints and designates Bank of America as Agent under all Loan Documents. Agent may, and each Secured Party authorizes Agent to, enter into all Loan Documents to which Agent is intended to be a party and accept all Security Documents, for Agent's benefit and the benefit of Secured Parties. Each Secured Party agrees that any action taken by Agent or Required Lenders in accordance with the provisions of the Loan Documents, and the exercise by Agent or Required Lenders of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Agent each Loan Document, including any intercreditor or subordination agreement, and accept delivery of each Loan Document from any Obligor or other Person; (c) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; (d) manage, supervise or otherwise deal with Collateral; and (e) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral under the Loan Documents, Applicable Law or otherwise. The duties of Agent shall be ministerial and

administrative in nature, and Agent shall not have a fiduciary relationship with any Lender, Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto. Agent alone shall be authorized to determine whether any Contract or Inventory constitute Eligible Contracts or Eligible Inventory, whether to impose or release any reserve, or whether any conditions to funding or to issuance of a Letter of Credit have been satisfied, which determinations and judgments, if exercised in good faith, shall exonerate Agent from liability to any Lender or other Person for any error in judgment.

12.1.2 Duties. Agent shall not have any duties except those expressly set forth in the Loan Documents. The conferral upon Agent of any right shall not imply a duty on Agent's part to exercise such right, unless instructed to do so by Required Lenders in accordance with this Agreement.

12.1.3 Agent Professionals. Agent may perform its duties through agents and employees. Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

12.1.4 Instructions of Required Lenders. The rights and remedies conferred upon Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. Agent may request instructions from Required Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents, and may seek assurances to its satisfaction from Secured Parties of their indemnification obligations against all Claims that could be incurred by Agent in connection with any act. Agent shall be entitled to refrain from any act until it has received such instructions or assurances, and Agent shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting in accordance with the instructions of Required Lenders. Notwithstanding the foregoing, instructions by and consent of all Lenders or Secured Parties shall be required in the circumstances described in **Section 14.1.1**, and in no event shall Required Lenders, without the prior written consent of each Lender, direct Agent to accelerate and demand payment of Revolver Loans held by one Lender without accelerating and demanding payment of all other Revolver Loans, nor to terminate the Revolver Commitments of one Lender without terminating the Revolver Commitments of all Lenders. In no event shall Agent be required to take any action that, in its opinion, is contrary to Applicable Law or any Loan Documents or could subject any Agent Indemnitee to personal liability.

12.2 Agreements Regarding Collateral and Field Examination Reports.

12.2.1 Lien Releases; Care of Collateral. Secured Parties authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations; (b) that is the subject of an Asset Disposition which Borrowers certify in writing to Agent is a Permitted Asset Disposition or a Lien which Borrowers certify is a Permitted Lien entitled to priority over Agent's Liens (and Agent may rely conclusively on any such certificate without further inquiry); (c) that does not constitute Collateral with a book value greater than \$10,000,000 in the aggregate released during any 6-month period (other than with respect to owned Real Estate); or (d) with the

written consent of all Lenders. Secured Parties authorize Agent to subordinate their Liens to any Purchase Money Lien permitted hereunder. Agent shall have no obligation to assure that any Collateral exists or is owned by a Borrower, or is cared for, protected or insured, nor to assure that Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

12.2.2 **Possession of Collateral.** Agent and Secured Parties appoint each Lender as agent (for the benefit of Secured Parties) for the purpose of perfecting Liens in any Collateral held or controlled by such Lender, to the extent such Liens are perfected by possession or control. If any Lender obtains possession or control of any Collateral, it shall notify Agent thereof and, promptly upon Agent's request, deliver such Collateral to Agent or otherwise deal with it in accordance with Agent's instructions.

12.2.3 **Reports.** Agent shall promptly forward to each Lender, when complete, copies of any field audit, examination or appraisal prepared by or for Agent with respect to any Obligor or Collateral ("**Report**"). Each Lender agrees (a) that neither Bank of America nor Agent makes any representation or warranty as to the accuracy or completeness of any Report, and shall not be liable for any information contained in or omitted from any Report; (b) that the Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing any audit or examination will inspect only specific information regarding Obligations or the Collateral and will rely significantly upon Borrowers' books and records as well as upon representations of Borrowers' officers and employees; and (c) to keep all Reports confidential and strictly for such Lender's internal use, and not to distribute any Report (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants) or use any Report in any manner other than administration of the Revolver Loans and other Obligations. Each Lender shall indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Report, as well as from any Claims arising as a direct or indirect result of Agent furnishing a Report to such Lender.

12.3 **Reliance By Agent.** Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and upon the advice and statements of Agent Professionals.

12.4 **Action Upon Default.** Agent shall not be deemed to have knowledge of any Default or Event of Default unless it has received written notice from a Lender or Borrower specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default or Event of Default, it shall promptly notify Agent and the other Lenders thereof in writing. Each Lender agrees that, except as otherwise provided in any Loan Documents or with the written consent of Agent and Required Lenders, it will not take any Enforcement Action, accelerate Obligations (other than Secured Bank Product Obligations), or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC sales or other similar dispositions of Collateral. Notwithstanding the foregoing, however, a Secured Party may take action to preserve or enforce its rights against an Obligor where a deadline or limitation period is applicable that would, absent such action, bar enforcement of Obligations held by such Secured Party, including the filing of proofs of claim in an Insolvency Proceeding.

12.5 Ratable Sharing. If any Lender shall obtain any payment or reduction of any Obligation, whether through set-off or otherwise, in excess of its share of such Obligation, determined on a Pro Rata basis or in accordance with **Section 5.6.1**, as applicable, such Lender shall forthwith purchase from Agent, Issuing Bank and the other Lenders such participations in the affected Obligation as are necessary to cause the purchasing Lender to share the excess payment or reduction on a Pro Rata basis or in accordance with **Section 5.6.1**, as applicable. If any of such payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. No Lender shall set off against any Dominion Account without the prior consent of Agent.

12.6 Indemnification of Agent Indemnitees. EACH LENDER SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY OBLIGORS (BUT WITHOUT LIMITING THE INDEMNIFICATION OBLIGATIONS OF OBLIGORS UNDER ANY LOAN DOCUMENTS), ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY AGENT INDEMNITEE, PROVIDED THE CLAIM RELATES TO OR ARISES FROM AN AGENT INDEMNITEE ACTING AS OR FOR AGENT (IN ITS CAPACITY AS AGENT). In Agent's sole discretion, it may reserve for any such Claims made against an Agent Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to Secured Parties. If Agent is sued by any receiver, bankruptcy trustee, debtor-in-possession or other Person for any alleged preference or fraudulent transfer, then any monies paid by Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Agent by each Lender to the extent of its Pro Rata share. In no event shall any Lender have any obligation hereunder to indemnify or hold harmless any Agent Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Agent Indemnitee.

12.7 Limitation on Responsibilities of Agent. Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Agent's gross negligence or willful misconduct. Agent does not assume any responsibility for any failure or delay in performance or any breach by any Obligor, Lender or other Secured Party of any obligations under the Loan Documents. Agent does not make to Secured Parties any express or implied warranty, representation or guarantee with respect to any Obligations, Collateral, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Secured Parties for any recitals, statements, information, representations or warranties contained in any Loan Documents; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectibility, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectibility of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Contract Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance or performance by any Obligor of any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

12.8 Successor Agent and Co-Agents.

12.8.1 **Resignation; Successor Agent.** Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving at least 30 days written notice thereof to Lenders and Borrowers. Upon receipt of such notice, Required Lenders shall have the right to appoint a successor Agent which shall be (a) a Lender or an Affiliate of a Lender; or (b) a commercial bank that is organized under the laws of the United States or any state or district thereof, has a combined capital surplus of at least \$200,000,000 and (provided no Default or Event of Default exists) is reasonably acceptable to Borrowers. If no successor agent is appointed prior to the effective date of the resignation of Agent, then Agent may appoint a successor agent from among Lenders, or if no Lender accepts such role, Agent may appoint Required Lenders as successor agent. Upon acceptance by a successor Agent of an appointment to serve as Agent hereunder, or upon appointment of Required Lenders as successor Agent, such successor Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Agent without further act, and the retiring Agent shall be discharged from its duties and obligations hereunder but shall continue to have the benefits of the indemnification set forth in **Sections 12.6** and **14.2**. Notwithstanding any Agent's resignation, the provisions of this **Section 12** shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while Agent. Any successor to Bank of America by merger or acquisition of stock or this loan shall continue to be Agent hereunder without further act on the part of the parties hereto, unless such successor resigns as provided above.

12.8.2 **Separate Collateral Agent.** It is the intent of the parties that there shall be no violation of any Applicable Law denying or restricting the right of financial institutions to transact business in any jurisdiction. If Agent believes that it may be limited in the exercise of any rights or remedies under the Loan Documents due to any Applicable Law, Agent may appoint an additional Person who is not so limited, as a separate collateral agent or co-collateral agent. If Agent so appoints a collateral agent or co-collateral agent, each right and remedy intended to be available to Agent under the Loan Documents shall also be vested in such separate agent. Every covenant and obligation necessary to the exercise thereof by such agent shall run to and be enforceable by it as well as Agent. Lenders shall execute and deliver such documents as Agent deems appropriate to vest any rights or remedies in such agent. If any collateral agent or co-collateral agent shall die or dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of such agent, to the extent permitted by Applicable Law, shall vest in and be exercised by Agent until appointment of a new agent.

12.9 Due Diligence and Non-Reliance. Each Lender acknowledges and agrees that it has, independently and without reliance upon Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to fund Revolver Loans and participate in LC Obligations hereunder. Each Secured Party has made such inquiries concerning the Loan Documents, the Collateral and each Obligor as such Secured Party feels necessary. Each Secured Party further acknowledges and agrees that the other Secured Parties and Agent have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Secured Party will, independently and without reliance upon the other Secured Parties or Agent, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Revolver Loans and participating in LC Obligations, and in taking or refraining from any action under any Loan Documents. Except for notices, reports and other information expressly requested by a Lender, Agent shall have no duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Agent or any of Agent's Affiliates.

12.10 Replacement of Certain Lenders. If a Lender (a) is a Defaulting Lender, or (b) fails, within 10 days after request by Borrowers, to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, then, in addition to any other rights and remedies that any Person may have, Agent may, by notice to such Lender within 120 days after such event, require such Lender to assign all of its rights and obligations under the Loan Documents to Eligible Assignee(s) specified by Agent, pursuant to appropriate Assignment and Acceptance(s) and within 20 days after Agent's notice. Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute same. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents, including all principal, interest and fees through the date of assignment (but excluding any prepayment charge).

12.11 Remittance of Payments and Collections.

12.11.1 **Remittances Generally.** All payments by any Secured Party to Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Agent and request for payment is made by Agent by 11:00 a.m. on a Business Day, payment shall be made by such Secured Party not later than 2:00 p.m. on such day, and if request is made after 11:00 a.m., then payment shall be made by 11:00 a.m. on the next Business Day. Payment by Agent to any Secured Party shall be made by wire transfer, in the type of funds received by Agent. Any such payment shall be subject to Agent's right of offset for any amounts due from such payee under the Loan Documents.

12.11.2 **Failure to Pay.** If any Secured Party fails to pay any amount when due by it to Agent pursuant to the terms hereof, such amount shall bear interest from the due date until paid at the rate determined by Agent as customary in the banking industry for interbank compensation. In no event shall Borrowers be entitled to receive credit for any interest paid by a Secured Party to Agent, nor shall any Defaulting Lender be entitled to interest on any amount held by Agent pursuant to **Section 4.2**.

12.11.3 **Recovery of Payments.** If Agent pays any amount to a Secured Party in the expectation that a related payment will be received by Agent from an Obligor and such related payment is not received, then Agent may recover such amount from each Secured Party that received it. If Agent determines at any time that an amount received under any Loan Document must be returned to an Obligor or paid to any other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, Agent shall not be required to distribute such amount to any Lender. If any amounts received and applied by Agent to any Obligations are later required to be returned by Agent pursuant to Applicable Law, each Secured Party shall pay to Agent, **on demand**, such Secured Party's pro rata share of the amounts required to be returned.

12.12 Agent in its Individual Capacity. As a Lender, Bank of America shall have the same rights and remedies under the other Loan Documents as any other Lender, and the terms "Lenders," "Required Lenders" or any similar term shall include Bank of America in its capacity as a Lender. Each of Bank of America and its Affiliates may accept deposits from, maintain deposits or credit balances for, invest in, lend money to, provide Bank Products to, act as trustee under indentures of, serve as financial or other advisor to, and generally engage in any kind of business with, Obligors and their Affiliates, as if Bank of America were any other bank, without any duty to account therefor (including any fees or other consideration received in connection therewith) to the other Lenders. In their individual capacity, Bank of America and its Affiliates may receive information regarding Obligors, their Affiliates and

their Contract Debtors (including information subject to confidentiality obligations), and each Secured Party agrees that Bank of America and its Affiliates shall be under no obligation to provide such information to any Secured Party, if acquired in such individual capacity and not as Agent hereunder.

12.13 Agent Titles. Each Lender, other than Bank of America, that is designated (on the cover page of this Agreement or otherwise) by Bank of America as an “Agent”, “Arranger”, “Joint Book Runner”, “Syndication Agent”, or “Co-Documentation Agent” ; of any type shall not have any right, power, responsibility or duty under any Loan Documents other than those applicable to all Lenders, and shall in no event be deemed to have any fiduciary relationship with any other Lender.

12.14 Bank Product Providers. Each Secured Bank Product Provider, by delivery of a notice to Agent of a Bank Product, agrees to be bound by **Section 5.6** and this **Section 12**. Each Secured Bank Product Provider shall indemnify and hold harmless Agent Indemnitees, to the extent not reimbursed by Obligors, against all Claims that may be incurred by or asserted against any Agent Indemnitee in connection with such provider’s Secured Bank Product Obligations.

12.15 No Third Party Beneficiaries. This **Section 12** is an agreement solely among Lenders and Agent, and shall survive Full Payment of the Obligations. This **Section 12** does not confer any rights or benefits upon Borrowers or any other Person. As between Borrowers and Agent, any action that Agent may take under any Loan Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by Lenders.

SECTION 13. BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS

13.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers, Agent, Lenders, Secured Parties and their respective successors and assigns, except that (a) no Borrower shall have the right to assign its rights or delegate its obligations under any Loan Documents; and (b) any assignment by a Lender must be made in compliance with **Section 13.3**. Agent may treat the Person which made any Revolver Loan as the owner thereof for all purposes until such Person makes an assignment in accordance with **Section 13.3**. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

13.2 Participations.

13.2.1 Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with Applicable Law, at any time sell to a financial institution (“Participant”) a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for performance of such obligations, such Lender shall remain the holder of its Revolver Loans and Re volver Commitments for all purposes, all amounts payable

by Borrowers shall be determined as if such Lender had not sold such participating interests, and Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of **Section 5.9** unless Borrowers agree otherwise in writing.

13.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of any Loan Documents other than that which forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to any Revolver Loan or Revolver Commitment in which such Participant has an interest, postpones the Revolver Commitment Termination Date or any date fixed for any regularly scheduled payment of principal, interest or fees on such Revolver Loan or Revolver Commitment, or releases any Borrower, Guarantor or substantial portion of the Collateral.

13.2.3 Benefit of Set-Off. Borrowers agree that each Participant shall have a right of set-off in respect of its participating interest to the same extent as if such interest were owing directly to a Lender, and each Lender shall also retain the right of set-off with respect to any participating interests sold by it. By exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with **Section 12.5** as if such Participant were a Lender.

13.3 Assignments.

13.3.1 Permitted Assignments. A Lender may assign to an Eligible Assignee any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount of \$10,000,000 (unless otherwise agreed by Agent in its discretion) and integral multiples of \$1,000,000 in excess of that amount; (b) except in the case of an assignment in whole of a Lender's rights and obligations, the aggregate amount of the Revolver Commitments retained by the transferor Lender is at least \$10,000,000 (unless otherwise agreed by Agent in its discretion); and (c) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to (i) any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors and any Operating Circular issued by such Federal Reserve Bank, or (ii) counterparties to swap agreements relating to any Revolver Loans; provided, however, that any payment by Borrowers to the assigning Lender in respect of any Obligations assigned as described in this sentence shall satisfy Borrowers' obligations hereunder to the extent of such payment, and no such assignment shall release the assigning Lender from its obligations hereunder.

13.3.2 Effect; Effective Date. Upon delivery to Agent of an assignment notice in the form of **Exhibit C** and a processing fee of \$5,000 (unless otherwise agreed by Agent in its discretion), the assignment shall become effective as specified in the notice, if it complies with this **Section 13.3**. From such effective date, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Agent and Borrowers shall make appropriate arrangements for issuance of replacement and/or new Notes, as applicable. The transferee Lender shall comply with **Section 5.10** and deliver, upon request, an administrative questionnaire satisfactory to Agent.

SECTION 14. MISCELLANEOUS

14.1 Consents, Amendments and Waivers.

14.1.1 Amendment. No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Agent (with the consent of Required Lenders) and each Obligor party to such Loan Document; provided, however, that

(a) without the prior written consent of Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of Agent;

(b) without the prior written consent of Issuing Bank, no modification shall be effective with respect to any LC Obligations, **Section 2.3** or any other provision in a Loan document that relates to any rights, duties or discretion of Issuing Bank;

(c) without the prior written consent of each affected Lender, no modification shall be effective that would (i) increase the Revolver Commitment of such Lender; or (ii) reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender;

(d) without the prior written consent of all Lenders (except a Defaulting Lender as provided in **Section 4.2**), no modification shall be effective that would (i) extend the Revolver Termination Date; (ii) alter **Section 5.6, 7.1** (except to add Collateral), **10.3.3**, or **14.1.1**; (iii) amend the definitions of Adjusted Borrowing Base, Borrowing Base, CAI Borrowing Base, CCI Borrowing Base (or any defined terms used in such definitions) (provided that Agent shall be able to establish new CAI Availability Reserves or CCI Availability Reserves after the Closing Date in its reasonable discretion and thereafter shall be able to modify and/or remove such reserves in its reasonable discretion), Pro Rata, Required Lenders or Supermajority Lenders; (iv) increase any advance rate, or increase total Revolver Commitments **except as set forth in Section 2.2**; (vi) release Collateral except as currently contemplated by the Loan Documents; or (vii) release any Obligor from liability for any Obligations, if such Obligor has material assets at the time of the release;

(e) without the prior written consent of Supermajority Lenders, no modification shall be effective that would amend the definition of Permitted Distributions; and

(f) without the prior written consent of a Secured Bank Product Provider, no modification shall be effective that affects its relative payment priority under **Section 5.6**.

14.1.2 Limitations. The agreement of Borrowers shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Lenders, Agent and/or Issuing Bank as among themselves. Only the consent of the parties to the Fee Letter, or any agreement relating to a Bank Product shall be required for any modification of such agreement, and any non-Lender that is party to a Bank Product agreement shall have no right to participate in any manner in modification of any other Loan Document. Any waiver or consent granted by Agent or Lenders hereunder shall be effective only if in writing, and only for the matter specified.

14.1.3 Payment for Consents. No Borrower will, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender (in its capacity as a Lender hereunder) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

14.2 Indemnity. EACH BORROWER SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE BY ANY OBLIGOR OR OTHER PERSON, INCLUDING CLAIMS ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE. In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnatee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

14.3 Notices and Communications.

14.3.1 Notice Address. Subject to **Section 4.1.4**, all notices and other communications by or to a party hereto shall be in writing and shall be given to any Borrower, at Borrower Agent's address shown on the signature pages hereof, and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this **Section 14.3**. Each such notice or other communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the U.S. mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Notwithstanding the foregoing, no notice to Agent pursuant to **Section 2.1.4, 2.3, 3.1.2** or **4.1.1** shall be effective until actually received by the individual to whose attention at Agent such notice is required to be sent. Any written notice or other communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Borrower Agent shall be deemed received by all Borrowers.

14.3.2 Electronic Communications; Voice Mail. Electronic mail and internet websites may be used only for routine communications, such as financial statements, Borrowing Base Certificates and other information required by **Section 10.1.2**, administrative matters, distribution of Loan Documents for execution, and matters permitted under **Section 4.1.4**. Agent and Lenders make no assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

14.3.3 Non-Conforming Communications. Agent and Lenders may rely upon any notices purportedly given by or on behalf of any Borrower even if such notices were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Borrower shall indemnify and hold harmless each Indemnatee from any liabilities, losses, costs and expenses arising from any telephonic communication purportedly given by or on behalf of a Borrower.

14.4 Performance of Borrowers' Obligations. Agent may, in its sole discretion at any time and from time to time, at Borrowers' expense, pay any amount or do any act required of a Borrower under any Loan Documents or otherwise lawfully requested by Agent to (a) enforce any Loan Documents or collect any Obligations; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity or priority of Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Agent under this Section shall be reimbursed to Agent by Borrowers, **on demand**, with interest from the date incurred to the date of payment thereof at the Default Rate applicable to Base Rate Revolver Loans. Any payment made or action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

14.5 Credit Inquiries. Each Borrower hereby authorizes Agent and Lenders (but they shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Borrower or its Subsidiary.

14.6 Severability. Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

14.7 Cumulative Effect; Conflict of Terms. The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations, tests or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

14.8 Counterparts. Any Loan Document may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of any Loan Document by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of such agreement.

14.9 Entire Agreement. Time is of the essence of the Loan Documents. The Loan Documents constitute the entire contract among the parties relating to the subject matter hereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

14.10 Relationship with Lenders. The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or Revolver Commitments of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt. It shall not be necessary for Agent or any other Lender to be joined as an additional party in any proceeding for such purposes. Nothing in this Agreement and no

action of Agent, Lenders or any other Secured Party pursuant to the Loan Documents or otherwise shall be deemed to constitute Agent and Lenders to be a partnership, association, joint venture or any other kind of entity, nor to constitute control of any Borrower.

14.11 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated by any Loan Document, Borrowers acknowledge and agree that (a)(i) this credit facility and any related arranging or other services by Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Borrowers and such Person; (ii) Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Borrowers are capable of evaluating and understanding, and do understand and accept, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) each of Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal in connection with this credit facility, is not the financial advisor, agent or fiduciary for Borrowers, any of their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Loan Documents except as expressly set forth therein; and (c) Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Borrowers and their Affiliates, and have no obligation to disclose any of such interests to Borrowers or their Affiliates. To the fullest extent permitted by Applicable Law, each Borrower hereby waives and releases any claims that it may have against Agent, Lenders, their Affiliates and any arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated by a Loan Document.

14.12 Confidentiality. Each of Agent, Lenders and Issuing Bank agrees to maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, and to its and their partners, directors, officers, employees, agents, advisors and representatives (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process; (d) to any other party hereto; (e) in connection with any action or proceeding, or other exercise of rights or remedies, relating to any Loan Documents or Obligations; (f) subject to an agreement containing provisions substantially the same as this Section, to any Transferee or any actual or prospective party (or its advisors) to any Bank Product; (g) with the consent of Borrower Agent; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) is available to Agent, any Lender, Issuing Bank or any of their Affiliates on a nonconfidential basis from a source other than Borrowers. Notwithstanding the foregoing, Agent and Lenders may publish or disseminate general information describing this credit facility, including the names and addresses of Borrowers and a general description of Borrowers' businesses, and may use Borrowers' logos, or trademarks in advertising materials. As used herein, "Information" means all information received from an Obligor or Subsidiary relating to it or its business that is identified as confidential when delivered. Any Person required to maintain the confidentiality of Information pursuant to this Section shall be deemed to have complied if it exercises the same degree of care that it accords its own confidential information. Each of Agent, Lenders and Issuing Bank acknowledges that (i) Information may include material non-public information concerning an Obligor or Subsidiary; (ii) it has developed compliance procedures regarding the use of material non-public information; and (iii) it will handle such material non-public information in accordance with Applicable Law, including federal and state securities laws.

14.13 **Intentionally Omitted.**

14.14 **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS).

14.15 **Consent to Forum; Arbitration.**

14.15.1 **Forum.** EACH BORROWER HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER LOS ANGELES COUNTY, CALIFORNIA, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH BORROWER IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.3.1. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

14.15.2 **Arbitration.** Notwithstanding any other provision of this Agreement to the contrary, any controversy or claim among the parties relating in any way to any Obligations or Loan Documents, including any alleged tort, shall at the request of any party hereto be determined by binding arbitration conducted in accordance with the United States Arbitration Act (Title 9 U.S. Code). Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association ("AAA"), and the terms of this Section. In the event of any inconsistency, the terms of this Section shall control. If AAA is unwilling or unable to serve as the provider of arbitration or to enforce any provision of this Section, Agent may designate another arbitration organization with similar procedures to serve as the provider of arbitration. The arbitration proceedings shall be conducted in Los Angeles or Pasadena, California. The arbitration hearing shall commence within 90 days of the arbitration demand and close within 90 days thereafter. The arbitration award must be issued within 30 days after close of the hearing (subject to extension by the arbitrator for up to 60 days upon a showing of good cause), and shall include a concise written statement of reasons for the award. The arbitrator shall give effect to applicable statutes of limitation in determining any controversy or claim, and for these purposes, service on AAA under applicable AAA rules of a notice of claim is the equivalent of the filing of a lawsuit. Any dispute concerning this Section or whether a controversy or claim is arbitrable shall be determined by the arbitrator. The arbitrator shall have the power to award legal fees to the extent provided by this Agreement. Judgment upon an arbitration award may be entered in any court having jurisdiction. The arbitrator shall not have the power to commit errors of law or legal reasoning, and any award may be reviewed

and vacated or corrected on appeal to a court of competent jurisdiction for any such error. The institution and maintenance of an action for judicial relief or pursuant to a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief. No controversy or claim shall be submitted to arbitration without the consent of all parties if, at the time of the proposed submission, such controversy or claim relates to an obligation secured by Real Estate, but if all parties do not consent to submission of such a controversy or claim to arbitration, it shall be determined as provided in the next sentence. At the request of any party, a controversy or claim that is not submitted to arbitration as provided above shall be determined by judicial reference; and if such an election is made, the parties shall designate to the court a referee or referees selected under the auspices of the AAA in the same manner as arbitrators are selected in AAA sponsored proceedings and the presiding referee of the panel (or the referee if there is a single referee) shall be an active attorney or retired judge; and judgment upon the award rendered by such referee or referees shall be entered in the court in which proceeding was commenced. None of the foregoing provisions of this Section shall limit the right of Agent or Lenders to exercise self-help remedies, such as setoff, foreclosure or sale of any Collateral or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, after or during any arbitration proceeding. The exercise of a remedy does not waive the right of any party to resort to arbitration or reference. At Agent's option, foreclosure under a mortgage or deed of trust may be accomplished either by exercise of power of sale thereunder or by judicial foreclosure.

14.16 Waivers by Borrowers. To the fullest extent permitted by Applicable Law, each Borrower waives (a) the right to trial by jury (which Agent and each Lender hereby also waives) in any proceeding or dispute of any kind relating in any way to any Loan Documents, Obligations or Collateral; (b) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, documents, instruments, chattel paper and guaranties at any time held by Agent on which a Borrower may in any way be liable, and hereby ratifies anything Agent may do in this regard; (c) notice prior to taking possession or control of any Collateral; (d) any bond or security that might be required by a court prior to allowing Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisal and exemption laws; (f) any claim against Agent or any Lender, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (g) notice of acceptance hereof. Each Borrower acknowledges that the foregoing waivers are a material inducement to Agent and Lenders entering into this Agreement and that Agent and Lenders are relying upon the foregoing in their dealings with Borrowers. Each Borrower has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

14.17 Patriot Act Notice. Agent and Lenders hereby notify Borrowers that pursuant to the requirements of the Patriot Act, Agent and Lenders are required to obtain, verify and record information that identifies each Borrower, including its legal name, address, tax ID number and other information that will allow Agent and Lenders to identify it in accordance with the Patriot Act. Agent and Lenders will also require information regarding each personal guarantor, if any, and may require information regarding Borrowers' management and owners, such as legal name, address, social security number and date of birth.

14.18 **No Novation.** This Agreement does not extinguish the obligations for the payment of money outstanding under the Original Loan Agreement or discharge or release the obligations or the liens or priority of any mortgage, pledge, security agreement or any other security therefor. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Original Loan Agreement or instruments securing the same, which shall remain in full force and effect, except as modified hereby or by instruments executed concurrently herewith. Nothing expressed or implied in this Agreement shall be construed as a release or other discharge of any Borrower from any of its obligations or liabilities under the Original Loan Agreement or any of the security agreements, pledge agreements, mortgages, or other loan documents executed in connection therewith. Each Borrower hereby (i) confirms and agrees that each Loan Document to which it or its predecessor in interest is a party or to which it is a successor by operation of law is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the Closing Date all references in any such Loan Document to “the Loan Agreement”, “thereto”, “thereof”, “thereunder” or words of like import referring to the Original Loan Agreement shall mean the Original Loan Agreement as amended and restated by this Agreement; and (ii) confirms and agrees that to the extent that any such Loan Document purports to assign or pledge to Agent, for the benefit of the Lenders, or to grant to Agent, for the benefit of the Lenders a security interest in or lien on, any collateral as security for the Obligations of Borrowers from time to time existing in respect of the Original Loan Agreement, such pledge, assignment or grant of the security interest or lien is hereby ratified and confirmed in all respects.

14.19 **Intercreditor Agreement.** Each Lender hereby irrevocably appoints, designates and authorizes Agent to enter into and become bound by the Intercreditor Agreement on its behalf and to take such action on its behalf under the provisions thereof. Each Lender further agrees to be bound by the terms and conditions of the Intercreditor Agreement and agrees that it shall not take any action that is prohibited by the terms of the Intercreditor Agreement. No further consent or approval on the part of any Lender is or will be required in connection with the performance by Agent of the Intercreditor Agreement. Parent, Borrowers, Agent and Lenders acknowledge that the exercise of certain of Agent’s rights and remedies hereunder are subject to and restricted by, the provisions of the Intercreditor Agreement. Except as specified herein, nothing contained in the Intercreditor Agreement shall be deemed to modify any of the provisions of this Agreement and the other Loan Documents, which, as among Parent, Borrowers, Agent and Lenders shall remain in full force and effect.

[Remainder of page intentionally left blank; signatures begin on following page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date set forth above.

PARENT:

CONN'S, INC.

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Executive Vice-President and Chief Financial Officer
Address:
3295 College Street
Beaumont, Texas 77701
Attn: Chief Financial Officer
Telecopy: 409-835-7069

BORROWERS:

CONN APPLIANCES, INC.,
a Texas corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address:
3295 College Street
Beaumont, Texas 77701
Attn: Chief Financial Officer
Telecopy: 409-835-7069

Amended and Restated Loan and Security Agreement

CONN CREDIT I, LP,
a Texas limited partnership

By: Conn Credit Corporation, Inc.,
a Texas corporation,
its sole general partner

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address:
3295 College Street
Beaumont, Texas 77701
Attn: Chief Financial Officer
Telecopy: 409-835-7069

CONN CREDIT CORPORATION, INC.,
a Texas corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address:
3295 College Street
Beaumont, Texas 77701
Attn: Chief Financial Officer
Telecopy: 409-835-7069

Amended and Restated Loan and Security Agreement

AGENT AND LENDERS:

BANK OF AMERICA, N.A.,
as Agent and Lender

By: /s/ Matthew R. Van Steenhuyse
Name: Matthew R. Van Steenhuyse
Title: Senior Vice President
Address:
55 South Lake Avenue, Suite 900
Pasadena, California 91101
Attn: Matthew R. Van Steenhuyse
Telecopy: _____

Amended and Restated Loan and Security Agreement

**JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION**, as Lender, Co-Syndication Agent,
Joint Book Runner, Co-Lead Arranger

By: /s/ T.C. Wilde

Name: T. C. Wilde

Title: Vice President

Address:

2200 Ross Avenue, 9th Floor

Dallas, Texas 75201

Attn: T. C. Wilde

Telecopy: (214) 965-2375

Amended and Restated Loan and Security Agreement

CAPITAL ONE, N.A.,
as Lender and Co-Documentation Agent

By: /s/ Lori S. Mitchell

Name: Loris S. Mitchell

Title: Executive Vice President

Address:

Specialty Finance Lender Group

440 Third St.

Baton Rouge, Louisiana 70802

Attn: Lori S. Mitchell

Office: (225) 381-2260

Amended and Restated Loan and Security Agreement

**UNION BANK, N.A. fka UNION BANK OF
CALIFORNIA, N.A.,**
as Lender

By: /s/ Nadia Mitevska
Name: Nadia Mitevska
Title: Vice President
Address:

Commercial Finance Division

400 California St., 8th Floor
San Francisco, CA 94104
Attn: Nadia Mitevska, Vice President/
Senior Relationship Manager
Telecopy: 415-765-2170

Amended and Restated Loan and Security Agreement

COMPASS BANK,
as Lender

By: /s/ Frank Carvelli

Name: Frank Carvelli

Title: Vice President

Address:

24 Greenway Plaza, Ste. 1403

Houston, TX 77046

Attn: Frank Carvelli

Telecopy:

Amended and Restated Loan and Security Agreement

**COMPASS BANK, successor in interest to
GUARANTY BANK**
as Lender

By: /s/ Frank Carvelli

Name: Frank Carvelli

Title: Vice President

Address:

24 Greenway Plaza, Ste. 1403

Houston, TX 77046

Attn: Frank Carvelli

Telecopy:

Amended and Restated Loan and Security Agreement

**FIRST TENNESSEE BANK NATIONAL
ASSOCIATION, as Lender**

By: /s/ R. Keith Kirby

Name: R. Keith Kirby

Title: Vice President

Address:

P.O. Box 84

Memphis, Tennessee 38101

Attn: R. Keith Kirby, Vice President

Telecopy: (901) 523-4718

Amended and Restated Loan and Security Agreement

WELLS FARGO PREFERRED CAPITAL, INC.,
as Lender, and Co-Syndication Agent

By: /s/ Casey P. Johnson
Name: Casey P. Johnson
Title: Senior Vice President
Address:

800 Walnut Street
Des Moines, Iowa 50309

Attn: Mr. Casey P. Johnson, Senior Vice President
Telecopy: (515) 557-5035

Amended and Restated Loan and Security Agreement

REGIONS BANK,
as Lender and Co-Documentation Agent

By: /s/ Jason Nichols
Name: Jason Nichols
Title: Vice President
Address:
5001 Spring Valley Road, Suite 153W
Dallas, TX 75219
Attn: Jason Nichols, Vice President
Telecopy: 972-383-7505

Amended and Restated Loan and Security Agreement

AMEGY BANK,
as Lender

By: /s/ Mark L. Wayne

Name: Mark L. Wayne

Title: Senior Vice President

Address: _____

Attn: _____

Telecopy: _____

Amended and Restated Loan and Security Agreement

COMMUNITYBANK OF TEXAS, N.A.,
as Lender

By: /s/ Mike Peyton
Name: Mike Peyton
Title: EVP
Address:
5999 Delaware
Beaumont, Texas 77706
Attn: Mike Peyton
Telecopy: 409-861-7218

Amended and Restated Loan and Security Agreement

EXHIBIT A

to

**Amended and Restated
Loan and Security Agreement**

REVOLVER NOTE

_____, 2010

\$ _____

CONN APPLIANCES, INC., a Texas corporation, **CONN CREDIT I, LP**, a Texas limited partnership, and **CONN CREDIT CORPORATION, INC.**, a Texas corporation (collectively, "**Borrowers**"), for value received, hereby unconditionally promise to pay, on a joint and several basis, to the order of _____ ("**Lender**"), the principal sum of _____ DOLLARS (\$ _____), or such lesser amount as may be advanced by Lender as Revolver Loans and owing as LC Obligations from time to time under the Loan Agreement described below, together with all accrued and unpaid interest thereon. Terms are used herein as defined in the Amended and Restated Loan and Security Agreement dated as of November __, 2010, among Borrowers, Bank of America, N.A., as Agent, Lender, and certain other financial institutions, as such agreement may be amended, modified, renewed or extended from time to time ("**Loan Agreement**").

Principal of and interest on this Note from time to time outstanding shall be due and payable as provided in the Loan Agreement. This Note is issued pursuant to and evidences Revolver Loans and LC Obligations under the Loan Agreement, to which reference is made for a statement of the rights and obligations of Lender and the duties and obligations of Borrowers. The Loan Agreement contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events, and for the borrowing, prepayment and reborrowing of amounts upon specified terms and conditions.

The holder of this Note is hereby authorized by Borrowers to record on a schedule annexed to this Note (or on a supplemental schedule) the amounts owing with respect to Revolver Loans and LC Obligations, and the payment thereof. Failure to make any notation, however, shall not affect the rights of the holder of this Note or any obligations of Borrowers hereunder or under any other Loan Documents.

Time is of the essence of this Note. Each Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment for payment, protest, notice of protest, notice of intention to accelerate the maturity of this Note, diligence in collecting, the bringing of any suit against any party, and any notice of or defense on account of any extensions, renewals, partial payments, or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity. Borrowers jointly and severally agree to pay, and to save the holder of this Note harmless against, any liability for the payment of all costs and expenses (including without limitation reasonable attorneys' fees) if this Note is collected by or through an attorney-at-law.

Exhibit A

In no contingency or event whatsoever shall the amount paid or agreed to be paid to the holder of this Note for the use, forbearance or detention of money advanced hereunder exceed the highest lawful rate permitted under Applicable Law. If any such excess amount is inadvertently paid by Borrowers or inadvertently received by the holder of this Note, such excess shall be returned to Borrowers or credited as a payment of principal, in accordance with the Loan Agreement. It is the intent hereof that Borrowers not pay or contract to pay, and that holder of this Note not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by Borrowers under Applicable Law.

This Note shall be governed by the laws of the State of California, without giving effect to any conflict of law principles (but giving effect to federal laws relating to national banks).

IN WITNESS WHEREOF, this Revolver Note is executed as of the date set forth above.

Attest:

CONN APPLIANCES, INC.,
a Texas corporation

Secretary

By: _____
Name: _____
Title: _____

Attest:

CONN CREDIT I, LP,
a Texas limited partnership

Secretary

By: Conn Credit Corporation, Inc.,
a Texas corporation,
its General Partner

By: _____
Name: _____
Title: _____

Attest:

CONN CREDIT CORPORATION, INC.,
a Texas corporation

Secretary

By: _____
Name: _____
Title: _____

Exhibit A

EXHIBIT B

to

**Amended and Restated
Loan and Security Agreement**

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Loan and Security Agreement dated as of November __, 2010, as amended ("Loan Agreement"), among **CONN APPLIANCES, INC.**, a Texas corporation, **CONN CREDIT I, LP**, a Texas limited partnership, and **CONN CREDIT CORPORATION, INC.**, a Texas corporation (collectively, "Borrowers"), **BANK OF AMERICA, N.A.**, as agent ("Agent") for the financial institutions from time to time party to the Loan Agreement ("Lenders"), and such Lenders. Terms are used herein as defined in the Loan Agreement.

_____ ("Assignor") and _____ ("Assignee") agree as follows:

1. Assignor hereby assigns to Assignee and Assignee hereby purchases and assumes from Assignor (a) a principal amount of \$_____ of Assignor's outstanding Revolver Loans and \$_____ of Assignor's participations in LC Obligations, and (b) the amount of \$_____ of Assignor's Revolver Commitment (which represents ___% of the total Revolver Commitments), (the foregoing items being, collectively, the "Assigned Interest"), together with an interest in the Loan Documents corresponding to the Assigned Interest. This Agreement shall be effective as of the date ("Effective Date") indicated in the corresponding Assignment Notice delivered to Agent, provided such Assignment Notice is executed by Assignor, Assignee, Agent and Borrower Agent, if applicable. From and after the Effective Date, Assignee hereby expressly assumes, and undertakes to perform, all of Assignor's obligations in respect of the Assigned Interest, and all principal, interest, fees and other amounts which would otherwise be payable to or for Assignor's account in respect of the Assigned Interest shall be payable to or for Assignee's account, to the extent such amounts accrue on or after the Effective Date.

2. Assignor (a) represents that as of the date hereof, prior to giving effect to this assignment, its Revolver Commitment is \$_____, the outstanding balance of its Revolver Loans and participations in LC Obligations is \$_____; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other instrument or document furnished pursuant thereto, other than that Assignor is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance by Borrowers of their obligations under the Loan Documents. [*Assignor is attaching the Note[s] held by it and requests that Agent exchange such Note[s] for new Notes payable to Assignee [and Assignor].*]

Exhibit B

3. Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received copies of the Loan Agreement and such other Loan Documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it shall, independently and without reliance upon Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (d) confirms that it is an Eligible Assignee; (e) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to Agent by the terms thereof, together with such powers as are incidental thereto; (f) agrees that it will observe and perform all obligations that are required to be performed by it as a “Lender” under the Loan Documents; and (g) represents and warrants that the assignment evidenced hereby will not result in a non-exempt “prohibited transaction” under Section 406 of ERISA.

4. This Agreement shall be governed by the laws of the State of California. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of this Agreement shall remain in full force and effect.

5. Each notice or other communication hereunder shall be in writing, shall be sent by messenger, by telecopy or facsimile transmission, or by first-class mail, shall be deemed given when sent and shall be sent as follows:

(a) If to Assignee, to the following address (or to such other address as Assignee may designate from time to time):

(b) If to Assignor, to the following address (or to such other address as Assignor may designate from time to time):

Payments hereunder shall be made by wire transfer of immediately available Dollars as follows:

If to Assignee, to the following account (or to such other account as Assignee may designate from time to time):

ABA No. _____

Account No. _____

Reference: _____

If to Assignor, to the following account (or to such other account as Assignor may designate from time to time):

ABA No. _____

Account No. _____

Reference: _____

IN WITNESS WHEREOF, this Assignment and Acceptance is executed as of _____.

("Assignee")

By _____
Title:

("Assignor")

By _____
Title:

EXHIBIT C

to

**Amended and Restated
Loan and Security Agreement**

ASSIGNMENT NOTICE

Reference is made to (1) the Amended and Restated Loan and Security Agreement dated as of November __, 2010, as amended ("Loan Agreement"), among **CONN APPLIANCES, INC.**, a Texas corporation, **CONN CREDIT I, LP**, a Texas limited partnership, and **CONN CREDIT CORPORATION, INC.**, a Texas corporation (collectively, "Borrowers"), BANK OF AMERICA, N.A., as agent ("Agent") for the financial institutions from time to time party to the Loan Agreement ("Lenders"), and such Lenders; and (2) the Assignment and Acceptance dated as of _____, 20__ ("Assignment Agreement"), between _____ ("Assignor") and _____ ("Assignee"). Terms are used herein as defined in the Loan Agreement.

Assignor hereby notifies Borrowers and Agent of Assignor's intent to assign to Assignee pursuant to the Assignment Agreement (a) a principal amount of \$ _____ of Assignor's outstanding Revolver Loans and \$ _____ of Assignor's participations in LC Obligations, and (b) the amount of \$ _____ of Assignor's Revolver Commitment (which represents ___% of the total Revolver Commitments) (the foregoing items being, collectively, the "Assigned Interest"), together with an interest in the Loan Documents corresponding to the Assigned Interest. This Agreement shall be effective as of the date ("Effective Date") indicated below, provided this Assignment Notice is executed by Assignor, Assignee, Agent and Borrower Agent, if applicable. Pursuant to the Assignment Agreement, Assignee has expressly assumed all of Assignor's obligations under the Loan Agreement to the extent of the Assigned Interest, as of the Effective Date.

For purposes of the Loan Agreement, Agent shall deem Assignor's Revolver Commitment to be reduced by \$ _____, and Assignee's Revolver Commitment to be increased by \$ _____.

The address of Assignee to which notices and information are to be sent under the terms of the Loan Agreement is:

The address of Assignee to which payments are to be sent under the terms of the Loan Agreement is shown in the Assignment and Acceptance.

This Notice is being delivered to Borrowers and Agent pursuant to **Section 13.3** of the Loan Agreement. Please acknowledge your acceptance of this Notice by executing and returning to Assignee and Assignor a copy of this Notice.

IN WITNESS WHEREOF, this Assignment Notice is executed as of _____.

("Assignee")

By _____
Title:

("Assignor")

By _____
Title:

ACKNOWLEDGED AND AGREED,
AS OF THE DATE SET FORTH ABOVE:

BORROWER AGENT.*

CONN APPLIANCES, INC.,
a Texas corporation

By _____
Title:

* No signature required if Assignee is a Lender, U.S.-based Affiliate of a Lender or Approved Fund, or if an Event of Default exists.

BANK OF AMERICA, N.A., as Agent

By _____
Title:

SCHEDULE 1.1

to

**Amended and Restated
Loan and Security Agreement**

REVOLVER COMMITMENTS OF LENDERS

<u>Lender</u>	<u>Revolver Commitment</u>
Bank of America, N.A.	\$75,000,000
JPMorgan Chase Bank, National Association	\$65,000,000
Wells Fargo Preferred Capital, Inc.	\$40,000,000
Capital One, N.A.	\$40,000,000
BBVA Compass Bank	\$15,000,000
BBVA Compass Bank, as successor in interest to Guaranty Bank	\$25,000,000
Regions Bank	\$40,000,000
Union Bank, N.A.	\$25,000,000
First Tennessee Bank National Association	\$20,000,000
Amegy Bank	\$20,000,000
CommunityBank of Texas, N.A.	\$10,000,000
Total Revolver Commitments	\$375,000,000

Schedule 1.1 to Amended and Restated Loan and Security Agreement
Commitments Of Lenders

SCHEDULE 1.1 E(1)

To

**Amended and Restated
Loan and Security Agreement**

EXISTING BANK PRODUCTS

BANK NAME

BANK PRODUCTS

Bank of America Bank

Depository Accounts and other Cash Management Services

Merchant Card Services for MasterCard and Visa including authorization of Discover and AMEX

CapitalOne Bank

Depository Accounts and other Cash Management Services

Hedge Agreements :

\$ 15MM LIBOR Floating to Fixed SWAP due 4/2011

\$ 10MM LIBOR Floating to Fixed SWAP due 7/2011

JP Morgan Chase Bank

Depository Accounts and other Cash Management Services

BBVA Compass Bank

Depository Accounts and other Cash Management Services

Wells Fargo Bank

Depository Accounts and other Cash Management Services

Leases for 17 Service Vans final payment due 3/2012

Leases for 11 Service Vans final payment due 6/2013

Commercial Insurance Brokerage Services

Community Bank of Texas

Depository Accounts and other Cash Management Services

SCHEDULE 1.1E(2)

To

**Amended and Restated
Loan and Security Agreement**

EXISTING LETTERS OF CREDIT

1. \$1,575,000.00 Letter of Credit issued by JPMorgan Chase Bank, N.A. (L/C Reference No. TPTS397519).
2. \$150,000.00 Letter of Credit issued by JPMorgan Chase Bank, N.A. (L/C Reference No. D617706).

Schedule 1.1E(2) to Amended and Restated Loan and Security Agreement
Existing Letters of Credit

SCHEDULE 1.1(L)

To

Amended and Restated Loan and Security Agreement

LEASEHOLD MORTGAGES

<u>Lease No.</u>	<u>Lease Name</u>	<u>Lease City</u>	<u>Lease State</u>
11002	Gateway	Beaumont	TX
11005	Port Plaza Centre	Port Arthur	TX
11006	Lake Charles	Lake Charles	LA
11007	New Iberia	New Iberia	LA
11008	Lafayette - Karam Shopping Center	Lafayette	LA
11009	Baton Rouge - Airline	Baton Rouge	LA
11011	Ambassador Caffrey	Lafayette	LA
11012	Parkdale	Beaumont	TX
11014	Orange	Orange	TX
11016	Houston - N. Freeway	Houston	TX
11018	Houston - Gulf Freeway	Houston	TX
11021	Fry Road	Katy	TX
11023	Katy Freeway	Houston	TX
11024	Humble	Humble	TX
11025	Willowbrook	Houston	TX
11026	Uvalde	Houston	TX
11027	Northline Mall	Houston	TX
11028	Siegen Lane	Baton Rouge	LA
11030	Stella Link	Houston	TX
11041	McAllen	McAllen	TX
11042	Harlingen	Harlingen	TX
11043	Brownsville	Brownsville	TX
11048	Round Rock	Round Rock	TX
11061	SW Military	San Antonio	TX
11062	Sports Authority	San Antonio	TX
11064	West Commerce	San Antonio	TX
11065	The Vineyards	San Antonio	TX
11066	South Brook	Austin	TX
11067	Capital Plaza	Austin	TX
11068	Windsor Park	San Antonio	TX
11070	Gulf Freeway	Houston	TX
11071	Northway Shopping Center	Houston	TX
11072	Pinoak	Houston	TX
11073	Conroe	Conroe	TX
11075	SE Military	San Antonio	TX
11077	Garth Road	Baytown	TX
11078	West Oaks	Houston	TX
11079	Lufkin	Lufkin	TX
11081	Royal Lane	Dallas	TX
11085	Ridgemare	White Settlement	TX
11086	Plano	Plano	TX
11087	Cedar Hill	Cedar Hill	TX
11090	Addison	Dallas	TX

Schedule 1.1L to Amended and Restated Loan and Security Agreement
Leasehold Mortgages

11091	Eules	Eules	TX
11092	Hulen	Fort Worth	TX
11094	Arlington	Arlington	TX
11096	Pavillions	San Antonio	TX
11097	Oakcliff	Dallas	TX
11102	Pearland	Pearland	TX
11103	Grapevine	Grapevine	TX
11104	North Irving	Irving	TX
11105	Pasadena	Pasadena	TX
11107	Denton	Denton	TX
11108	Eastchase	Fort Worth	TX
11110	Burleson	Fort Worth	TX
11111	Midland	Oklahoma City	OK
11112	Cypresswood	Spring	TX
11114	Rosenberg	Rosenberg	TX
11115	Edmond Plaza	Edmond	OK
11116	Walnut Square	Oklahoma City	OK
12001	Houston Warehouse	Houston	TX
12003	Beaumont Warehouse	Beaumont	TX
18502	Corporate Offices	Beaumont	TX
12049	Harlingen Crossdock	Harlingen	TX
83008	Houston Service	Houston	TX
83080	Dallas Service	Dallas	TX

Schedule 1.1L to Amended and Restated Loan and Security Agreement
Leasehold Mortgages

SCHEDULE 7.1(j)

to

**Amended and Restated
Loan and Security Agreement**

EQUITY INTERESTS

Conn Appliances, Inc.

<u>Name</u>	<u>Percentage Interest Owned</u>
CAI Holding Co.	100%, as its sole shareholder
CAI Credit Insurance Agency, Inc.	100%, by CAI Holding Co.
Conn Credit Corporation, Inc.	100%, by CAI Holding Co.
CAIAIR, Inc.	100%, as its sole shareholder
Conn Funding II GP, LLC	100%, as its sole member (to be dissolved following closing)
Conn Funding II, L.P.	1%, by Conn Funding II GP, LLC (to be dissolved following closing); 99%, by Conn Appliances, LLC (to be dissolved following closing)
Conn Appliances, LLC	100%, as its sole member (to be dissolved following closing)

Conn Credit Corporation, Inc.

<u>Name</u>	<u>Percentage Interest Owned</u>
Conn Lending, LLC	100%, as its sole member
Conn Credit I, LP	1%, as its sole general partner

Conn Credit I, LP

NONE

SCHEDULE 7.3

to

**Amended and Restated
Loan and Security Agreement**

REAL ESTATE

<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
8201 South Gessner	Houston	Texas	77036
8317 North 10th Street	McAllen	Texas	78504
2021 Town East Blvd. #1049 & #1050	Mesquite	Texas	75149
2900 Oak Springs Road	Austin	Texas	78702
124 Bertrand Drive	Lafayette	Louisiana	70506

Schedule 7.3 to Amended and Restated Loan and Security Agreement
Real Estate

SCHEDULE 8.5

to

**Amended and Restated
Loan and Security Agreement**

DEPOSIT ACCOUNTS

Conn Appliances, Inc.

<u>Depository Bank</u>	<u>Type of Account</u>	
BANK OF AMERICA	Store Deposit Account	
BANK OF AMERICA	Letter of Credit Deposit Account	
BANK OF AMERICA	LC Disbursement Account	
CAPITALONE	Controlled Disbursement Account	
CAPITALONE	General Operating Account	
CAPITALONE	Payroll Account	
CAPITALONE	Payment Center Account	
CAPITALONE	Credit Card Settlement Account	
CAPITALONE	Louisiana Store Depository Account	
COMMUNITY BANK OF TEXAS	Store Deposit Account	
JPMORGAN CHASE	Depository Account	
JPMORGAN CHASE	General Operating Account	
SUNTRUST	General Corporate Account	
BBVA COMPASS BANK	Store Deposit Account	
WELLS FARGO BANK	Store Deposit Account	
WOODFOREST	Store Deposit Account	

Conn Credit Corporation, Inc.

NONE.

Conn Credit I, LP

NONE.

Schedule 8.5 to Amended and Restated Loan and Security Agreement
Deposit Accounts

SCHEDULE 8.6.1

to

**Amended and Restated
Loan and Security Agreement**

CREDIT CARD AGREEMENTS

1. Card Acceptance Agreement for Participating Appliance/Electronic Industry Dealers by and between GE Money Bank and Conn Appliances, Inc.
2. Merchant Agreement by and between Bank of America, N.A. and Conn Appliances, Inc.
3. Merchant Services Agreement by and between DFS Services LLC and Conn Appliances, Inc.
4. PayPal User Agreement by and between PayPal and Conn Appliances, Inc.
5. Agreement for American Express Card Acceptance by and between American Express Travel Related Services Company, Inc. and Conn Appliances, Inc.
6. Merchant Agreement by and between Phoenix Payment Systems, Inc. dba Electronic Payment Exchange (EPX) and Conn Appliances, Inc

Schedule 8.6.1 to Amended and Restated Loan and Security Agreement
Credit Card Agreements

SCHEDULE 8.7.1

to

**Amended and Restated
Loan and Security Agreement**

BUSINESS LOCATIONS

1. Parent and Borrowers currently have the following business locations, and no others:

Chief Executive Office:

Conn's, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Appliances, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Credit Corporation, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Credit I, LP: 3295 College Street, Beaumont, Texas 77701.

Other Locations: See Addendum 8.7.1 attached hereto.

2. In the five years preceding the Closing Date, Parent and Borrowers have had no office or place of business located in any county other than as set forth above, except:

NONE.

3. Each of Subsidiary of Borrowers currently has the following business locations, and no others:

Chief Executive Office:

CAI Holding Co.: 3295 College Street, Beaumont, Texas 77701.

CAIAIR, Inc.: 3295 College Street, Beaumont, Texas 77701.

CAI Credit Insurance Agency, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Lending, LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.

Conn Funding II GP, L.L.C.: 3295 College Street, Beaumont, Texas 77701.

Conn Appliances, LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.

Conn Funding II, L.P.: 3295 College Street, Beaumont, Texas 77701.

Other Locations: **NONE.**

Schedule 8.7.1 to Amended and Restated Loan and Security Agreement
Business Locations

4. In the five years preceding the Closing Date, no Subsidiary of each Borrower has had an office or place of business located in any county other than as set forth above, except:

NONE.

5. The following bailees, warehouseman, similar parties and consignees hold inventory of a Borrower or its Subsidiary:

NONE.

Schedule 8.7.1 to Amended and Restated Loan and Security Agreement
Business Locations

Addendum 8.7.1**Business Locations**

<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Gateway	108 Gateway Shopping Center	Beaumont	TX	77701
Port Arthur	7855 Memorial Blvd.	Port Arthur	TX	77642
Lake Charles	3129 Highway 14	Lake Charles	LA	70601
New Iberia	820 H East Admiral Doyle	New Iberia	LA	70560
Willow Street	221 B. West Willow Street	Lafayette	LA	70501
Airline	8888 Airline Highway	Baton Rouge	LA	70815
Ambassador Caffrey	3559 Ambassador Caffrey	Lafayette	LA	70506
Parkdale	4326 Dowlen Road	Beaumont	TX	77706
Orange	180 Strickland Drive	Orange	TX	77630
N. Freeway	9700 North Freeway	Houston	TX	77037
Gessner	8201 South Gessner	Houston	TX	77036
Gulf Freeway	10900 I-H 45 South	Houston	TX	77075
Fry Rd	20051 Katy Freeway	Katy	TX	77450
Katy Frwy	9960 Katy Freeway	Houston	TX	77055
59 @ 1960	19633 A Highway 59	Humble	TX	77338
Willowbrook	7911 C FM 1960	Houston	TX	77070
Uvalde	13337 1-H 10 East	Houston	TX	77015
Northline Mall	4446 N. Freeway	Houston	TX	77022
Siegen Lane	6835 Siegen Lane	Baton Rouge	LA	70806
Nasa Rd	1101 W. Nasa Road 1	Webster	TX	77598
McAllen	724 East Expressway 83	McAllen	TX	78501
Harlingen	706 S. Dixieland Road	Harlingen	TX	78550
Brownsville	4465 N. Expressway 77/83	Brownsville	TX	78520
Lakeline	11101 Pecan Park Blvd.	Cedar Park	TX	78613
Anderson Ln	2531 West Anderson Lane	Austin	TX	78757
Bandera	11751 Bandera Road	San Antonio	TX	78249
Corpus	4818 S. Padre Island Drive	Corpus Christi	TX	78411
Round Rock	1601 South 1-H 35	Round Rock	TX	78664
SW Military	2514 SW Military Drive	San Antonio	TX	78221
N Loop 410	4999 NW Loop 410	San Antonio	TX	78229
West Commerce	4022 West Commerce	San Antonio	TX	78207
The Vineyards	1211 N Loop 1604 W	San Antonio	TX	78258
S. Brook	6425 S. 1-H 35	Austin	TX	78744
Capital Plaza	5441 1-H 35 North	Austin	TX	78723
Windsor Park	7730 I-H 35 North	San Antonio	TX	78218
DeZavala Crossing	5219 DeZavala	San Antonio	TX	78249
Gulf Freeway	6888 Gulf Freeway	Houston	TX	77087
Northwest Freeway	11051 Northwest Freeway	Houston	TX	77092
Pinoak	5505 W. Loop South	Houston	TX	77401
Conroe	1420 W Loop 336 N	Conroe	TX	77304
The Woodlands	19075 I-H 45 N	Shenandoah	TX	77385
SE Military	3143 SE Military Drive	San Antonio	TX	78223
Sugarland	15235 SW Freeway	Sugarland	TX	77478
Garth Rd	5010 Garth Road	Baytown	TX	77521
West Oaks	2665 South Highway 6	Houston	TX	77082
Lufkin	3045 S. John Redditt Road	Lufkin	TX	75901
Royal Ln	11250 North Central Expressway	Dallas	TX	75243
Richardson	1300 East Beltline Road	Richardson	TX	75081
Lewisville	2422 S. Stemmons Freeway	Lewisville	TX	75067

Mesquite	2021 Town East Blvd.	Mesquite	TX	75149
Ridgemare	1705 S. Cherry Lane	White Settlement	TX	76108
Plano	1021 North Central Expressway	Plano	TX	75075
Cedar Hill	229 E FM Road 1382	Cedar Hill	TX	75104
Hurst	747 N. Loop 820	Hurst	TX	76053
Wheatland	2984 W. Wheatland Road	Dallas	TX	75237
Addison	5515 Arapaho Road	Dallas	TX	75248
Euless	1201 W. Airport Freeway	Euless	TX	76040
Hulen	4617 S. Hulen Street	Fort Worth	TX	76132
Arlington	137 Merchants Row	Arlington	TX	76015
Pavilions	25 NE Loop 410	San Antonio	TX	78216
Pinnacle Pt	4351 DFW Turnpike	Dallas	TX	75211
Pearland	2800 E. Broadway	Pearland	TX	77581
Grapevine	1217 West Hwy 114	Grapevine	TX	76051
N. Irving	2800 Ranch Trail Drive	Irving	TX	75063
Pasadena	3931 Fairway Plaza Drive	Pasadena	TX	77505
N. McAllen	8317 North 10th Street	McAllen	TX	78504
Denton	2315 Colorado Boulevard	Denton	TX	76205
Eastchase	8400 East Freeway	Fort Worth	TX	76120
Burleson	12850 South Freeway	Fort Worth	TX	76028
Midland	3315 NW Expressway	Oklahoma City	OK	73112
Cypresswood	19746 Interstate 45	Spring	TX	77373
Rosenberg	23835 Brazos Town Crossing	Rosenberg	TX	77469
Edmond	28 SE 15 th Street	Edmond	OK	73013
Walnut Square	7301 S. Pennsylvania Avenue	Oklahoma City	OK	73159
Stella Link (Houston Clearance)	9335 Stella Link	Houston	TX	77025
Mesquite Clearance (Dallas Clearance)	2021 Town East Blvd.	Mesquite	TX	75149
San Antonio Call Center	5776 Stemmons Drive	San Antonio	TX	78238
Corporate Office	3295 College Street	Beaumont	TX	77701
Houston WH	8550-A Market Street	Houston	TX	77029
Houston Service	2425 Turning Basin	Houston	TX	77029
San Antonio WH/Service	4810 Eisenhaur	San Antonio	TX	78218
Dallas WH	1132 Valwood Parkway	Carrollton	TX	75006
Dallas Serv	4610-12 McEwen Road	Dallas	TX	75244
Beaumont WH	650 S. 23 rd Street	Beaumont	TX	77701
Beaumont Service	2686 Laurel	Beaumont	TX	77702
Harlingen Crossdock (part of Harlingen store)	710 S Dixieland Road	Harlingen	TX	78550
Corpus Christi Crossdock (part of Corpus Christi store)	4818 S. Padre Island Drive	Corpus Christi	TX	78411
Lafayette Crossdock	124 Bertrand Drive	Lafayette	LA	70506
Austin Crossdock	2900 Oak Springs Road	Austin	TX	78702

SCHEDULE 9.1.4

to

**Amended and Restated
Loan and Security Agreement**

NAMES AND CAPITAL STRUCTURE

1. The corporate names, jurisdictions of incorporation, and authorized and issued Equity Interests of each Borrower and its Subsidiary are as follows:

<u>Name</u>	<u>Jurisdiction</u>	<u>Number and Class of Authorized Shares</u>	<u>Number and Class of Issued Shares</u>	<u>Record Owner</u>
Conn Appliances, Inc., as a Borrower	Texas	35,000,000 Common Shares. 300,000 Senior Preferred Shares.	Stock Certificate #158; 1,000 Shares.	Conn's, Inc.
Conn Credit Corporation, Inc., as a Borrower	Texas	4,000,000 Common Shares.	Stock Certificate #1016; 56,500 Shares..	CAI Holding Co.
Conn Credit I, LP, as a Borrower	Texas	N/A	N/A	1% Conn Credit Corporation, Inc.; 99% Conn Lending, LLC.
CAI Holding Co.	Delaware	10,000 Common Shares.	Stock Certificate #1; 8,000 Shares.	Conn Appliances, Inc.
CAIAIR, Inc.	Delaware	1,000,000 Common Shares.	Stock Certificate #1; 1,000 Shares.	Conn Appliances, Inc.
CAI Credit Insurance Agency, Inc.	Louisiana	100,000 Common Shares.	Stock Certificate #3; 1,000 Shares.	CAI Holding Co.
Conn Lending, LLC	Delaware	N/A	N/A	Conn Credit Corporation, Inc.
Conn Funding II GP, L.L.C.	Texas	N/A	N/A	Conn Appliances, Inc.
Conn Appliances, LLC	Delaware	N/A	N/A	Conn Appliances, Inc.
Conn Funding II, L.P.	Texas	N/A	N/A	1% Conn Funding GP II, L.L.C.; 99% Conn Appliances, LLC.

2. All agreements binding on holders of Equity Interests of Borrowers and their Subsidiaries with respect to such interests are as follows:

NONE.

Schedule 9.1.4 to Amended and Restated Loan and Security Agreement
Names and Capital Structure

SCHEDULE 9.1.5

to

**Amended and Restated
Loan and Security Agreement**

FORMER NAMES AND COMPANIES

1. Each Parent's, Borrowers' and its Subsidiary's correct corporate name, as registered with the Secretary of State of its state of incorporation, is shown on Schedule 9.1.4.
2. In the conduct of their businesses during five years preceding the Closing Date, Parent, Borrowers and their Subsidiaries have used the following names:

<u>Entity</u>	<u>Fictitious, Trade or Other Name</u>
Conn's, Inc., as Parent	None
Conn Appliances, Inc., as a Borrower	Conn Appliances Conn's
Conn Credit Corporation, Inc., as a Borrower	Conn Credit Conn Credit Corp.
Conn Credit I, LP, as a Borrower	None
CAI Holding Co., as a Subsidiary	None
CAIAIR, Inc., as a Subsidiary	None
CAI Credit Insurance Agency, Inc., as a Subsidiary	None
Conn Lending, LLC, as a Subsidiary	None
Conn Funding II GP, L.L.C., as a Subsidiary	None
Conn Appliances, LLC, as a Subsidiary	None
Conn Funding II, L.P., as a Subsidiary	None

3. In the five years preceding the Closing Date, no Borrower or its Subsidiary has been the surviving corporation of a merger or combination, except:
 - a. Merger of CAI, L.P., a Texas limited partnership, with and into Conn Appliances, Inc., a Texas corporation, as surviving corporation, effective as of June 28, 2007.
 - b. Merger of CAI Credit, L.L.C., a Delaware limited liability company, with and into CAI Credit Insurance Agency, Inc., a Louisiana corporation, as surviving corporation, effective as of June 28, 2007.

Schedule 9.1.5 to Amended and Restated Loan and Security Agreement
Former Names and Companies

- c. Merger of Conn CC, L.P., a Texas limited partnership, and Conn Credit, L.L.C., a Delaware limited liability company, with and into Conn Credit Corporation, Inc., a Texas corporation, as surviving corporation, effective as of June 28, 2007.
4. In the five years preceding the Closing Date, no Borrower or its Subsidiary has acquired any substantial part of the assets of any Person, except:
NONE.

Schedule 9.1.5 to Amended and Restated Loan and Security Agreement
Former Names and Companies

SCHEDULE 9.1.11

to

**Amended and Restated
Loan and Security Agreement**

PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

1. Parent's, Borrowers' and their Subsidiaries' patents:

NONE.

2. Parent's, Borrowers' and their Subsidiaries' trademarks:

<u>Trademark</u>	<u>Owner</u>	<u>Status in Trademark Office</u>	<u>Federal Registration No.</u>	<u>Registration Date</u>
CONN'S AWARD WINNING SERVICE SINCE 1890	Conn's, Inc.	Registered	2,758,779	September 2, 2003
CONN'S	Conn's, Inc.	Registered	2,824,660	March 23, 2004

3. Parent's, Borrowers' and their Subsidiaries' copyrights:

NONE.

4. Parent's, Borrowers' and their Subsidiaries' licenses (other than routine business licenses, authorizing them to transact business in local jurisdictions):

NONE.

SCHEDULE 9.1.14

to

**Amended and Restated
Loan and Security Agreement**

ENVIRONMENTAL MATTERS

NONE.

Schedule 9.1.14 to Amended and Restated Loan and Security Agreement
Environmental Matters

SCHEDULE 9.1.15

to

**Amended and Restated
Loan and Security Agreement**

RESTRICTIVE AGREEMENTS

NONE.

Schedule 9.1.15 to Amended and Restated Loan and Security Agreement
Restrictive Agreements

SCHEDULE 9.1.16

to

**Amended and Restated
Loan and Security Agreement**

LITIGATION

1. Proceedings and investigations pending against Borrowers or its Subsidiaries:
NONE.

2. Threatened proceedings or investigations of which any Borrower or its Subsidiary is aware:
NONE.

3. Pending Commercial Tort Claim of any Obligor:
NONE.

Schedule 9.1.16 to Amended and Restated Loan and Security Agreement
Litigation

SCHEDULE 9.1.18

to

**Amended and Restated
Loan and Security Agreement**

PENSION PLAN DISCLOSURES

NONE.

Schedule 9.1.18 to Amended and Restated Loan and Security Agreement
Pension Plan Disclosures

SCHEDULE 9.1.20

to

**Amended and Restated
Loan and Security Agreement**

LABOR CONTRACTS

Parent, Borrowers and their Subsidiaries are party to the following collective bargaining agreements, management agreements and consulting agreements:

NONE.

Schedule 9.1.20 to Amended and Restated Loan and Security Agreement
Labor Contracts

SCHEDULE 10.2.2

to

**Amended and Restated
Loan and Security Agreement**

EXISTING LIENS

Schedule 10.2.2 to Amended and Restated Loan and Security Agreement
Existing Liens
1

SCHEDULE 10.2.17

to

**Amended and Restated
Loan and Security Agreement**

EXISTING AFFILIATE TRANSACTIONS

1. Contract Receivables Purchase Agreement dated as of even date herewith between Conn Credit I, LP and Conn Appliances, Inc.
2. Contract Receivables Purchase Agreement dated as of even date herewith between Conn Credit I, LP and Conn Credit Corporation, Inc.
3. Servicing Agreement dated as of even date herewith between Conn Credit I, LP and Conn Appliances, Inc.
4. Contract Originator Note dated as of even date herewith made by Conn Credit I, LP and payable to Conn Appliances, Inc.
5. Contract Originator Note dated as of even date herewith made by Conn Credit I, LP and payable to Conn Credit Corporation, Inc.
6. Merchant Agreement between Conn Credit Corporation, Inc. and Conn Appliances, Inc.
7. Purchase Agreement dated as of even date herewith between Conn Appliances, Inc. and Conn Credit Corporation, Inc.

Schedule 10.2.17 to Amended and Restated Loan and Security Agreement
Existing Affiliate Transactions

SCHEDULE 10.2.2

to

Loan and Security Agreement

EXISTING LIENS

<u>Initial Type of Filing</u>	<u>Debtor</u>	<u>Secured Party</u>	<u>Initial Filing No. and Date</u>	<u>Jurisdiction</u>
UCC-1	Conn Appliances, Inc.	General Electric Capital Corporation	9600056267 on March 22, 1996	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	GE Commercial Distribution Finance Corporation	9800115926 on June 5, 1998	Texas Secretary of State
UCC-1	Conn Appliances, Inc. Conn's, Inc.	Electrolux Home Products	020007278288 on October 23, 2001	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	GE Commercial Distribution Finance Corporation	020020382714 on February 25, 2002	Texas Secretary of State
UCC-1* ¹	Conn Appliances, Inc.	Wells Fargo Bank, National Association	030001275725 on September 13, 2002	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Husqvarna Outdoor Products, Inc.	060008742178 on March 17, 2006	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Textron Financial Corporation	070026787360 on August 7, 2007	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Daimler Trust	070040807501 on December 3, 2007	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Daimler Trust	070043216619 on December 26, 2007	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Crown Credit Company	080002453325 on January 22, 2008	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Crown Credit Company	080028513300 on August 26, 2008	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	GE Money Bank	090014992620 on May 27, 2009	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	IBM Credit LLC	090015569883 on June 2, 2009	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	TCF Inventory Finance, Inc.	090032612376 on November 24, 2009	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Red Iron Acceptance, LLC	100003641025 on February 8, 2010	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Ikon Financial Services	100012127842 on April 29, 2010	Texas Secretary of State
UCC-1	CAIAIR, Inc.	CSF Air, LLC	20154033 on December 17, 2001	Delaware Secretary of State

¹ UCC to be terminated upon execution of Amended and Restated Loan and Security Agreement.

INTERCREDITOR AGREEMENT

Dated as of November 30, 2010

BANK OF AMERICA, N.A.,

as ABL Agent

and

GA CAPITAL, LLC,

as Term Agent

TABLE OF CONTENTS

	Page
SECTION 1. Definitions; Rules of Construction.	2
1.1 Defined Terms.	2
1.2 Construction.	10
SECTION 2. Lien Priorities.	11
2.1 Relative Priorities.	11
2.2 Prohibition on Contesting Liens.	14
2.3 New Liens.	14
2.4 Similar Liens and Agreements.	15
SECTION 3. Exercise of Remedies.	16
3.1 Standstill.	16
3.2 Exclusive Enforcement Rights.	17
3.3 Claimholders Permitted Actions.	17
3.4 Retention of Proceeds.	18
3.5 Non-Interference.	18
3.6 Unsecured Creditor Remedies.	19
3.7 Commercially Reasonable Dispositions; Notice of Exercise.	19
SECTION 4. Proceeds.	19
4.1 Application of Proceeds.	21
4.2 Turnover.	22
4.3 No Subordination of the Relative Priority of Claims.	22
SECTION 5. Releases; Dispositions; Other Agreements.	22
5.1 Releases.	22
5.2 Insurance.	24
5.3 Amendments; Refinancings; Legends.	25
5.4 Bailee for Perfection.	27
5.5 When Discharge of Priority Obligations Deemed to Not Have Occurred.	29
5.6 Purchase Option.	29
5.7 Injunctive Relief.	30
5.8 Reserves. .	31
5.9 Borrowing Base Certificates.	31

TABLE OF CONTENTS
(continued)

	Page
SECTION 6. Insolvency Proceedings.	31
6.1 Enforceability and Continuing Priority.	31
6.2 Intentionally Omitted.	31
6.3 Intentionally Omitted.	31
6.4 Intentionally Omitted.	31
6.5 Intentionally Omitted.	31
6.6 Section 1111(b) of the Bankruptcy Code.	31
6.7 Avoidance Issues.	32
6.8 Plan of Reorganization.	33
SECTION 7. Reliance; Waivers; Etc.	33
7.1 Reliance.	33
7.2 No Warranties or Liability.	33
7.3 No Waiver of Lien Priorities.	34
7.4 Obligations Unconditional.	37
SECTION 8. Representations and Warranties.	37
8.1 Representations and Warranties of Each Party.	37
8.2 Representations and Warranties of Each Agent.	38
SECTION 9. Miscellaneous.	38
9.1 Conflicts.	38
9.2 Effectiveness; Continuing Nature of this Agreement; Severability.	38
9.3 Amendments; Waivers.	39
9.4 Information Concerning Financial Condition of the Parent and its Subsidiaries.	39
9.5 Appraisals and Field Examinations.	39
9.6 Subrogation.	39
9.7 SUBMISSION TO JURISDICTION; WAIVERS.	40
9.8 Notices.	41
9.9 Further Assurances.	41
9.10 APPLICABLE LAW.	41

TABLE OF CONTENTS
(continued)

	Page
9.11 Binding on Successors and Assigns.	41
9.12 Headings.	41
9.13 Entire Agreement.	41
9.14 Counterparts.	42
9.15 No Third Party Beneficiaries.	42
9.16 Provisions Solely to Define Relative Rights.	42
9.17 Costs and Attorneys Fees.	42

INTERCREDITOR AGREEMENT

This **INTERCREDITOR AGREEMENT** (this "Agreement") is dated as of November 30, 2010, and entered into by and between **BANK OF AMERICA, N.A.**, in its capacity as administrative agent and collateral agent under the ABL Loan Documents (as defined below), including its successors and assigns in such capacity from time to time ("ABL Agent"), and **GA CAPITAL, LLC** in its capacity as administrative agent and collateral agent under the Term Loan Documents (as defined below), including its successors and assigns in such capacity from time to time ("Term Agent").

RECITALS

CONN'S, INC., a Delaware corporation, as parent and guarantor ("Parent"), **CONN APPLIANCES, INC.**, a Texas corporation ("CAI"), **CONN CREDIT I, LP, a Texas limited partnership** ("CCI") and **CONN CREDIT CORPORATION, INC.**, a Texas corporation ("CCCI"), and together with CAI and CCI, individually, an "ABL Borrower" and collectively, "ABL Borrowers"), the lenders party thereto, and ABL Agent, have entered into that certain Amended and Restated Loan and Security Agreement dated as of the date hereof providing for a revolving credit facility (the "ABL Loan Agreement");

CAI, CCI, and CCCI, (individually, a "Term Loan Borrower" and collectively, "Term Loan Borrowers") the lenders party thereto, and Term Agent, have entered into that certain Term Loan and Security Agreement dated as of the date hereof providing for a term loan facility (the "Term Loan Agreement");

Pursuant to (i) that certain Amended and Restated Continuing Guaranty dated as of the date hereof, Parent and certain of the Parent's Subsidiaries other than ABL Borrowers (Parent and such Subsidiaries, each, "ABL Guarantor" and collectively, jointly and severally, "ABL Guarantors") have guaranteed the Obligations (as defined in the ABL Loan Agreement) (the "ABL Guaranty");

Pursuant to (i) that certain Continuing Guaranty dated as of the date hereof, Parent and certain of the Parent's Subsidiaries other than Term Loan Borrowers (Parent and such Subsidiaries, each, "Term Loan Guarantor" and collectively, jointly and severally, "Term Loan Guarantors") have guaranteed the Obligations (as defined in the Term Loan Agreement) (the "Term Loan Guaranty");

The obligations of (i) ABL Borrowers under the ABL Loan Agreement, and (ii) ABL Guarantors under the ABL Guaranty are to be secured by liens on substantially all the assets of ABL Borrowers and ABL Guarantors;

The obligations of (i) Term Loan Borrowers under the Term Loan Agreement, and (ii) Term Loan Guarantors under the Term Loan Guaranty are to be secured by liens on substantially all the assets of Term Loan Borrowers and Term Loan Guarantors;

Each of the ABL Agent (on behalf of the ABL Claimholders) and the Term Agent (on behalf of the Term Loan Claimholders) and by their acknowledgment hereof, the ABL

Borrowers and ABL Guarantors, and the Term Loan Borrowers and Term Loan Guarantors desire to agree to the relative priority of the liens on the Collateral and certain other rights, priorities, and interest as provided herein; and

ABL Agent and Term Agent have agreed to the intercreditor and other provisions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. Definitions; Rules of Construction.

1.1 Defined Terms.

As used in this Agreement, the following terms shall have the following meanings:

ABL Agent: has the meaning set forth in the recitals to this Agreement.

ABL Borrowing Base: shall mean, as of any date of determination thereof, the "Borrowing Base" as defined in the ABL Loan Agreement as in effect as of the date hereof.

ABL Cap: shall mean, on any date of determination thereof, an amount equal to the lesser of (a) the result of (i) the ABL Borrowing Base, plus (ii) (A) if no Inadvertent Overadvance Period exists with respect to the Borrowers, Protective Overadvances in an amount up to \$10,000,000 or (B) if an Inadvertent Overadvance Period exists with respect to the Borrowers, the sum of (1) Protective Overadvances in an amount up to \$10,000,000, plus (2) the Inadvertent Overadvance Amounts, minus (iii) the Minimum Excess Availability Amount; and (b) the result of (i) \$375,000,000 plus (ii) prior to an Insolvency Proceeding any Revolver Increase Amount (as defined in the ABL Loan Agreement as in effect on the date hereof), but in no event an aggregate amount greater than \$500,000,000 (inclusive of the amount set forth in clause (b)(i) above); minus (iii) the Minimum Excess Availability Amount, minus (iv) the amount of all permanent reductions of the commitments under the ABL Loan Agreement (other than in connection with a Refinancing thereof).

Notwithstanding anything in this definition to the contrary, the ABL Agent and the ABL Lenders hereby agree that upon the occurrence of (i) a store closing, going-out-of-business or similar sale by any Grantor, in each case, of all or substantially all of their retail operations or inventory, (ii) a foreclosure by the ABL Agent of its Liens on a material portion of the Collateral of any Grantor, or (iii) a Disposition of a material portion of the Collateral granted by any Grantor, the commitments under the ABL Loan Agreement shall be permanently reduced by an amount equal to the proceeds received and applied to the repayment of loans under the ABL Loan Agreement from such sale or Disposition.

ABL Claimholders: at any relevant time, the holders of ABL Obligations at that time, including ABL Lenders and ABL Agent.

ABL Collateral: all of the assets and property of any Grantor, whether real, personal or mixed, with respect to which a consensual Lien is granted as security for any ABL Obligation.

ABL Collateral Documents: the ABL Loan Agreement, the ABL Mortgages, and any other agreement, document, or instrument pursuant to which a Lien is granted by such Grantor for the benefit of the ABL Claimholders securing any ABL Obligation or under which rights or remedies with respect to such Liens are governed.

ABL Default: any “Event of Default”, as such term is defined in any ABL Loan Agreement.

ABL Guaranty: has the meaning set forth in the recitals to this Agreement, but shall also include each other guaranty made by any other guarantor in favor of ABL Agent.

ABL Lenders: the “Lenders” as defined in the ABL Loan Agreement.

ABL Loan Agreement: has the meaning set forth in the recitals to this Agreement, and includes any restatement, Refinancing or replacement thereof made in compliance with the terms hereof.

ABL Loan Documents: the ABL Collateral Documents, the ABL Loan Agreement, the ABL Guaranty, this Agreement, and each of the other Loan Documents (as defined in the ABL Loan Agreement).

ABL Mortgages: each mortgage, deed of trust, and other document or instrument under which any Lien on real property owned or leased by any Grantor is granted by such Grantor for the benefit of the ABL Claimholders to secure any ABL Obligations or under which rights or remedies with respect to any such Liens are governed.

ABL Obligations: all Obligations (as defined in the ABL Loan Agreement), including without limitation all obligations and all amounts owing, due, or secured under the terms of the ABL Loan Agreement or any other ABL Loan Document, whether now existing or arising hereafter, including all principal, premium, interest, fees, attorneys fees, costs, charges, expenses, reimbursement obligations, obligations to post cash collateral in respect of Letters of Credit or Bank Product Obligations or indemnities in respect thereof, any other indemnities or guarantees, and all other amounts payable under or secured by any ABL Loan Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Grantor, or that would have accrued or become due under the terms of the ABL Loan Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding).

ABL Post-Default Disposition: has the meaning set forth in Section 5.1(b)

ABL Priority Collateral shall mean all Collateral other than the Term Loan Priority Collateral.

ABL Priority Obligations: all ABL Obligations exclusive of the Excess ABL Obligations, which Excess ABL Obligations shall be excluded from (and shall not constitute) ABL Priority Obligations.

ABL Recovery: has the meaning set forth in Section 6.8(a).

ABL Specified Event of Default: means an ABL Loan Default under Sections 11.1 (a) and Section 11.1(c) (with respect to Sections 8.1, 10.1.1, 10.1.2(a), 10.1.2(b), 10.1.2(c), 10.1.2(d), 10.2.3, 10.3, 10.4 and 10.7).

Agent: means ABL Agent or Term Loan Agent, as applicable.

Agreement: has the meaning set forth in the recitals to this Agreement.

Bank Product Cap: the amount of \$5,000,000.

Bank Product Obligations: the “Bank Product Debt,” as that term is defined in the ABL Loan Agreement.

Bank Product Reserve: the “Bank Product Reserve,” as that term is defined in the ABL Loan Agreement.

Bankruptcy Code: Title 11 of the United States Code.

Bankruptcy Law: the Bankruptcy Code and any other federal, state, or foreign law for the relief of debtors.

Borrower and Borrowers: the ABL Borrower(s) or Term Loan Borrower(s), as applicable.

Borrowing Base Certificate the “Borrowing Base Certificate” as that term is defined in the ABL Loan Agreement.

Business Day: any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, North Carolina, Texas, New York and California.

CAI: has the meaning set forth in the recitals to this Agreement.

CCI: has the meaning set forth in the recitals to this Agreement.

CCCI: has the meaning set forth in the recitals to this Agreement.

Claimholders: ABL Claimholders and Term Loan Claimholders.

Collateral: all of the assets and property of each Grantor, whether real, personal or mixed, constituting ABL Collateral or Term Loan Collateral.

Collateral Documents: with respect to the ABL Claimholders, all ABL Collateral Documents, and with respect to the Term Loan Claimholders, all Term Loan Collateral Documents.

Discharge of ABL Priority Obligations: except to the extent otherwise expressly provided in Section 5.5:

- (a) payment in full in cash of the ABL Priority Obligations (other than outstanding Letters of Credit and Bank Product Obligations and then unasserted contingent obligations);
- (b) termination or expiration of all commitments, if any, to extend credit that would constitute ABL Priority Obligations; and
- (c) termination or cash collateralization (in an amount and in the manner provided for in the ABL Loan Agreement) of all outstanding Letters of Credit and all Bank Product Obligations, but only to the extent such Letters of Credit and Bank Product Obligations constitute ABL Priority Obligations.

Discharge of Term Loan Priority Obligations: except to the extent otherwise expressly provided in Section 5.5, payment in full in cash of the Term Loan Priority Obligations (other than and then unasserted contingent obligations).

Disposition or Dispose: the sale, assignment, transfer, license, lease (as lessor), exchange, or other disposition (including any sale and leaseback transaction) of any property by any person (or the granting of any option or other right to do any of the foregoing).

Excess ABL Obligations: the sum of (a) the portion of the principal amount of the loans outstanding under the ABL Loan Documents and the undrawn amount of all outstanding Letters of Credit that in the aggregate exceed the ABL Cap (without giving effect to the LC Reserve), plus (b) the outstanding amount of the Bank Product Obligations in excess of the Bank Product Cap or for which the ABL Agent did not actually implement a Bank Product Reserve, plus (c) the portion of interest and fees on account of such portion of the loans, Letters of Credit, and Bank Product Obligations described in clause (a) and (b) of this definition, plus (d) any commitment termination fee, early termination fee or prepayment fee payable under the ABL Loan Agreement.

Excess Term Loan Obligations: the sum of (a) the portion of the principal amount of the loans outstanding under the Term Loan Documents in excess of the Term Loan Cap, plus (b) the portion of interest and fees on account of such portion of the loans described in clause (a) of this definition, plus (c) any commitment termination fee, early termination fee or prepayment fee payable under the Term Loan Agreement.

Exercise any Secured Creditor Remedies or Exercise of Secured Creditor Remedies: (a) the taking of any action to enforce any Lien in respect of the Collateral, including

the institution of any foreclosure proceedings, the noticing of any public or private sale or other disposition pursuant to Article 9 of the UCC or any diligently pursued in good faith attempt to vacate or obtain relief from a stay or other injunction restricting any other action described in this definition, (b) the exercise of any right or remedy provided to a secured creditor under the ABL Loan Documents or the Term Loan Documents (including, in either case, any delivery of any notice to otherwise seek to obtain payment directly from any account debtor of any Grantor or the taking of any action or the exercise of any right or remedy in respect of the setoff or recoupment against the Collateral or proceeds of Collateral), under applicable law, at equity, in an Insolvency Proceeding or otherwise, including the acceptance of Collateral in full or partial satisfaction of a Lien, (c) the sale, assignment, transfer, lease, license, or other Disposition of all or any portion of the Collateral, by private or public sale or any other means, (d) the solicitation of bids from third parties to conduct the liquidation of all or a material portion of Collateral granted by a Grantor to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time, (e) the engagement or retention of sales brokers, marketing agents, investment bankers, accountants, appraisers (other than pursuant to Section 10.1.1 of the ABL Loan Agreement or Section 10.1.1 of the Term Loan Agreement), auctioneers, or other third parties for the purposes of valuing, marketing, or Disposing of, all or a material portion of the Collateral granted by a Grantor to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time, (f) the exercise of any other enforcement right relating to the Collateral (including the exercise of any voting rights relating to any capital stock composing a portion of the Collateral) whether under the ABL Loan Documents, the Term Loan Documents, under applicable law of any jurisdiction, in equity, in an Insolvency Proceeding, or otherwise, (h) the pursuit of Post-Default Lender Dispositions relative to all or a material portion of the Collateral granted by a Grantor to the extent undertaken and being diligently pursued in good faith to consummate the Disposition of such Collateral within a commercially reasonable time, or (i) the commencement of, or the joinder with any creditor in commencing, any Insolvency Proceeding against any Grantor or any assets of any Grantor.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether associated with the United States, a state, district or territory thereof, or a foreign entity or government.

Grantors: ABL Borrowers, ABL Guarantors, Term Loan Borrowers, Term Loan Guarantors and each other person that may from time to time execute and deliver an ABL Collateral Document or a Term Loan Collateral Document as a “debtor,” “grantor,” or “pledgor” (or the equivalent thereof).

Inadvertent Overadvance Amounts shall mean the aggregate amount of all Overadvances resulting from any and all Inadvertent Overadvances.

Inadvertent Overadvance Period shall mean the period of time following the occurrence of an Inadvertent Overadvance and continuing until such time as no Inadvertent

Overadvance is outstanding; provided that any repayments with respect to such Overadvances shall be applied first to Inadvertent Overadvances and second to Protective Overadvances.

Inadvertent Overadvances shall mean the funding of any loan or advance under the ABL Loan Agreement or the issuance, renewal or amendment of a Letter of Credit by an Issuing Bank which did not result in an Overadvance when made based upon the most recent Borrowing Base Certificate received by the ABL Agent prior to such funding or issuance, renewal or amendment of a Letter of Credit but which has, on the relevant date of determination, become an Overadvance as the result of any of the following which are beyond the reasonable control of the ABL Claimholders: (i) a decline in the value of the Collateral included in the (A) ABL Borrowing Base; or (B) the Term Loan Borrowing Base resulting in an increase in the Term Loan Borrowing Base Reserve, (ii) errors or fraud on a Borrowing Base Certificate, or (iii) the return of uncollected checks or other items of payment applied to the reduction of Revolving Loans.

Insolvency Proceeding: any case or proceeding commenced by or against a Grantor under any Bankruptcy Law or any agreement of such Grantor to, (a) the entry of an order for relief under any Bankruptcy Law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Grantor or any part of its property; or (c) an assignment or trust mortgage for the benefit of creditors.

LC Reserve: any "LC Reserve" as that term is defined in the ABL Loan Agreement.

Letters of Credit: the "Letters of Credit," as that term is defined in the ABL Loan Agreement.

Lien: any Person's interest in property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, pledges, hypothecations, statutory trusts, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting property.

Lien Protection Notice: written notice by ABL Agent or Term Agent given to the other Agent of any action taken after the date hereof by ABL Agent or Term Agent, respectively (together with copies of any financing statement (including any amendment thereto or continuation thereof), mortgage or other perfection document (including any federal U.S. Copyright Office or U.S. Patent and Trademark Office intellectual property lien filing, any account control agreement, or any marking of a legend on any chattel paper) filed, recorded or obtained by ABL Agent or Term Agent, respectively), which action was taken to perfect, continue the perfection, or enhance the perfected status of any Lien of ABL Agent or Term Agent, respectively, on any Collateral.

Minimum Excess Availability Amount means \$25,000,000.

Overadvance any "Overadvance" as such term is defined in the ABL Loan Agreement.

Parent: has the meaning set forth in the recitals to this Agreement.

Person: any individual, corporation, limited liability company, partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

Pledged Collateral: has the meaning set forth in Section 5.4(a).

Post-Default Lender Disposition: means either an ABL Post-Default Disposition or Term Loan Post-Default Disposition, as applicable.

Priority Collateral: with respect to the ABL Claimholders, all ABL Priority Collateral, and with respect to the Term Loan Claimholders, all Term Loan Priority Collateral.

Protective Overadvances: shall mean an Overadvance which the ABL Agent in its reasonable business judgment in the performance of its duties under the ABL Loan Agreement, determines to be necessary or desirable to (i) maintain, protect or preserve the value of the Collateral, or (ii) enhance the likelihood, or maximize, the repayment of the ABL Obligations.

Purchase Notice: has the meaning set forth in Section 5.6(a).

Refinance: in respect of any indebtedness, to refinance, extend, renew, defease, supplement, restructure, replace, refund or repay, or to issue other indebtedness in exchange or replacement for such indebtedness, in whole or in part, whether with the same or different lenders, arrangers or agents, provided that the terms of such indebtedness shall not contravene the provisions of this Agreement. “Refinanced” and “Refinancing” shall have correlative meanings.

Reserves means the “CCI Availability Reserve”, the “CAI Availability Reserve” “Term Loan Borrowing Base Reserve” (as each term is defined in the ABL Loan Agreement), LC Reserve, and any other reserve set forth the ABL Loan Agreement.

Standstill Notice: a written notice from either Term Agent or ABL Agent to the other stating that an ABL Default or Term Loan Default, as applicable, has occurred and is continuing.

Standstill Period: means the period of (i) (a) with respect to Term Loan Default, arising under Sections 11.1(j) of the Term Loan Agreement, zero (0) days, (b) with respect to any Term Loan Specified Event of Default, thirty (30) days, and (c) with respect to any other Term Loan Default, thirty (45) days, in the case of clause (b) and (c) each commencing on the date on which the ABL Agent receives the applicable Standstill Notice; and (ii) (a) with respect to ABL Default, arising under Sections 11.1(j) of the ABL Loan Agreement, zero (0) days, (b) with respect to any ABL Specified Event of Default, thirty (30) days, and (c) with respect to any other ABL Default, forty five (45) days, in the case of clause (b) and (c) each commencing on the date on which the Term Loan Agent receives the applicable Standstill Notice.

Subsidiary: any entity at least 50% of whose voting securities or equity interests is owned by a Person (including indirect ownership by such Person through other entities in which the Person directly or indirectly owns 50% of the voting securities or equity interests).

Term Agent: has the meaning set forth in the recitals to this Agreement.

Term Loan Agreement: has the meaning set forth in the recitals to this Agreement.

Term Loan Borrowing Base Reserve: has the meaning set forth in the ABL Loan Agreement as in effect as of the date hereof.

Term Loan Cap: the result of (a) \$115,000,000, plus (b) the amount of any interest or fees that have accrued and been added to the principal amount, minus (c) the aggregate amount of all payments of the principal of the obligations under the Term Loan Documents (other than payments of such obligations in connection with a Refinancing thereof).

Term Loan Claimholders: at any relevant time, the holders of Term Loan Obligations at that time, including Term Loan Lenders and the Term Agent.

Term Loan Collateral: all of the assets and property of any Grantor, whether real, personal, or mixed, with respect to which a consensual Lien is granted by such Grantor to Term Agent for the benefit of the Term Loan Claimholders as security for any Term Loan Obligations.

Term Loan Collateral Documents: the "Collateral Documents" as such term is defined in the Term Loan Agreement.

Term Loan Default: any "Event of Default", as such term is defined in any Term Loan Document.

Term Loan Documents: the Term Loan Collateral Documents, the Term Loan Agreement, the Term Loan Guaranty, and each of the other Loan Documents (as defined in the Term Loan Agreement), this Agreement, and each of the other documents entered into in connection with the Term Loan Agreement.

Term Loan Guarantors: has the meaning set forth in the recitals to this Agreement.

Term Loan Guaranty: has the meaning set forth in the recitals to this Agreement, but shall also include each other guaranty made by any other guarantor in favor of Term Agent.

Term Loan Lenders: has the meaning set forth in the recitals to the Agreement.

Term Loan Mortgages: each mortgage, deed of trust, and any other document or instrument under which any Lien on real property owned or leased by any Grantor is granted to secure any Term Loan Obligations or under which rights or remedies with respect to any such Liens are governed.

Term Loan Obligations: all obligations and all amounts owing, due, or secured under the terms of the Term Loan Agreement or any other Term Loan Document, whether now existing or arising hereafter, including all principal, premium, make whole payments, interest, fees, attorneys fees, costs, charges, expenses, reimbursement obligations, indemnities, guarantees, and all other amounts payable under or secured by any Term Loan Document (including, in each case, all amounts accruing on or after the commencement of any Insolvency Proceeding relating to any Grantor, or that would have accrued or become due under the terms of the Term Loan Documents but for the effect of the Insolvency Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Insolvency Proceeding).

Term Loan Post-Default Disposition has the meaning set forth in Section 5.1(c)

Term Loan Priority Collateral any and all fee interests in any real property owned by a Grantor, all fixtures and equipment located at or used in connection with the foregoing and all proceeds of the foregoing, to the extent a Lien is granted therein to Term Agent.

Term Loan Priority Obligations: all Term Loan Obligations exclusive of the Excess Term Loan Obligations, which Excess Term Loan Obligations shall be excluded from (and shall not constitute) Term Loan Priority Obligations.

Term Loan Recovery: has the meaning set forth in Section 6.8(b).

Term Loan Specified Event of Default: means a Term Loan Default under Sections 11.1(a) and Section 11.1(c) (with respect to Sections 8.1, 10.1.1, 10.1.2(a), 10.1.2(b), 10.1.2(c), 10.1.2(d), 10.2.3, 10.3, 10.4 and 10.7).

Triggering Event: (i) the acceleration of the ABL Priority Obligations, (ii) ABL Agent's Exercise of Secured Creditor Remedies with respect to all or a material portion of the Collateral granted by a Grantor, (iii) the acceleration of the Term Loan Priority Obligations, or (iv) the commencement of an Insolvency Proceeding with respect to any Grantor.

UCC: the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

Use Period: the period commencing on the date that either the ABL Agent or the Term Agent commences the Exercise of Secured Creditors Remedies and ending 120 days thereafter. If any stay or other order that prohibits any of the ABL Agent or the other ABL Claimholders from commencing and continuing the Exercise of Secured Creditor Remedies or to liquidate and sell the ABL Priority Collateral has been entered by a court of competent jurisdiction, such 120-day period shall be tolled during the pendency of any such stay or other order and the Use Period shall be so extended.

1.2 Construction. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall."

The term “or” shall be construed to have, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” Any term used in this Agreement and not defined in this Agreement shall have the meaning set forth in the ABL Loan Agreement. Unless the context requires otherwise:

(a) except as otherwise provided herein, any definition of or reference to any agreement, instrument, or other document herein shall be construed as referring to such agreement, instrument, or other document as from time to time amended, restated, supplemented, modified, renewed, extended, Refinanced, refunded, or replaced;

(b) any reference to any agreement, instrument, or other document herein “as in effect on the date hereof” shall be construed as referring to such agreement, instrument, or other document without giving effect to any amendment, restatement, supplement, modification, or Refinance after the date hereof;

(c) any definition of or reference to ABL Obligations or the Term Loan Obligations herein shall be construed as referring to the ABL Obligations or the Term Loan Obligations (as applicable) as from time to time amended, restated, supplemented, modified, renewed, extended, Refinanced, refunded, or replaced;

(d) any reference herein to any person shall be construed to include such person’s successors and assigns;

(e) the words “herein,” “hereof,” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(f) all references herein to Sections shall be construed to refer to Sections of this Agreement; and

(g) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights.

SECTION 2. Lien Priorities.

2.1 Relative Priorities. Notwithstanding the date, time, method, manner, or order of grant, attachment, or perfection of any Liens securing the Term Loan Obligations granted with respect to the Collateral or of any Liens securing the ABL Obligations granted with respect to the Collateral and notwithstanding any contrary provision of the UCC or any other applicable law or the Term Loan Documents, or (subject to the last paragraph of this Section 2.1) any defect or deficiencies in, or avoidance of, the Liens securing the ABL Obligations or the Term Loan Obligations, the Term Agent and ABL Agent each hereby agree that:

(a) subject to the last sentence of this Section 2.1 and to the provisions of Section 4.1, any Lien with respect to the ABL Priority Collateral securing any ABL Priority Obligations now or hereafter held by or on behalf of, or created for the benefit of, ABL Agent or any ABL Claimholders or any agent or trustee therefore shall be senior in all respects and prior to any Lien with respect to the ABL Priority Collateral securing any Term Loan Obligations;

(b) subject to the last sentence of this Section 2.1 and to the provisions of Section 4.1, any Lien with respect to the ABL Priority Collateral securing any Term Loan Priority Obligations now or hereafter held by or on behalf of, or created for the benefit of, Term Agent, any Term Loan Claimholders or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens with respect to the ABL Priority Collateral securing any ABL Priority Obligations;

(c) subject to the last sentence of this Section 2.1 and to the provisions of Section 4.1, any Lien with respect to the Term Loan Priority Collateral securing any Term Loan Priority Obligations now or hereafter held by or on behalf of, or created for the benefit of, Term Agent or any Term Loan Claimholders or any agent or trustee therefor shall be senior in all respects and prior to any Lien with respect to the Term Loan Priority Collateral securing any ABL Obligations;

(d) subject to the last sentence of this Section 2.1 and to the provisions of Section 4.1, any Lien with respect to the Term Loan Priority Collateral securing any ABL Priority Obligations now or hereafter held by or on behalf of, or created for the benefit of, ABL Agent, any ABL Claimholders or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens with respect to the Term Loan Priority Collateral securing any Term Loan Priority Obligations;

(e) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the ABL Priority Collateral securing any Term Loan Priority Obligations now or hereafter held by or on behalf of, or created for the benefit of, Term Agent, any Term Loan Claimholders or any agent or trustee therefor shall be senior in all respects to all Liens with respect to the ABL Priority Collateral securing any Excess ABL Obligations;

(f) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the ABL Priority Collateral securing any Excess ABL Obligations now or hereafter held by or on behalf of, or created for the benefit of, ABL Agent, any ABL Claimholders or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens with respect to the ABL Priority Collateral securing any Term Loan Priority Obligations;

(g) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the Term Loan Priority Collateral securing any ABL Priority Obligations now or hereafter held by or on behalf of, or created for the benefit of, ABL Agent, any ABL Claimholders or any agent or trustee therefor shall be senior in all respects to all

Liens with respect to the Term Loan Priority Collateral securing any Excess Term Loan Obligations;

(h) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the Term Loan Priority Collateral securing any Excess Term Loan Obligations now or hereafter held by or on behalf of, or created for the benefit of, Term Agent, any Term Loan Claimholders or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens with respect to the Term Loan Priority Collateral securing any ABL Priority Obligations;

(i) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the ABL Priority Collateral securing any Excess ABL Obligations now or hereafter held by or on behalf of, or created for the benefit of, ABL Agent, any ABL Claimholders or any agent or trustee therefor shall be senior in all respects to all Liens with respect to the ABL Priority Collateral securing any Excess Term Loan Obligations;

(j) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the ABL Priority Collateral securing any Excess Term Loan Obligations now or hereafter held by or on behalf of, or created for the benefit of, Term Agent, any Term Loan Claimholders or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens with respect to the ABL Priority Collateral securing any ABL Obligations;

(k) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the Term Loan Priority Collateral securing any Excess Term Loan Obligations now or hereafter held by or on behalf of, or created for the benefit of, term Agent, any Term Loan Claimholders or any agent or trustee therefor shall be senior in all respects to all Liens with respect to the Term Loan Priority Collateral securing any Excess ABL Obligations; and

(l) subject to the last sentence of this Section 2.1, and to the provisions of Section 4.1, any Lien with respect to the Term Loan Priority Collateral securing any Excess ABL Obligations now or hereafter held by or on behalf of, or created for the benefit of, ABL Agent, any ABL Claimholders or any agent or trustee therefor shall be junior and subordinate in all respects to all Liens with respect to the Term Loan Priority Collateral securing any Excess Term Loan Obligations.

Subject to the last sentence of this Section 2.1 and to the provisions of Section 4.1, the Lien priorities set forth above shall be and remain in effect for all purposes, whether or not such Liens securing any ABL Obligations or Term Loan Obligations, as applicable, are subordinated to any Lien securing any other obligation of any Grantor or any other person (but only to the extent that such subordination is permitted pursuant to the terms of the ABL Loan Agreement and the Term Loan Agreement).

The foregoing and any other provision to the contrary contained in this Agreement notwithstanding, (i) the subordination of Liens provided for in this Agreement shall cease to be effective with respect to any part of the Collateral from and after the date on which the Liens of ABL Agent and ABL Claimholders, or Term Agent or Term Loan Claimholders, as applicable, are declared, or ruled to be, invalid, defective, deficient, unenforceable, void or not allowed or are equitably subordinated by a court of competent jurisdiction in a final, non-appealable order ("Lien Avoidance") as a result of any action taken by ABL Agent, ABL Claimholders, Term Agent, or Term Loan Claimholders, as applicable, or any failure by ABL Agent or Term Agent, as applicable, to take any action, with respect to any financing statement (including any amendment thereto or continuation thereof), mortgage or other perfection document (including any federal U.S. Copyright Office or U.S. Patent and Trademark Office intellectual property lien filing, any account control agreement, or any marking of a legend on any chattel paper), respectively. in

which event Term Agent and Term Loan Claimholders, or ABL Agent and ABL Claimholders, respectively, shall be entitled to receive and retain, from and after such date, all proceeds with respect to such Collateral to the extent the Liens of Term Agent and Term Loan Claimholders, or of ABL Agent and ABL Claimholders, respectively, are valid, enforceable, not void and allowed with respect to such Collateral (provided that if ABL Agent or Term Agent has not been given a Lien Protection Notice from the other Agent as to action taken by the other Agent, which, if such action had been promptly taken by ABL Agent or Term Agent, respectively, would have resulted in the applicable Liens not being subject to Lien Avoidance, then this clause (i) shall not be applicable to such Lien Avoidance such that the subordination of Liens of Term Agent or ABL Agent, respectively, as otherwise provided for in this Agreement shall remain effective (and the inapplicability of this clause (i) shall be the sole consequence of any failure to provide a Lien Protection Notice), and (ii) except as expressly provided in this Agreement, each of ABL Agent and Term Agent agrees not to contractually subordinate its Lien in any Collateral to the Lien of any other creditor of Grantors without the prior written consent of Term Agent or ABL Agent, respectively.

2.2 Prohibition on Contesting Liens. Each of Term Agent, for itself and on behalf of each Term Loan Claimholder, and ABL Agent, for itself and on behalf of each ABL Claimholder, agrees that it will not (and hereby waives any right to), directly or indirectly, contest, or support any other person in contesting, in any proceeding (including any Insolvency Proceeding), the priority, validity, or enforceability of a Lien held by or on behalf of any ABL Claimholders in the ABL Collateral or by or on behalf of any Term Loan Claimholders in the Term Loan Collateral, as the case may be, or the provisions of this Agreement; provided, however that nothing in this Agreement shall be construed to prevent or impair the rights of ABL Agent, any ABL Claimholder, Term Agent, or any Term Loan Claimholder to enforce the terms of this Agreement, including the provisions of this Agreement relating to the priority of the Liens securing the ABL Obligations as provided in Sections 2.1 and 3.

2.3 New Liens. Whether or not an Insolvency Proceeding has been commenced by or against any Grantor, the parties hereto agree that no Grantor shall:

(a) so long as the Discharge of ABL Priority Obligations has not occurred, grant any additional Liens on any asset to secure any Term Loan Obligation unless such Grantor

gives ABL Agent at least five (5) Business Days prior written notice thereof and unless such notice also offers to grant a Lien on such asset to secure the ABL Obligations concurrently with the grant of a Lien thereon in favor of Term Agent; or

(b) so long as the Discharge of Term Loan Priority Obligations has not occurred, grant any additional Liens on any asset to secure any ABL Obligations unless such Grantor gives Term Agent at least five (5) Business Days prior written notice thereof and unless such notice also offers to grant a Lien on such asset to secure the Term Loan Obligations concurrently with the grant of a Lien thereon in favor of ABL Agent.

To the extent that the foregoing provisions are not complied with for any reason, without limiting any other rights and remedies available to an Agent or Claimholders, each Agent, on behalf its Claimholders, agrees that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this Section 2.3 shall be subject to Section 4.1.

2.4 Similar Liens and Agreements.

The parties hereto agree that it is their intention that the ABL Collateral and the Term Loan Collateral be identical, and that all Grantors shall be party to the ABL Loan Documents and the Term Loan Documents. In furtherance of the foregoing and of Section 9.9, the parties hereto agree, subject to the other provisions of this Agreement:

(a) upon request by ABL Agent or Term Agent, to cooperate in good faith (and to direct their counsel to cooperate in good faith) from time to time in order to determine the specific items included in the ABL Collateral and the Term Loan Collateral and the steps taken or to be taken to perfect their respective Liens thereon and the identity of the respective parties obligated under the ABL Loan Documents and the Term Loan Documents;

(b) that the ABL Collateral Documents and Term Loan Collateral Documents and guarantees for the ABL Obligations and the Term Loan Obligations shall be in all material respects the same forms of documents other than with respect to the first lien and the second lien nature thereof; and

(c) upon request by Term Agent after the Discharge of the ABL Priority Obligations, ABL Agent will provide written notice thereof to each depository institution which maintains a Deposit Account or Security Account of any Grantor and which is subject to a control agreement and other party in possession or control of the Collateral with which ABL Agent has entered into a control agreement which has not been terminated (including, without limitation, landlords, warehousemen and other bailees) that such Collateral is to be held for the benefit of, and disposed of in accordance with the directions from, the Term Agent.

The foregoing to the contrary notwithstanding, it is understood by each of the parties that to the extent that ABL Agent or Term Agent obtains a Lien in an asset (of a type that is not included in the types of assets included in the Collateral as of the date hereof or which would not constitute Collateral without a grant of a security interest or lien separate from the ABL Loan Documents or Term Loan Documents, as applicable, as in effect immediately prior to obtaining such Lien on such asset) which the other party to this Agreement elects not to obtain after receiving prior written notice thereof in accordance with the provisions of Section 2.3, the Collateral securing the ABL Loan Obligations and the Term Loan Obligations will not be identical, and the provisions of the documents, agreements and instruments evidencing such Liens also will not be substantively similar, and any such difference in the scope or extent of perfection with respect to the Collateral resulting therefrom are hereby expressly permitted by this Agreement.

SECTION 3. Exercise of Remedies.

3.1 Standstill.

(a) Standstill by Term Agent. Until the Discharge of ABL Priority Obligations has occurred or any Insolvency Proceeding has been commenced by or against any Grantor, Term Agent and Term Loan Claimholders:

(i) will not exercise or seek to exercise any rights or remedies with respect to any ABL Priority Collateral (including any Exercise of Secured Creditor Remedies with respect to any ABL Priority Collateral); provided, however, that if an Insolvency Proceeding has been commenced or if a Term Loan Default has occurred and is continuing, Term Agent may Exercise any Secured Creditor Remedies after the passage of the applicable Standstill Period (it being understood that if at any time after the delivery of a Standstill Notice that commences a Standstill Period, the specific Term Loan Default which gave rise to the Standstill Notice is waived by the Term Agent and requisite Term Loan Claimholders, Term Agent may not Exercise any Secured Creditor Remedies until the passage of a new Standstill Period commenced by a new Standstill Notice relative to the occurrence of a new Term Loan Default that had not occurred as of the date of the delivery of the earlier Standstill Notice; provided further, however, that in no event shall Term Agent or any Term Loan Claimholder exercise any rights or remedies with respect to the ABL Priority Collateral if, notwithstanding the expiration of the Standstill Period, ABL Agent or ABL Claimholders shall have commenced prior to the expiration of the Standstill Period (or thereafter but prior to the commencement of any Exercise of Secured Creditor Remedies by Term Agent with respect to all or any material portion of the ABL Priority Collateral) and be diligently pursuing in good faith the Exercise of Secured Creditor Remedies with respect to all or any material portion of the ABL Priority Collateral;

(ii) will not contest, protest, or object to any Exercise of Secured Creditor Remedies by ABL Agent or any ABL Claimholder and has no right to direct ABL Agent to Exercise any Secured Creditor Remedies or take any other action under the ABL Loan Documents; and

(iii) will not object to (and waive any and all claims with respect to) the forbearance by ABL Agent or ABL Claimholders from Exercising any Secured Creditor Remedies, provided, however such forbearance shall not affect the Term Agent's right to issue a Standstill Notice or toll or stay the running of any Standstill Period.

(b) Standstill by ABL Agent. Until the Discharge of Term Loan Priority Obligations has occurred or any Insolvency Proceeding has been commenced by or against any Grantor, ABL Agent and ABL Loan Claimholders:

(i) will not exercise or seek to exercise any rights or remedies with respect to any Term Priority Collateral (including any Exercise of Secured Creditor Remedies with respect to any Term Priority Collateral); provided, however, that if an Insolvency Proceeding has been commenced or if an ABL Default has occurred and is continuing, ABL Agent may Exercise any Secured Creditor Remedies after the passage of the applicable Standstill Period (it being understood that if at any time after the delivery of a Standstill Notice that commences a Standstill Period, the specific ABL Default which gave rise to the Standstill Notice is waived by the

ABL Agent and requisite ABL Claimholders, ABL Agent may not Exercise any Secured Creditor Remedies until the passage of a new Standstill Period commenced by a new Standstill Notice relative to the occurrence of a new ABL Default that had not occurred as of the date of the delivery of the earlier Standstill Notice; provided further, however, that in no event shall ABL Agent or any ABL Claimholder exercise any rights or remedies with respect to the Term Priority Collateral if, notwithstanding the expiration of the Standstill Period, Term Agent or Term Loan Claimholders shall have commenced prior to the expiration of the Standstill Period (or thereafter but prior to the commencement of any Exercise of Secured Creditor Remedies by Term Agent with respect to all or any material portion of the Term Priority Collateral) and be diligently pursuing in good faith the Exercise of Secured Creditor Remedies with respect to all or any material portion of the Term Priority Collateral;

(ii) will not contest, protest, or object to any Exercise of Secured Creditor Remedies by Term Agent or any Term Loan Claimholder and has no right to direct Term Agent to Exercise any Secured Creditor Remedies or take any other action under the Term Loan Documents; and

(iii) will not object to (and waive any and all claims with respect to) the forbearance by Term Agent or Term Loan Claimholders from Exercising any Secured Creditor Remedies, provided, however such forbearance shall not affect the ABL Agent's right to issue a Standstill Notice or toll or stay the running of any Standstill Period.

3.2 Exclusive Enforcement Rights. Until the Discharge of ABL Priority Obligations has occurred, subject to the first proviso to Section 3.1(a)(i), ABL Agent and ABL Claimholders shall have the exclusive right to Exercise any Secured Creditor Remedies with respect to the ABL Priority Collateral without any consultation with or the consent of Term Agent or any Term Loan Claimholder; and (b) until the Discharge of Term Loan Priority Obligations has occurred, subject to the first proviso to Section 3.1(b)(i), Term Agent and Term Loan Claimholders shall have the exclusive right to Exercise any Secured Creditor Remedies with respect to the Term Loan Priority Collateral without any consultation with or the consent of ABL Agent or any ABL Claimholder. In connection with any Exercise of Secured Creditor Remedies, each of ABL Agent, ABL Claimholders, Term Agent and Term Loan Claimholders may enforce the provisions of the ABL Loan Documents and Term Loan Documents, as applicable, and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their reasonable discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to Dispose of Collateral, to incur expenses in connection with such Disposition, and to exercise all the rights and remedies of a secured creditor under applicable law.

3.3 Claimholders Permitted Actions. Anything to the contrary in this Section 3 notwithstanding, ABL Agent, any ABL Claimholder, Term Agent and any Term Loan Claimholder may:

(a) if an Insolvency Proceeding has been commenced by or against any Grantor, file a claim or statement of interest with respect to the ABL Obligations or the Term Loan Obligations, as applicable;

(b) take any action (not adverse to the priority status of the Liens on the Collateral of the other, or the rights of any other Claimholders to Exercise any Secured Creditor Remedies) in order to create or perfect its Lien in and to the Collateral;

(c) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding, or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of Term Loan Claimholders or ABL Claimholders, as applicable, including any claims secured by the Collateral, if any;

(d) vote on any plan of reorganization and make any filings and motions that are, in each case, not in contravention of, the terms of this Agreement, with respect to the Term Loan Obligations, or ABL Obligations, as applicable, and the Collateral;

(e) join (but not exercise any control with respect to) any judicial foreclosure proceeding or other judicial lien enforcement proceeding with respect to the Priority Collateral of the other party initiated by such party to the extent that any such action could not reasonably be expected, in any material respect, to restrain, hinder, limit, delay for any material period or otherwise interfere with the Exercise of Secured Creditor Remedies by such other party (it being understood that, (i) with respect to the ABL Priority Collateral neither Term Agent nor any Term Loan Claimholder shall be entitled to receive any proceeds thereof unless otherwise expressly permitted herein; and (ii) with respect to the Term Loan Priority Collateral neither ABL Agent nor any ABL Claimholder shall be entitled to receive any proceeds thereof unless otherwise expressly permitted herein); and

(f) Exercise any Secured Creditor Remedies after the termination of the Standstill Period if and to the extent specifically permitted by Section 3.1.

3.4 Intentionally omitted.

3.5 Non-Interference. Subject to Sections 3.1, 3.3 and 3.6, Term Agent, for itself and on behalf of Term Loan Claimholders, and ABL Agent, for itself and on behalf of ABL Loan Claimholders hereby agrees that it will not take any action that would restrain, hinder, limit, delay, or otherwise interfere with any Exercise of Secured Creditor Remedies by the other, except to the extent otherwise prohibited hereunder, including any Disposition of the Collateral, whether by foreclosure or otherwise;

(b) subject to Section 3.7, waives any and all rights it or its Claimholders may have as a junior lien creditor or otherwise to object to the manner in which the other party seek to enforce or collect such other party's respective Obligations or the Liens securing such Obligations granted in any of such other party's Collateral, regardless of whether any action or failure to act by or on behalf of such other person is adverse to the interest of it or its Claimholders; and

(c) acknowledges and agrees that no covenant, agreement or restriction contained in its Collateral Documents shall be deemed to restrict in any way the rights and remedies of the other party with respect to the Collateral as set forth in this Agreement and the other party's Collateral Documents.

3.6 Unsecured Creditor Remedies. Except as set forth in Sections 3.1 and 3.5, ABL Agent, ABL Claimholders, Term Agent and Term Loan Claimholders may exercise rights and remedies as unsecured creditors against any Grantor in accordance with the terms of the ABL Loan Documents, Term Loan Documents, as applicable, and applicable law; provided, however, that in the event that any Claimholder becomes a judgment Lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Obligations, such judgment Lien shall be subject to the terms of this Agreement for all purposes as the other Liens securing the Obligations.

3.7 Commercially Reasonable Dispositions; Notice of Exercise. ABL Agent agrees that any Exercise of Secured Creditor Remedies by ABL Agent with respect to Collateral subject to Article 9 of the UCC shall be conducted by ABL Agent in a commercially reasonable manner including, without limitation, as to the method, time, place and other terms of Disposition. Term Agent agrees that any Exercise of Secured Creditor Remedies by Term Agent with respect to Collateral subject to Article 9 of the UCC shall be conducted by Term Agent in a commercially reasonable manner, including, without limitation, as to the method, time, place and other terms of Disposition. ABL Agent shall provide reasonable prior notice (but in no event less than that notice required by the UCC) to Term Agent of any Exercise of Secured Creditor Remedies. Term Agent shall provide reasonable prior notice (but in no event less than that notice required by the UCC) to ABL Agent of any Exercise of Secured Creditor Remedies.

3.8 Inspection and Access Rights.

(a) Without limiting any rights the ABL Agent or any other ABL Claimholder may otherwise have under applicable law or by agreement, in the event of any liquidation (including, without limitation, by means of a sale pursuant to Section 363 of the Bankruptcy Code) of the ABL Priority Collateral (or any other Exercise of any Secured Creditor Remedies by the ABL Agent) and whether or not the Term Agent or any other Term Loan Claimholder has commenced and is continuing the Exercise of any Secured Creditor Remedies of the Term Agent, the ABL Agent or any other Person acting with the consent, or on behalf, of the ABL Agent, shall have the right (i) during normal business hours on any Business Day, to access ABL Priority Collateral that (x) is stored or located in or on, (y) has become an accession with respect to (within the meaning of Section 9-335 of the Uniform Commercial Code), or (z) has been commingled with (within the meaning of Section 9-336 of the Uniform Commercial Code), Term Loan Priority Collateral, and (ii) during the Use Period and after reasonable prior notice, shall have the right to use the Term Loan Priority Collateral in order to assemble, inspect, copy or download information stored on, take actions to perfect its Lien on, complete a production run of Inventory involving, take possession of, move, prepare and advertise for sale, sell (by public auction, private sale or a "store closing", "going out of business" or similar sale, whether in bulk, in lots or to customers in the ordinary course of business or otherwise), store or otherwise deal with the ABL Priority Collateral, in each case without the involvement of or interference by any Term Secured Party or liability to any Term Secured Party. In the event that ABL Agent has commenced and is continuing the Exercise of

Secured Creditor Remedies with respect to any ABL Priority Collateral or any other sale or liquidation of the ABL Priority Collateral has been commenced by ABL Agent, the Term Agent may not sell, assign or otherwise transfer the related Term Priority Collateral prior to the expiration of the Use Period unless the purchaser, assignee or transferee thereof agrees to be bound by the provisions of this Section 3.8.

(b) During the period of actual occupation, use and/or control by the ABL Claimholders and/or the ABL Agent (or their respective employees, agents, advisers and representatives) of any Term Loan Priority Collateral, the ABL Claimholders and the ABL Agent shall be obligated to repair at their expense any physical damage (but not any diminution in value) to such Term Loan Priority Collateral resulting directly from such occupancy, use or control, and to leave such Term Loan Priority Collateral in substantially the same condition as it was at the commencement of such occupancy, use or control, ordinary wear and tear excepted. Notwithstanding the foregoing, in no event shall the ABL Claimholders or the ABL Agent have any liability to the Term Loan Claimholders and/or to the Term Agent pursuant to this Section 3.8 as a result of any condition (including any environmental condition, claim or liability) on or with respect to the Term Loan Priority Collateral existing prior to the date of the exercise by the ABL Agent or any ABL Claimholder of its rights under this Section 3.8, and the ABL Claimholders shall have no duty or liability to maintain the Term Loan Priority Collateral in a condition or manner better than that in which it was maintained prior to the use thereof by the ABL Claimholders, or for any diminution in the value of the Term Loan Priority Collateral that results from ordinary wear and tear resulting from the use of the Term Loan Priority Collateral by the ABL Claimholders in the manner and for the time periods specified under this Section 3.8. Without limiting the rights granted in this Section 3.8, the ABL Claimholders and the ABL Agent shall cooperate with the Term Loan Claimholders and/or the Term Agent in connection with any efforts made by the Term Loan Claimholders and/or the Term Agent to sell the Term Loan Priority Collateral.

(c) The ABL Agent and the ABL Claimholders shall not be obligated to pay any amounts to the Term Agent or the Term Loan Claimholders (or any person claiming by, through or under the Term Loan Claimholders, including any purchaser of the Term Loan

Priority Collateral), for or in respect of the use by the ABL Agent and the ABL Claimholders of the Term Loan Priority Collateral prior to the termination of the Use Period.

(d) The ABL Secured Parties shall (i) use the Term Loan Priority Collateral in accordance with applicable law; (ii) insure for damage to property and liability to persons, including property and liability insurance for the benefit of the Term Loan Claimholders; and (iii) indemnify the Term Loan Claimholders from any claim, loss, damage, cost or liability arising directly from the ABL Claimholders use of the Term Loan Priority Collateral (except for those arising from the gross negligence or willful misconduct of any Term Loan Claimholder).

(e) The Term Agent and the other Term Loan Claimholders shall use commercially reasonable efforts to not hinder or obstruct the ABL Agent and the other ABL Secured Parties from exercising the rights described in Section 3.8(a) hereof.

(f) Subject to the terms hereof, the Term Agent may advertise and conduct public auctions or private sales of the Term Loan Priority Collateral without notice (except as required by applicable law) to ABL Agent or any ABL Claimholder, the involvement of or interference by ABL Agent or any ABL Claimholder or liability to ABL Agent or any ABL Claimholder as long as, in the case of an actual sale, the respective purchaser assumes and agrees to the obligations of the Term Agent and the Term Loan Claimholders under this Section 3.8.

SECTION 4. Proceeds.

4.1 Application of Proceeds. Application of Proceeds of ABL Priority Collateral. Each Agent hereby agrees that, subject to the last sentence of Section 2.1, all ABL Priority Collateral and all proceeds thereof, received by either of them (i) in connection with any Exercise of Secured Creditor Remedies with respect to the ABL Priority Collateral, (ii) in connection with the exercise of any right or remedy (including set off) relating to the ABL Priority Collateral, or (iii) following the commencement of any Insolvency Proceeding, in each case, shall be applied,

first, to the payment of reasonable costs and expenses of the ABL Agent in connection with such Exercise of Secured Creditor Remedies,

second, to the payment of the ABL Priority Obligations in accordance with the ABL Documents until the Discharge of ABL Priority Obligations shall have occurred,

third, to the payment of the Term Loan Priority Obligations in accordance with the Term Loan Documents until the Discharge of Term Loan Priority Obligations shall have occurred,

fourth, to the payment of the Excess ABL Obligations in accordance with the ABL Documents,

fifth, to the payment of Excess Term Loan Obligations in accordance with the Term Loan Documents, and

sixth, the balance, if any, to the Grantors or as a court of competent jurisdiction may direct.

(b) **Application of Proceeds of Term Priority Collateral.** Each Agent hereby agrees that, subject to the last sentence of Section 2.1, all Term Loan Priority Collateral and all proceeds thereof, received by either of them (i) in connection with any Exercise of Secured Creditor Remedies with respect to the Term Loan Priority Collateral, (ii) in connection with the exercise of any right or remedy (including set off) relating to the Term Loan Priority Collateral, or (iii) following the commencement of any Insolvency Proceeding, in each case, shall be applied,

first, to the payment of reasonable costs and expenses of the Agent in connection with such Exercise of Secured Creditor Remedies,

second, to the payment of the Term Loan Priority Obligations (in accordance with the Term Documents until the Discharge of Term Loan Priority Obligations shall have occurred,

third, to the payment of the ABL Priority Obligations in accordance with the ABL Documents until the Discharge of ABL Priority Obligations shall have occurred,

fourth, to the payment of the Excess Term Loan Obligations in accordance with the Term Loan Documents,

fifth, to the payment of the Excess ABL Obligations in accordance with the ABL Documents, and

sixth, the balance, if any, to the Grantors or as a court of competent jurisdiction may direct.

4.2 Turnover. Unless and until the Discharge of ABL Priority Obligations has occurred, except as otherwise provided in this Agreement, any proceeds of ABL Priority Collateral received by the Term Agent or any Term Loan Claimholder in connection with the Exercise of any Secured Creditor Remedies with respect to the ABL Priority Collateral by the Term Agent or Term Loan Claimholder, shall be segregated and held in trust and forthwith paid over to the ABL Agent for the benefit of the ABL Claimholders. Unless and until the Discharge of Term Loan Priority Obligations has occurred, except as otherwise provided in this Agreement, any proceeds of Term Loan Priority Collateral received by the ABL Agent or any ABL Claimholder in connection with the Exercise of Secured Creditor Remedies with respect to the Term Loan Priority Collateral by the ABL Agent or any ABL Claimholder, shall be segregated and held in trust and forthwith paid over to the Term Agent for the benefit of the Term Loan Claimholders.

4.3 No Subordination of the Relative Priority of Claims. Anything to the contrary contained herein notwithstanding, the subordination of the Liens of an Agent for the benefit of its Claimholders to the Liens of the other Agent for the benefit of its Claimholders as set forth herein is with respect to the priority of the respective Liens held by or on behalf of them only and shall not constitute a subordination of the Term Loan Obligations to the ABL Obligations or ABL Loan Obligations to the Term Loan Obligations, as applicable.

SECTION 5. Releases; Dispositions; Other Agreements.

5.1 Releases.

(a) Except as otherwise expressly provided herein, ABL Agent shall have the exclusive right to make determinations regarding the release or Disposition of any Collateral pursuant to the terms of the ABL Loan Documents without any consultation with, consent of, or notice to Term Agent or any Term Loan Claimholder. Except as otherwise expressly provided herein, Term Agent shall have the exclusive right to make determinations regarding the release or Disposition of any Collateral pursuant to the terms of the Term Loan Documents in each case without any consultation with, consent of, or notice to ABL Agent or any ABL Claimholder.

(b) Other than in connection with an Insolvency Proceeding, if, prior to the Discharge of the ABL Priority Obligations, in connection with the Exercise of Secured Creditor Remedies by ABL Agent as provided for in Section 3 (with the proceeds thereof being applied as set forth in Section 4.1), ABL Agent releases any of its Liens on any part of the ABL Priority Collateral or in connection with a Disposition of the equity interests of any Grantor, releases such Grantor from its obligations in respect of the ABL Obligations (collectively, an “ABL Post-Default Disposition”), then the Lien, of Term Agent on such ABL Priority Collateral, and the obligations of such Grantor in respect of the Term Loan Obligations, shall be automatically, unconditionally, and simultaneously released; provided that ABL Agent provides Term Agent ten (10) Business Day notice of any such Disposition (which notice shall include a summary of the terms thereof and the expected date of the proposed Disposition) prior to such release by ABL Agent and such Disposition is consummated on substantially the terms set forth in such notice within thirty (30) days thereafter. Term Agent, for itself or on behalf of any such Term Loan Claimholders, promptly shall execute and deliver to ABL Agent such termination or amendment statements, releases, and other documents as ABL Agent may request to effectively confirm such release.

(c) Other than in connection with an Insolvency Proceeding, if, prior to the Discharge of the Term Loan Priority Obligations, in connection with the Exercise of Secured Creditor Remedies by Term Agent as provided for in Section 3 (with the proceeds thereof being applied as set forth in Section 4.1), Term Agent releases any of its Liens on any part of the Term Loan Priority Collateral or in connection with a Disposition of the equity interests of any Grantor, releases such Grantor from its obligations in respect of the Term Loan Obligations (collectively, a “Term Loan Post-Default Disposition”), then the Liens, of ABL Agent on such Term Loan Priority Collateral, and the obligations of such Grantor in respect of the ABL Obligations, shall be automatically, unconditionally, and simultaneously released; provided that Term Agent provides ABL Agent ten (10) Business Day notice of any such Disposition (which notice shall include a summary of the terms thereof and the expected date of the proposed Disposition) prior to such release by Term Agent and such Disposition is consummated on substantially the terms set forth in such notice within thirty (30) days thereafter. ABL Agent, for

itself or on behalf of any such ABL Claimholders, promptly shall execute and deliver to Term Agent such termination or amendment statements, releases, and other documents as Term Agent may request to effectively confirm such release.

(d) Except as provided in Section 5.1(b) and (c), as applicable, neither the ABL Agent nor the Term Agent shall have any obligation to release any of its Liens on any portion of the Collateral that is the subject of any Disposition, or release any Grantor from its obligations in respect of the ABL Obligations or Term Loan Obligations, as applicable, unless such Disposition is permitted under both the ABL Loan Documents as in effect as of the date hereof and the Term Loan Documents as in effect as of the date hereof.

(e) Until the Discharge of ABL Priority Obligations occurs, to the extent that ABL Agent or ABL Claimholders (i) have released any Lien on ABL Priority Collateral or any Grantor with respect to the ABL Obligations, and any such Liens or obligations are later reinstated, or (ii) obtain any new Liens from any Grantor with respect to any ABL Priority Collateral or obtain a guaranty from any Grantor of the ABL Obligations, then Term Agent, for itself and for Term Loan Claimholders, shall be entitled to obtain a Lien on any such Collateral, subject to the terms (including the lien subordination provisions) of this Agreement, and a guaranty from such Grantor, as the

case may be. No such reinstatement of the Liens of the ABL Agent and ABL Claimholders shall in any event require the Term Agent or the Term Loan Claimholders to pay over to the ABL Agent or the ABL Claimholders any amounts which the Term Agent or the Term Loan Claimholders may have received in connection with and after the release of their Liens on such Collateral prior to such reinstatement.

(f) Until the Discharge of Term Loan Priority Obligations occurs, to the extent that Term Agent or Term Loan Claimholders (i) have released any Lien on Term Loan Priority Collateral or any Grantor with respect to the Term Loan Obligations, and any such Liens or obligations are later reinstated, or (ii) obtain any new Liens from any Grantor with respect to any Term Loan Priority Collateral or obtain a guaranty from any Grantor of the Term Loan Obligations, then ABL Agent, for itself and for ABL Claimholders, shall be entitled to obtain a Lien on any such Collateral, subject to the terms (including the lien subordination provisions) of this Agreement, and a guaranty from such Grantor, as the case may be. No such reinstatement of the Liens of the Term Agent and Term Loan Claimholders shall in any event require the ABL Agent or the ABL Claimholders to pay over to the Term Agent or the Term Loan Claimholders any amounts which the ABL Agent or the ABL Claimholders may have received in connection with and after the release of their Liens on such Collateral prior to such reinstatement.

5.2 Insurance. (i) Unless and until the Discharge of ABL Priority Obligations has occurred, subject to the provisions of Section 3.7, ABL Agent and ABL Claimholders shall have the sole and exclusive right, subject to the rights of Grantors under the ABL Loan Documents, and subject to the consent of the Term Agent (which consent shall not be unreasonably withheld), to adjust and settle any claim under any insurance policy covering the ABL Priority Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the ABL Priority Collateral; and (ii) all proceeds of any such insurance policy and any such award (or any payments with respect to a deed in lieu of condemnation) shall be paid, subject to the rights of Grantors under the ABL Loan Documents and the Term Loan Documents, first to ABL Claimholders and Term Loan Claimholders in accordance with the priorities set forth in Section 4.1, until paid in full in cash, and second, to the owner of the subject property, such other person as may be entitled thereto, or as a court of competent jurisdiction may otherwise direct;

(b) (i) Unless and until the Discharge of Term Loan Priority Obligations has occurred, subject to the provisions of Section 3.7, Term Agent and Term Loan Claimholders shall have the sole and exclusive right, subject to the rights of Grantors under the Term Loan Documents, and subject to the consent of the ABL Agent (which consent shall not be unreasonably withheld), to adjust and settle any claim under any insurance policy covering the Term Loan Priority Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Term Loan Priority Collateral; and (ii) all proceeds of any such insurance policy and any such award (or any payments with respect to a deed in lieu of condemnation) shall be paid, subject to the rights of Grantors under the Term Loan Documents and the ABL Loan Documents, first to Term Loan Claimholders and ABL Loan Claimholders in accordance with the priorities set forth in Section 4.1, until paid in full in cash, and second, to the owner of the subject property, such other person as may be entitled thereto, or as a court of competent jurisdiction may otherwise direct

(c) Except as provided in Section 5.2(a), neither the ABL Agent nor the Term Agent shall have any obligation to release any of its Liens or rights with respect to any claim under any insurance policy covering the Collateral in the event of any loss thereunder or to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting the Collateral; and

(d) if any Agent or any Claimholders shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Section 5.2, it shall pay such proceeds over to the other Agent in accordance with the terms of Section 4.2 to be applied in accordance with Section 4.1.

5.3 Amendments; Refinancings; Legends.

(a) The ABL Loan Documents may be amended, supplemented, or otherwise modified in accordance with their terms and the ABL Obligations may be Refinanced, in each case without notice to, or the consent of, Term Agent or Term Loan Claimholders, all without affecting the lien subordination or other provisions of this Agreement; provided, however, that, in the case of a Refinancing, the holders of such Refinancing debt bind themselves (in a writing addressed to Term Agent for the benefit of itself and the Term Loan Claimholders) to the terms of this Agreement; provided further, however, that any such amendment, supplement, modification, or Refinancing shall not, without the prior written consent of Term Agent:

(i) contravene the provisions of this Agreement;

(ii) increase the outstanding principal amount of the loans plus the amount of outstanding undrawn Letters of Credit and outstanding Bank Product Obligations to an amount that would exceed the ABL Cap (without giving effect to any LC Reserve);

(iii) increase the “Applicable Margin” or similar component of the interest rate due under the ABL Loan Agreement, the LC Facility Fees, or Unused Line Fees, in each case by more than 2.00 percentage points per annum (excluding increases to interest rate resulting from the accrual of interest at the default rate as set forth in the ABL Loan Agreement as in effect as of the date hereof);

(iv) shorten the scheduled final maturity of the ABL Loan Agreement or any Refinancing thereof;

(v) change the definition of “Borrowing Base Certificate” or modify Section 8.1 or waive the delivery for any period in excess of 15 days of the Borrowing Base Certificates in accordance with the terms and conditions of the ABL Loan Agreement, as in effect as of the date hereof.

(vi) modify the financial covenant provisions of the ABL Loan Agreement or any ABL Loan Document, including Sections 10.2.3, 10.3, 10.4, or 10.7 of the ABL Loan Agreement;

(vii) add any conditions, covenants, defaults or events of default thereunder that restricts any Term Loan Borrower or Term Loan Guarantor from making payments of the Term Loan Obligations that would otherwise be permitted under the ABL Loan Agreement other than as expressly provided herein;

(viii) change the definitions of "Borrowing Base" or "Adjusted Borrowing Base" contained in the ABL Loan Agreement and any component definition thereof, and any definitions relating to reserves (including, without limitation, the definitions for "Availability Covenant Amount", "Bank Product Reserve", "CAI Availability Reserve", "CAI Borrowing Base", "CCI Availability Reserve", "CCI Borrowing Base", "Contract Formula Amount", "Credit Card Account Formula Amount", "Customer Deposit Reserve", "Eligible Contracts", "Eligible Credit Card Accounts", "Eligible Inventory", "Inventory Formula Amount", "Gift Card Reserve", "Inventory Reserve", "LC Reserve", "Net Eligible Contract Payments", "NOLV Percentage", "Rent and Charges Reserve"; "Sales Tax Reserve"; "Term Loan Borrowing Base", "Term Loan Borrowing Base Reserve", "Value" or any component definition thereof), or change the methodology for the calculation of such reserves each as set forth in the ABL Loan Agreement, in each case in a manner which would effect an increase in the ABL Borrowing Base;

(ix) change the definitions of "Base Rate", "LIBOR" "Borrowing Base Certificate", "Dominion Trigger Period" "Increased Reporting Period", and any component definition thereof;

(x) modify Sections 8.1 or 10.1.1 in a manner that would reduce the frequency or required content in any material respect of the collateral reports and appraisals required therein; or

(xi) provide for any amendment, waiver or other fees that are not due and payable in full when charged.

(b) The Term Loan Documents may be amended, supplemented, or otherwise modified in accordance with their terms and the Term Loan Obligations may be Refinanced, in each case without notice to, or the consent of, ABL Agent or ABL Claimholders, all without affecting the lien subordination or other provisions of this Agreement; provided, however, that, in the case of a Refinancing, the holders of such Refinancing debt (either themselves or by their authorized representative) bind themselves (in a writing addressed to ABL Agent for the benefit of itself and the ABL Claimholders) to the terms of this Agreement; provided further, however, that any such amendment, supplement, modification, or Refinancing shall not:

(i) contravene the provisions of this Agreement;

(ii) increase the outstanding principal amount of the loans to an amount that would exceed the Term Loan Cap;

(iii) change to earlier dates any dates upon which payments of principal or interest are due thereon or modify Section 5.2.2 (mandatory prepayments);

(iv) increase the interest rate due under the Term Loan Documents by more than 5.00 percentage points per annum (excluding increases to interest rate resulting from the accrual of interest at the default rate as set forth in the Term Loan Agreement as in effect as of the date hereof);

(v) shorten the scheduled final maturity of the Term Loan Agreement or any Refinancing thereof;

(vi) modify the financial covenant provisions of the Term Loan Agreement or any Term Loan Document;

(vii) change the definition of "Permitted Contract Transfer";

(viii) add any conditions, covenants, defaults or events of default thereunder that restricts any ABL Borrower or ABL Guarantor from making payments of the ABL Obligations that would otherwise be permitted under the Term Loan Agreement other than as expressly provided herein; or

(ix) provide for any amendment, waiver or other fees that are not due and payable in full when charged.

(c) Each Borrower agrees that each ABL Collateral Document and each Term Loan Collateral Document shall at all times include the following language (or language to similar effect approved by ABL Agent or Term Agent, as applicable):

"Anything herein to the contrary notwithstanding, the liens and security interests granted by this agreement, the exercise of any right or remedy with respect thereto, and certain of the rights of the

holder hereof are subject to the provisions of the Intercreditor Agreement dated as of November 30, 2010, (as amended, restated, supplemented, or otherwise modified from time to time, the "**Intercreditor Agreement**"), by and between Bank of America, N.A., as ABL Agent, and GA Capital, LLC, as Term Agent. In the event of any conflict between the terms of the Intercreditor Agreement and this agreement, the terms of the Intercreditor Agreement shall govern and control."

5.4 **Bailee for Perfection.**

(a) ABL Agent and Term Agent each agree to hold or control that part of the Collateral that is in its possession or control (or in the possession or control of its agents or bailees,) to the extent that possession or control thereof is taken to perfect a Lien thereon under the UCC or other applicable law (such Collateral being referred to as the "Pledged Collateral"), as bailee and as a non-fiduciary agent for Term Agent or ABL Agent, as applicable (such bailment and agency being intended, among other things, to satisfy the requirements of Sections 8-301(a)(2), 9-313(c), 9-104, 9-105, 9-106, and 9-107 of the UCC), solely for the purpose of perfecting the security

interest granted under the Term Loan Documents or the ABL Loan Documents, as applicable, subject to the terms and conditions of this Section 5.4. Unless and until the Discharge of the ABL Priority Obligations, Term Agent agrees to promptly notify ABL Agent of any Pledged Collateral held by it or by any Term Loan Claimholders, and, immediately upon the request of ABL Agent at any time prior to the Discharge of the ABL Priority Obligations, Term Agent agrees to deliver to ABL Agent any such Pledged Collateral held by it or by any Term Loan Claimholders, together with any necessary endorsements (or otherwise allow ABL Agent to obtain control of such Pledged Collateral). ABL Agent hereby agrees that upon the Discharge of the ABL Priority Obligations, upon the written request of Term Agent, to the extent that the applicable control agreement is in full force and effect and has not been terminated, ABL Agent shall continue to act as such a bailee and non-fiduciary agent for Term Agent (solely for the purpose of perfecting the security interest granted under the Term Loan Documents and at the expense of Term Agent) with respect to the deposit account or securities account that is the subject of such control agreement, until the earlier to occur of (x) thirty (30) days after the date when the Discharge of the ABL Priority Obligations has occurred, and (y) the date when a control agreement is executed in favor of Term Agent with respect to such deposit account or securities account.

(b) ABL Agent shall have no obligation whatsoever to Term Agent or any Term Loan Claimholder to ensure that the Pledged Collateral is genuine or owned by any of Grantors or to preserve rights or benefits of any person except as expressly set forth in this Section 5.4. Term Agent shall have no obligation whatsoever to ABL Agent or any ABL Claimholder to ensure that the Pledged Collateral is genuine or owned by any of Grantors or to preserve rights or benefits of any person except as expressly set forth in this Section 5.4. The duties or responsibilities of ABL Agent under this Section 5.4 shall be limited solely to holding or controlling the Pledged Collateral as bailee and agent in accordance with this Section 5.4 and delivering the Pledged Collateral upon a Discharge of ABL Priority Obligations as provided in paragraph (d) of this Section 5.4. The duties or responsibilities of Term Agent under this Section 5.4 shall be limited solely to holding or controlling the Pledged Collateral as bailee and agent in accordance with this Section 5.4.

(c) ABL Agent acting pursuant to this Section 5.4 shall not have by reason of the ABL Collateral Documents, the Term Loan Collateral Documents, or this Agreement a fiduciary relationship in respect of Term Agent or any Term Loan Claimholder. Term Agent acting pursuant to this Section 5.4 shall not have by reason of the ABL Collateral Documents, the Term Loan Collateral Documents, or this Agreement a fiduciary relationship in respect of ABL Agent or ABL Claimholder.

(d) Upon the payment (or cash collateralization, as applicable) in full in cash of all ABL Obligations, ABL Agent shall deliver the remaining Pledged Collateral (if any) together with any necessary endorsements, first, to Term Agent to the extent Term Loan Obligations remain outstanding as confirmed in writing by Term Agent, and, to the extent that Term Agent confirms no Term Loan Obligations are outstanding, second, to Borrowers to the extent no ABL Obligations or Term Loan Obligations remain outstanding (in each case, so as to allow such person to obtain possession or control of such Pledged Collateral). At such time, ABL Agent further agrees to take all other action reasonably requested by Term Agent at the expense of Borrowers (including amending any outstanding control agreements) to enable Term Agent to obtain a first priority security interest in the Collateral.

5.5 When Discharge of Priority Obligations Deemed to Not Have Occurred.

If Borrowers enters into any Refinancing of the ABL Priority Obligations, then a Discharge of ABL Priority Obligations shall be deemed not to have occurred for all purposes of this Agreement, and the obligations under such Refinancing of such ABL Priority Obligations shall be treated as ABL Priority Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, and ABL Agent under the ABL Loan Documents effecting such Refinancing shall be ABL Agent for all purposes of this Agreement. ABL Agent under such ABL Loan Documents shall agree (in a writing addressed to Term Agent for the benefit of itself and the Term Loan Claimholders) to be bound by the terms of this Agreement. If Borrowers enter into any Refinancing of the Term Loan Priority Obligations, then the Term Loan Priority Obligations shall be deemed to remain outstanding for all purposes of this Agreement, and the obligations under such Refinancing of such Term Loan Obligations shall be treated as Term Loan Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, and Term Agent under the Term Loan Documents effecting such Refinancing shall be Term Agent for all purposes of this Agreement. Term Agent under such Term Loan Documents shall agree (in a writing addressed to ABL Agent for the benefit of itself and the ABL Claimholders) to be bound by the terms of this Agreement.

5.6 Purchase Option.

(a) Upon the occurrence and during the continuation of a Triggering Event, then, in any such case, any one or more of Term Loan Claimholders (acting in their individual capacity or through one or more affiliates) shall have the right, but not the obligation (each Term Loan Claimholder having a ratable right to make the purchase, with each Term Loan Claimholder's right to purchase being automatically proportionately increased by the amount not purchased by another Term Loan Claimholder), upon 5 Business Days advance written notice from such Term Loan Claimholders (a "Purchase Notice") to ABL Agent, for the benefit of ABL

Claimholders, to acquire from ABL Claimholders all (but not less than all) of the right, title, and interest of ABL Claimholders in and to the ABL Priority Obligations and the ABL Loan Documents. The Purchase Notice, if given, shall be irrevocable. Upon receipt of such notice, the ABL Agent and the Term Agent shall not Exercise any Secured Creditor Remedies (or shall discontinue the exercise of such remedies), shall not release its Liens on any Collateral, or consent to any Disposition.

(b) On the date specified by Term Agent in the Purchase Notice (which shall not be more than ten (10) Business Days after the receipt by ABL Agent of the Purchase Notice), ABL Claimholders shall sell to the purchasing Term Loan Claimholders and purchasing Term Loan Claimholders shall purchase from ABL Claimholders, the ABL Priority Obligations.

(c) On the date of such purchase and sale, purchasing Term Loan Claimholders shall (i) pay to ABL Agent, for the benefit of ABL Claimholders, as the purchase price therefor the full amount of all the ABL Obligations (other than the Excess ABL Obligations and other than ABL Obligations cash collateralized in accordance with clause (c)(ii) below) then outstanding and unpaid, (ii) furnish cash collateral to ABL Agent in such amounts

as ABL Agent determines is reasonably necessary to secure ABL Agent and ABL Claimholders in connection with (A) any issued and outstanding Letters of Credit (but not in any event in an amount greater than 105% of the aggregate undrawn amount of such Letters of Credit) and (B) Bank Product Obligations (but not in any event in an amount greater than the Bank Product Reserve), and (iii) agree to reimburse ABL Agent and ABL Claimholders for all expenses to the extent earned or due and payable in accordance with the ABL Loan Documents (including the reimbursement of actual, reasonable and documented extraordinary expenses, financial examination expenses, and appraisal fees). Interest shall be calculated to but excluding the Business Day on which such purchase and sale shall occur if the amounts so paid by purchasing Term Loan Claimholders to the bank account designated by ABL Agent are received in such bank account prior to 2:00 p.m., New York City time, and interest shall be calculated to and including such Business Day if the amounts so paid by purchasing Term Loan Claimholders to the bank account designated by ABL Agent are received in such bank account later than 2:00 p.m., New York City time.

(d) Such purchase shall be expressly made without representation or warranty of any kind by ABL Agent and ABL Claimholders as to the ABL Obligations so purchased or otherwise and without recourse to ABL Agent or any ABL Claimholder, except that each ABL Claimholder shall represent and warrant: (i) that the amount quoted by such ABL Claimholder as its portion of the purchase price represents the amount shown as owing with respect to the claims transferred as reflected on its books and records, (ii) it owns, or has the right to transfer to purchasing Term Loan Claimholders, the rights being transferred, and (iii) such transfer will be free and clear of Liens.

(e) In the event that any one or more of Term Loan Claimholders exercises and consummates the purchase option set forth in this Section 5.6, (i) ABL Agent shall have the right, but not the obligation, to immediately resign under the ABL Loan Agreement, and (ii) purchasing Term Loan Claimholders shall have the right, but not the obligation, to require ABL Agent to immediately resign under the ABL Loan Agreement. In the event of the consummation of the purchase option, the Excess ABL Obligations shall be treated pursuant to Section 4.1 hereof.

5.7 Injunctive Relief.

Should any Term Loan Claimholder in any way take, attempt to, or threaten to take any action contrary to terms of this Agreement with respect to the Collateral, or fail to take any action required by this Agreement, ABL Agent or any ABL Claimholder may obtain relief against such Term Loan Claimholder by injunction, specific performance, or other appropriate equitable relief, it being understood and agreed by Term Agent that (a) ABL Claimholders' damages from such actions may at that time be difficult to ascertain and may be irreparable, and (b) each Term Loan Claimholder waives any defense that such Grantor and/or ABL Claimholders cannot demonstrate damage and/or be made whole by the awarding of damages. Should any ABL Claimholder in any way take, attempt to, or threaten to take any action contrary to terms of this Agreement with respect to the Collateral, or fail to take any action required by this Agreement, Term Agent or any Term Loan Claimholder (in its or their own name or in the name of any Grantor) or any Grantor may obtain relief against such ABL Claimholder by injunction, specific performance, and/or other appropriate equitable relief, it being understood and agreed by ABL that (i) Term Loan Claimholders' damages from such actions may at that time be difficult to ascertain and may be irreparable, and (ii) each ABL

Claimholder waives any defense that such Grantor and/or Term Loan Claimholders cannot demonstrate damage and/or be made whole by the awarding of damages. ABL Agent and Term Agent hereby irrevocably waive any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by ABL Agent or ABL Claimholders or Term Agent or Term Loan Claimholders, as the case may be.

5.8 Reserves. ABL Agent agrees that upon the request of the Term Agent, it shall make itself available for discussion with the Term Agent regarding the amount or computation of the any Reserves that are permitted to be established pursuant to the ABL Loan Agreement and the determination of the eligibility of any Collateral included in the ABL Borrowing Base, provided that, except as provided below, the foregoing agreement shall not limit or impair the ABL Agent's rights to establish, increase, reduce or eliminate any such Reserves or determine the eligibility of such Collateral or require any prior notice to, or consent from, the Term Agent or the Term Loan Lenders thereto; provided further that the ABL Agent shall not eliminate any category of Reserves existing as of the date hereof or change the methodology for the calculation of such Reserves or eligibility which would have the effect of increasing the ABL Borrowing Base or decreasing Reserves without the consent of the Term Agent. Furthermore, the ABL Agent agrees that, it shall establish and maintain the Term Loan Borrowing Base Reserve as such Reserve is calculated by the Term Agent.

5.9 Borrowing Base Certificates. ABL Agent shall calculate Availability and the ABL Borrowing Base based upon the most current Borrowing Base Certificate available to it (whether such Borrowing Base Certificate was originally delivered to the ABL Agent or the Term Agent in accordance with the ABL Loan Agreement or Term Loan Agreement, as applicable, but only in the case of a Borrowing Base Certificate delivered to Term Agent if it is the most current Borrowing Base Certificate and it results in a decrease in borrowing availability).

SECTION 6. Insolvency Proceedings.

6.1 Enforceability and Continuing Priority.

This Agreement shall be applicable, as to Collateral and the proceeds thereof in existence before the commencement of any Insolvency Proceeding, both before and after the commencement of any Insolvency Proceeding and all converted or succeeding cases in respect thereof. The relative rights of Claimholders in or to any distributions from or in respect of any such Collateral or proceeds of such Collateral, shall continue after the commencement of any Insolvency Proceeding. Accordingly, the provisions of this Agreement are intended to be and shall be enforceable as a subordination agreement within the meaning of Section 510 of the Bankruptcy Code.

6.2 Intentionally Omitted.

6.3 Intentionally Omitted.

6.4 Intentionally Omitted.

6.5 Intentionally Omitted.

6.6 Section 1111(b) of the Bankruptcy Code.

(a) Term Agent, for itself and on behalf of Term Loan Claimholders, shall not object to, oppose, support any objection, or take any other action to impede, the right of any ABL Claimholder to make an election under Section 1111(b)(2) of the Bankruptcy Code. Term Agent, for itself and on behalf of Term Loan Claimholders, waives any claim it may hereafter have against any ABL Claimholder arising out of the election by any ABL Claimholder of the application of Section 1111(b)(2) of the Bankruptcy Code.

(b) ABL Agent, for itself and on behalf of ABL Claimholders, shall not object to, oppose, support any objection, or take any other action to impede, the right of any Term Loan Claimholder to make an election under Section 1111(b)(2) of the Bankruptcy Code. ABL Agent, for itself and on behalf of ABL Claimholders, waives any claim it may hereafter have against any Term Loan Claimholder arising out of the election by any Term Loan Claimholder of the application of Section 1111(b)(2) of the Bankruptcy Code.

6.7 Avoidance Issues.

(a) If any ABL Claimholder is required in any Insolvency Proceeding or otherwise to turn over, disgorge or otherwise pay to the estate of any Grantor any amount paid in respect of ABL Obligations (an "ABL Recovery"), then such ABL Claimholders shall be entitled to a reinstatement of ABL Obligations with respect to all such recovered amounts, and all rights, interests, priorities and privileges recognized in this Agreement shall apply from and after the date of such turn over, disgorgement or other payment with respect to any such ABL Recovery. If this Agreement shall have been terminated prior to such ABL Recovery, this Agreement shall be reinstated from and after the date of such turn over, disgorgement or other payment in full force and effect, and such prior termination shall not diminish, release, discharge, impair, or

otherwise affect the obligations of the parties hereto from such date of reinstatement and to the extent the ABL Cap was decreased in connection with such payment of the ABL Obligations, the ABL Cap shall be increased to such extent. No such reinstatement shall in any event require the Term Agent or the Term Loan Claimholders to pay over to the ABL Agent or the ABL Claimholders any amounts which the Term Agent or the Term Loan Claimholders may have received prior to such reinstatement.

(b) If any Term Loan Claimholder is required in any Insolvency Proceeding or otherwise to turn over, disgorge or otherwise pay to the estate of any Grantor any amount paid in respect of Term Loan Obligations (a "Term Loan Recovery"), then such Term Loan Claimholders shall be entitled to a reinstatement of Term Loan Obligations with respect to all such recovered amounts, and all rights, interests, priorities and privileges recognized in this Agreement shall apply from and after the date of such turn over, disgorgement or other payment with respect to any such Term Loan Recovery. If this Agreement shall have been terminated prior to such Term Loan Recovery, this Agreement shall be reinstated from and after the date of such turn over, disgorgement or other payment in full force and effect, and such prior termination shall not diminish, release, discharge, impair, or otherwise affect the obligations of the parties hereto from such date of reinstatement and to the extent the Term Loan Cap was decreased in connection with such payment of the Term Loan Obligations, the Term Loan Cap shall be increased to such extent. No such reinstatement shall in any event require the ABL Agent or the ABL Claimholders to pay over to the Term Agent or the Term Loan Claimholders any amounts which the ABL Agent or the ABL Claimholders may have received prior to such reinstatement.

6.8 **Plan of Reorganization.**

(a) If, in any Insolvency Proceeding involving a Grantor, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed pursuant to a plan of reorganization or similar dispositive restructuring plan, both on account of ABL Obligations and on account of Term Loan Obligations, then, to the extent the debt obligations distributed on account of the ABL Obligations and on account of the Term Loan Obligations are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations. Nothing contained herein shall require the Term Loan Claimholders to turn over to any ABL Claimholders any securities of the reorganized Grantor which such Term Loan Claimholders may receive as part of the plan of reorganization; such securities shall remain the sole property of the Term Loan Claimholders.

(b) Neither the ABL Claimholders nor the Term Loan Claimholders shall propose or support any plan of reorganization that is inconsistent with the priorities or other provisions of this Agreement.

SECTION 7. Reliance; Waivers; Etc.

7.1 **Reliance.** Other than any reliance on the terms of this Agreement, ABL Agent acknowledges that it and such ABL Claimholders have, independently and without reliance on Term Agent or any Term Loan Claimholders, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into such ABL Loan Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the ABL Loan Agreement or this Agreement. Term Agent acknowledges that it and Term Loan Claimholders have, independently and without reliance on ABL Agent or any ABL Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Term Loan Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Term Loan Documents or this Agreement.

7.2 **No Warranties or Liability.** ABL Agent acknowledges and agrees that each of Term Agent and Term Loan Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability, or enforceability of any of the Term Loan Documents, the ownership of any Collateral, or the perfection or priority of any Liens thereon. Except as otherwise expressly provided herein, Term Loan Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under the Term Loan Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Term Agent acknowledges and agrees that ABL Agent and ABL Claimholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability, or enforceability of any of the ABL Loan Documents, the ownership of any Collateral, or the perfection or priority of any Liens thereon. Except as otherwise expressly provided herein, ABL Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under their respective ABL Loan Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Term Agent and

Term Loan Claimholders shall have no duty to ABL Agent or any ABL Claimholders, and ABL Agent and ABL Claimholders shall have no duty to Term Agent or any Term Loan Claimholders, to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Grantor (including the ABL Loan Documents and the Term Loan Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 No Waiver of Lien Priorities.

(a) No Prejudice or Impairment.

(i) No right of ABL Claimholders, ABL Agent or any of them to enforce any provision of this Agreement or any ABL Loan Document shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Grantor

or by any act or failure to act by any ABL Claimholder or ABL Agent, or by any noncompliance by any person with the terms, provisions, and covenants of this Agreement, any of the ABL Loan Documents or any of the Term Loan Documents, regardless of any knowledge thereof which ABL Agent or ABL Claimholders, or any of them, may have or be otherwise charged with.

(ii) No right of Term Loan Claimholders, Term Agent or any of them to enforce any provision of this Agreement or any Term Loan Document shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Grantor or by any act or failure to act by any Term Loan Claimholder or Term Agent, or by any noncompliance by any person with the terms, provisions, and covenants of this Agreement, any of the Term Loan Documents or any of the ABL Loan Documents, regardless of any knowledge thereof which Term Agent or Term Loan Claimholders, or any of them, may have or be otherwise charged with.

(b) Permitted Actions.

(i) Without in any way limiting the generality of the foregoing paragraph (but subject to any rights of Grantors under the ABL Loan Documents and subject to the provisions of this Agreement), ABL Claimholders, ABL Agent and any of them may, at any time and from time to time in accordance with the ABL Loan Documents and/or applicable law, without the consent of, or notice to, Term Agent or any Term Loan Claimholders, without incurring any liabilities to Term Agent or any Term Loan Claimholders and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of Term Agent or any Term Loan Claimholders is affected, impaired, or extinguished thereby) do any one or more of the following without the prior written consent of Term Agent:

(1) Subject to Section 5.3(a), change the manner, place, or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase, or alter, the terms of any of the ABL Obligations or any Lien on any ABL Collateral or guarantee thereof or any liability of any Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the ABL Obligations, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify, or supplement in any manner any Liens held by ABL Agent or any ABL Claimholders, the ABL Obligations, or any of the ABL Loan Documents;;

(2) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the ABL Collateral or any liability of any Grantor to ABL Claimholders or ABL Agent, or any liability incurred directly or indirectly in respect thereof;

(3) settle or compromise any ABL Obligation or any other liability of any Grantor or any security therefor or any liability incurred directly or

indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the ABL Obligations) in any manner or order; and

(4) exercise or delay in or refrain from exercising any right or remedy against any Grantor or any other person, elect any remedy and otherwise deal freely with any Grantor or any ABL Collateral and any security and any guarantor or any liability of any ABL Grantor to ABL Claimholders or any liability incurred directly or indirectly in respect thereof.

(ii) Without in any way limiting the generality of the foregoing paragraph (but subject to any rights of Grantors under the Term Loan Documents and subject to the provisions of this Agreement, Term Loan Claimholders, Term Agent and any of them may, at any time and from time to time in accordance with the Term Loan Documents and/or applicable law, without the consent of, or notice to, ABL Agent or any ABL Claimholders, without incurring any liabilities to ABL Agent or any ABL Claimholders and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of ABL Agent or any ABL Claimholders is affected, impaired, or extinguished thereby) do any one or more of the following without the prior written consent of ABL Agent:

(1) Subject to Section 5.3(b), change the manner, place, or terms of payment or change or extend the time of payment of, or amend, renew, exchange, increase, or alter, the terms of any of the Term Loan Obligations or any Lien on any Term Loan Collateral or guarantee thereof or any liability of any Grantor, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the Term Loan Obligations, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify, or supplement in any manner any Liens held by Term Agent or any Term Loan Claimholders, the Term Loan Obligations, or any of the Term Loan Documents;

(2) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the Term Loan Collateral or any liability of any Grantor to Term Loan Claimholders or ABL Agent, or any liability incurred directly or indirectly in respect thereof;

(3) settle or compromise any Term Loan Obligation or any other liability of any Grantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the Term Loan Obligations) in any manner or order; and

(4) exercise or delay in or refrain from exercising any right or remedy against any Grantor or any other person, elect any remedy and otherwise deal freely with any Grantor or any Term Loan Collateral and any security and any guarantor or any liability of any Grantor to Term Loan Claimholders or any liability incurred directly or indirectly in respect thereof.

(c) No Liability.

(i) Except as otherwise provided herein, Term Agent also agrees that ABL Claimholders and ABL Agent shall have no liability to Term Agent or any Term Loan Claimholders, and Term Agent hereby waives any claim against any ABL Claimholder or ABL Agent, arising out of any and all actions which ABL Claimholders or ABL Agent may, pursuant to the terms hereof, take, permit or omit to take with respect to:

(1) the ABL Loan Documents;

(2) the collection of the ABL Obligations; or

(3) the foreclosure upon, or sale, liquidation, or other disposition of, or the failure to foreclose upon, or sell, liquidate, or otherwise dispose of, any ABL Collateral. Term Agent agrees that ABL Claimholders and ABL Agent have no duty to them in respect of the maintenance or preservation of the ABL Collateral, the ABL Obligations, or otherwise.

(ii) Except as otherwise provided herein, ABL Agent also agrees that Term Loan Claimholders and Term Agent shall have no liability to ABL Agent or any ABL Claimholders, and ABL Agent hereby waives any claim against any Term Loan Claimholder or Term Agent, arising out of any and all actions which Term Loan Claimholders or Term Agent may, pursuant to the terms hereof, take, permit or omit to take with respect to:

(1) the Term Loan Documents;

(2) the collection of the Term Loan Obligations; or

(3) the foreclosure upon, or sale, liquidation, or other disposition of, or the failure to foreclose upon, or sell, liquidate, or otherwise dispose of, any Term Loan Collateral. ABL Agent agrees that Term Loan Claimholders and Term Agent have no duty to them in respect of the maintenance or preservation of the Term Loan Collateral, the Term Loan Obligations, or otherwise.

(d) No Marshalling.

(i) Until the Discharge of ABL Priority Obligations, Term Agent agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead, or otherwise assert, or otherwise claim the benefit of, any marshaling, appraisal, valuation, or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

(ii) Until Discharge of Term Loan Priority Obligations, ABL Agent agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead, or otherwise assert, or otherwise claim the benefit of, any

marshaling, appraisal, valuation, or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

7.4 Obligations Unconditional. For so long as this Agreement is in full force and effect, all rights, interests, agreements and obligations of ABL Agent and ABL Claimholders and Term Agent and Term Loan Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any ABL Loan Documents or any Term Loan Documents;

(b) except as otherwise expressly restricted in this Agreement, any change in the time, manner, or place of payment of, or in any other terms of, all or any of the ABL Obligations or Term Loan Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any ABL Loan Document or any Term Loan Document;

(c) except as otherwise expressly restricted in this Agreement, any exchange of any security interest in any Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the ABL Obligations or Term Loan Obligations or any guarantee thereof;

(d) the commencement of any Insolvency Proceeding in respect of any Grantor; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, any Grantor in respect of ABL Agent, the ABL Obligations, any ABL Claimholder, Term Agent, the Term Loan Obligations or any Term Loan Claimholder in respect of this Agreement.

SECTION 8. Representations and Warranties.

8.1 Representations and Warranties of Each Party. Each party hereto represents and warrants to the other parties hereto as follows:

(a) Such party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable in accordance with its terms.

(c) The execution, delivery, and performance by such party of this Agreement (i) do not require any consent or approval of, registration or filing with or any other action by

any governmental authority and (ii) will not violate any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of such party or any order of any governmental authority or any provision of any indenture, agreement or other instrument binding upon such party.

8.2 Representations and Warranties of Each Agent.

ABL Agent and Term Agent each represents and warrants to the other that it has been authorized by ABL Lenders or Term Lenders, as applicable, under the ABL Loan Agreement or the Term Loan Agreement, as applicable, to enter into this Agreement and that each of the agreements, covenants, waivers, and other provisions hereof is valid, binding, and enforceable against the ABL Lenders or Term Lenders, as applicable, as fully as if they were parties hereto.

SECTION 9. Miscellaneous.

9.1 Conflicts.

In the event of any conflict between the provisions of this Agreement and the provisions of any of the ABL Loan Documents or any of the Term Loan Documents, the provisions of this Agreement shall govern and control.

9.2 Effectiveness; Continuing Nature of this Agreement; Severability. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination and the Claimholders may continue, at any time and without notice to the other Agent or any other Claimholder, to extend credit and other financial accommodations to or for the benefit of any Grantor constituting Priority Obligations in reliance hereof. Each Agent hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency Proceeding. Any provision of this Agreement that is prohibited or unenforceable shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. All references to any Grantor shall include such Grantor as debtor and debtor-in-possession and any receiver or agent for such Grantor in any Insolvency Proceeding. This Agreement shall terminate and be of no further force and effect:

(a) with respect to ABL Agent, ABL Claimholders, and the ABL Obligations, on the date that the ABL Obligations are paid in full as set forth in the ABL Loan Agreement; and

(b) with respect to Term Agent, Term Loan Claimholders, and the Term Loan Obligations, on the date that the Term Loan Obligations are paid in full.

9.3 Amendments; Waivers. No amendment, modification, or waiver of any of the provisions of this Agreement shall be effective unless the same shall be in writing signed on behalf of each party hereto or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time.

9.4 Information Concerning Financial Condition of the Parent and its Subsidiaries. ABL Agent and ABL Claimholders, on the one hand, and Term Loan Claimholders and Term Agent, on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of the Parent and its subsidiaries and all endorsers and/or guarantors of the ABL Obligations or the Term Loan Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the ABL Obligations or the Term Loan Obligations. ABL Agent and ABL Claimholders shall have no duty to advise Term Agent or any Term Loan Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. Term Agent and Term Loan Claimholders shall have no duty to advise ABL Agent or any ABL Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event either Agent or any of its Claimholders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the other Agent or any of its Claimholder, it or they shall be under no obligation:

(a) to make, and such Agent and its Claimholders shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness, or validity of any such information so provided;

(b) to provide any additional information or to provide any such information on any subsequent occasion;

(c) to undertake any investigation; or

(d) to disclose any information, which pursuant to accepted or reasonable commercial practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

9.5 Appraisals and Field Examinations. The ABL Agent and Term Agent shall each promptly provide to the other copies of all collateral reports, appraisals, results of field examinations, results of internal audits, physical inventories and Borrowing Base Certificates that it receives.

9.6 Subrogation. With respect to any payments or distributions in cash, property, or other assets that any Term Loan Claimholders or Term Agent pays over to ABL Agent or ABL Claimholders under the terms of this Agreement, Term Loan Claimholders and Term Agent shall be subrogated to the rights of ABL Agent and ABL Claimholders; provided, however, that, Term Agent hereby agrees not to assert or enforce any such rights of

subrogation it may acquire as a result of any payment hereunder until the Discharge of all ABL Priority Obligations has occurred. Any payments or distributions in cash, property or other assets received by Term Agent or Term Loan Claimholders that are paid over to ABL Agent or ABL Claimholders pursuant to this Agreement shall not reduce any of the Term Loan Obligations.

9.7 SUBMISSION TO JURISDICTION; WAIVERS.

(a) **ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY ARISING OUT OF OR RELATING HERETO SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY, AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY:**

COURTS; (i) **ACCEPTS GENERALLY AND UNCONDITIONALLY THE JURISDICTION AND VENUE OF SUCH**

(ii) **WAIVES ANY DEFENSE OF FORUM NON CONVENIENS;**

(iii) **AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 9.8; AND**

(iv) **AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT.**

(b) **EACH OF THE PARTIES HERETO (INCLUDING THE PARENT ON BEHALF OF ITSELF AND ITS SUBSIDIARIES) HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER HEREOF, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS**

WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE; MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 9.7(b) AND EXECUTED BY THE PARTIES, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS, OR MODIFICATIONS HERETO. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

9.8 Notices. All notices to Term Loan Claimholders and ABL Claimholders permitted or required under this Agreement shall also be sent to Term Agent and ABL Agent, respectively. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served or sent by telefacsimile or United States mail or courier service or electronic mail and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or electronic mail, or 3 Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be as may be designated by such party in a written notice pursuant to this Section 9.8 to all of the other parties.

9.9 Further Assurances. ABL Agent and Term Agent each agrees to take such further action and shall execute and deliver such additional documents and instruments (in recordable form, if requested) as ABL Agent or Term Agent may reasonably request to effectuate the terms of and the Lien priorities contemplated by this Agreement, all at the expense of Borrowers.

9.10 APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

9.11 Binding on Successors and Assigns. This Agreement shall be binding upon ABL Agent, ABL Claimholders, Term Agent, Term Loan Claimholders, and their respective successors and assigns.

9.12 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

9.13 Entire Agreement. This Agreement constitute the entire agreement among the parties relating to the subject matter hereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

9.14 **Counterparts.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any document or instrument delivered in connection herewith by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

9.15 **No Third Party Beneficiaries.** This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of and bind each of ABL Claimholders and Term Loan Claimholders. In no event shall any Grantor be a third party beneficiary of this Agreement.

9.16 **Provisions Solely to Define Relative Rights.** The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of ABL Agent and ABL Claimholders on the one hand and Term Agent and Term Loan Claimholders on the other hand. No Grantor or any other creditor thereof shall have any rights hereunder and no Grantor may rely on the terms hereof. Nothing in this Agreement shall impair, as between Grantors and ABL Agent and ABL Claimholders, or as between Grantors and Term Agent and Term Loan Claimholders, the obligations of Grantors to pay principal, interest, fees and other amounts as provided in the ABL Loan Documents and the Term Loan Documents, respectively.

9.17 **Costs and Attorneys Fees.** In the event it becomes necessary for ABL Agent, any ABL Claimholder, Term Agent, or any Term Loan Claimholder to commence or become a party to any proceeding or action to enforce the provisions of this Agreement, the court or body before which the same shall be tried shall award to the prevailing party all costs and expenses thereof, including reasonable attorneys fees, the usual and customary and lawfully recoverable court costs, and all other expenses in connection therewith.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

BANK OF AMERICA, N.A.,
as ABL Agent

By: /s/ Matthew R. Van Steenhuyse
Name: Matthew R. Van Steenhuyse
Title: Senior Vice President

Intercreditor Agreement

GA CAPITAL, LLC,
as Term Agent

By: /s/ David Storer
Name: David Storer
Title: Director

Intercreditor Agreement

ACKNOWLEDGMENT

The Parent and each of the Parent's undersigned Subsidiaries each hereby acknowledge that they have received a copy of the foregoing Intercreditor Agreement and consent thereto, agree to recognize all rights granted thereby to ABL Agent, ABL Claimholders, Term Agent, and Term Loan Claimholders, and will not do any act or perform any obligation which is not in accordance with the agreements set forth therein. The Parent and each of the Parent's undersigned Subsidiaries each further acknowledge and agree that they are not an intended beneficiary or third party beneficiary under the foregoing Intercreditor Agreement.

[signature pages follow]

ACKNOWLEDGED AS OF THE DATE FIRST WRITTEN ABOVE:

CONN'S, INC.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Executive Vice President and Chief Financial Officer

CONN APPLIANCES, INC.,
a Texas corporation

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

CONN CREDIT I, LP,
a Texas limited partnership

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

CONN CREDIT CORPORATION, INC.,
a Texas corporation

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

CAI CREDIT INSURANCE AGENCY, INC.,
a Louisiana corporation

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

Acknowledgment

CAI HOLDING CO.,
a Delaware corporation

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

CONN LENDING, LLC,
a Delaware limited liability company

By: /s/ Mary Stawikey
Name: Mary Stawikey
Title: President and Secretary

CAIAIR, INC.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer

Acknowledgment

AMENDED AND RESTATED

SECURITY AGREEMENT

This AMENDED AND RESTATED SECURITY AGREEMENT (as amended from time to time, this "Security Agreement"), dated as of November 30, 2010, is entered into by and among CONN'S, INC., a Delaware corporation ("Parent"), CAI HOLDING CO., a Delaware corporation ("CAIH"), CAI CREDIT INSURANCE AGENCY, INC., a Louisiana corporation ("CAIC"), CONN LENDING, LLC, a Delaware limited liability company ("CLL"; together with Parent, CAIH, and CAIC, collectively the "Existing Grantors"), and CAIAIR, INC., a Delaware corporation ("CAIAIR") (the Existing Grantors and CAIAIR are sometimes individually referred to herein as "Grantor" and collectively as "Grantors"), collectively, on one hand, and BANK OF AMERICA, N.A., in its capacity as Agent for Lenders (as hereinafter defined) (in such capacity, "Agent"), on the other hand, in light of the following facts:

RECITALS:

WHEREAS, pursuant to that certain Amended and Restated Loan and Security Agreement dated as of the date hereof (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), by and among Parent, Conn Appliances, Inc., a Texas corporation ("CAI"), Conn Credit I, LP, a Texas limited partnership ("CCI"), and Conn Credit Corporation, Inc., a Texas corporation ("CCCI"), and together with CAI and CCI, collectively, "Borrowers"), the financial institutions from time to time party thereto as lenders (collectively, "Lenders"), Agent, as administrative agent and collateral agent for the Lenders, JPMorgan Chase Bank, National Association, as co-syndication agent, joint book runner and co-lead arranger for the Lenders, Banc of America Securities LLC, as joint book runner and co-lead arranger for the Lenders, Wells Fargo Preferred Capital, Inc., as co-syndication agent, and CapitalOne, N.A. and Regions Bank, as co-documentation agents for the Lenders, the Lenders have agreed to provide certain financial accommodations to Borrowers;

WHEREAS, each Existing Grantor previously agreed to guaranty the Obligations (as defined in the Loan Agreement) pursuant to a Continuing Guaranty dated as the date thereof (as from time to time amended, restated, supplemented or otherwise modified, the "Guaranty"), and also agreed to grant a continuing Lien (as hereinafter defined) on the Collateral (as hereinafter defined) to secure its obligations under the Guaranty pursuant to that certain Security Agreement dated August 14, 2008 (the "Prior Security Agreement");

WHEREAS, Grantors have agreed to amend and restate the Prior Security Agreement in its entirety in accordance with the terms and conditions of this Security Agreement.

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

1. **DEFINED TERMS**. The following terms shall have the following respective meanings:

Agent Indemnitees: Agent and its officers, directors, employees, Affiliates, and agents.

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

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Bank of America Indemnitees: Bank of America, N.A. and its officers, directors, employees, Affiliates, and agents.

Collateral: has the meaning set forth in **Section 2**.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether associated with the United States, a state, district or territory thereof, or a foreign entity or government.

Indemnitees: Agent Indemnitees, Lender Indemnitees, Issuing Bank Indemnitees and Bank of America Indemnitees.

Intellectual Property: all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Issuing Bank Indemnitees: Issuing Bank (as defined in the Loan Agreement) and its officers, directors, employees, Affiliates, and agents.

Lender Indemnitees: Lenders and their officers, directors, employees, Affiliates, and agents.

Lien: any Person’s interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, pledges, hypothecations, statutory trusts, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver: an agreement, in form and substance satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession

relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral subject to a licensor's Intellectual Property rights, the licensor grants to Agent the right, vis-à-vis such licensor, to enforce Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable license.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Secured Obligations: all indebtedness, liabilities and other obligations of each Grantor arising under the Guaranty, including, without limitation, the "Guaranteed Obligations" (as defined in the Guaranty), whether for principal, interest, reasonable fees, or reasonable out-of-pocket expenses or otherwise, and all obligations of any Grantor now or hereafter existing under this Security Agreement.

UCC: the Uniform Commercial Code as in effect in the State of California or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

All other capitalized terms used but not otherwise defined herein have the meanings given to them in the Loan Agreement. All other undefined terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein, including: "Account," "Chattel Paper," "Commercial Tort Claim," "Deposit Account," "Document," "Equipment," "General Intangibles," "Goods," "Instrument," "Inventory," "Investment Property," "Letter-of-Credit Right" and "Supporting Obligation."

2. **GRANT OF LIEN**. As security for all Secured Obligations, each Grantor hereby grants to Agent, for the benefit of Agent and the Lenders, a continuing security interest in, Lien on, assignment of and right of set-off against, such Grantor's right, title, and interest in and to all of the following Property and assets of such Grantor, whether now owned or existing or hereafter acquired or arising, regardless of where located (the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper, including electronic chattel paper;
- (c) all Commercial Tort Claims;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all General Intangibles, including Intellectual Property;
- (g) all Goods, including Inventory, Equipment and fixtures;
- (h) all Instruments;

- (i) all Investment Property;
- (j) all Letter-of-Credit Rights;
- (k) all Supporting Obligations;
- (l) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a Lender;
- (m) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and
- (n) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

3. **PERFECTION AND PROTECTION OF SECURITY INTEREST.**

(a) Each Grantor shall, at its expense, perform all steps requested by Agent at any time to perfect, maintain, protect, and enforce Agent's Liens, including: (i) executing, delivering and/or filing and recording of the any agreements and filing financing or continuation statements, and amendments thereof, in form and substance satisfactory to Agent; and (ii) delivering to Agent the originals of all Instruments, Documents, and tangible Chattel Paper, and all other Collateral in such Grantor's possession of which Agent determines it should have physical possession in order to perfect or protect Agent's Lien therein, duly pledged, endorsed, or assigned to Agent without restriction.

(b) Each Grantor shall hold all Collateral consisting of negotiable Documents, certificated securities (accompanied by stock papers executed in blank), Chattel Paper and Instruments as a custodian for the benefit of Agent.

(c) Upon request by Agent, each Grantor shall obtain or use its commercially reasonable efforts to obtain Lien Waivers with respect to the Collateral.

(d) Each Grantor shall obtain authenticated control agreements from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for such Grantor.

(e) Each Grantor shall take all steps necessary to grant Agent control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in the Uniform Electronic Transactions Act.

(f) Promptly upon request, Grantors shall deliver such instruments, assignments, title certificates, or other documents or agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Security Agreement. Each Grantor authorizes Agent to file any financing statement that indicates the Collateral as "all assets" or "all personal property" of such Grantor, or words to similar effect, and ratifies any action taken by Agent before the Closing Date (as defined in the Loan Agreement) to ef fect or perfect its Lien on any Collateral.

(g) Grantors shall promptly notify Agent in writing if any Grantor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$500,000) and, upon Agent's request, shall promptly take such actions as Agent deems appropriate to confer upon Agent (for the benefit of the Lenders) a duly perfected, first priority Lien upon such claim.

(h) So long as the Guaranty is in effect and until all Secured Obligations have been fully satisfied, Agent's Liens shall continue in full force and effect in all Collateral.

(i) Except as set forth in the Loan Agreement, no Grantor shall merge, combine or consolidate with any Person, or liquidate, wind up its affairs or dissolve itself, in each case whether in a single transaction or in a series of related transactions, except for mergers or consolidations into a Borrower; change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; or change its form or state of organization.

4. **LOCATION OF COLLATERAL.**

(a) Each Grantor represents and warrants to Agent and the Lenders that **Schedule 4** is a correct and complete list of the location of such Grantor's chief executive office, the location of its books and records, the locations of the Collateral, and the locations of all of its other places of business; and

(b) Each Grantor covenants and agrees that it:

(i) shall at all times keep the Collateral at its business locations set forth in **Schedule 4**, except that Grantors may move Collateral to another location in the United States, upon 30 days prior written notice to Agent;

(ii) will not otherwise change or add to any of such locations, except as otherwise expressly permitted in this Security Agreement or in the Loan Agreement; or

(iii) will not change the location of its chief executive office from the location identified in **Schedule 4**, unless it gives Agent at least 30 days' prior written notice thereof.

5. **CORPORATE NAMES; JURISDICTION OF ORGANIZATION.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that: (a) each Grantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) each Grantor is duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect; and (c) except as listed on **Schedule 5**, during the 5 years preceding the Closing Date, no Grantor has been known as or used any corporate, fictitious or trade names, has been the surviving corporation of a merger or combination, or has acquired any substantial part of the assets of any Person.

6. **TITLE TO, LIENS ON, AND SALE AND USE OF COLLATERAL.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that: (a) each Grantor has good and indefeasible title to (or valid leasehold interests in) all of its Property, including all Property reflected in any financial statements delivered to Agent or Lenders,

in each case free of Liens except Permitted Liens and minor defects in title to its real estate that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purpose. Each Grantor has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral are perfected, first priority Liens, subject only to Permitted Liens. No Grantor shall sell, transfer or otherwise dispose of any of its real or personal Property except as necessary in the ordinary course of any Grantor's business.

7. **ACCESS AND EXAMINATION.** Subject to the limitations set forth in the Loan Agreement, Agent may at all reasonable times during regular business hours have access to, examine, make extracts from or copies of and inspect any or all of each Grantor's records, files, and books of account and the Collateral, and discuss each Grantor's affairs with such Grantor's officers and management. Each Grantor will deliver to Agent any instrument necessary for Agent to obtain records from any service bureau maintaining records for such Grantor. Agent may, without expense to Agent, use such of the Grantors' respective personnel, supplies, and real estate as may be reasonably necessary for maintaining or enforcing Agent's Liens. Agent shall have the right, at any time, in Agent's name or in the name of a nominee of Agent, to verify the validity, amount or any other matter relating to the Accounts, Inventory, or other Collateral, by mail, telephone, or otherwise.

8. **ACCOUNTS.** Each Grantor hereby represents and warrants to Agent and the Lenders, with respect to such Grantor's Accounts, that each existing Account represents, and each future Account will represent, a bona fide obligation of the account debtor with respect thereto and is and will be for a liquidated amount payable by the account debtor thereon.

9. **COLLECTION OF ACCOUNTS; PAYMENTS.**

(a) Grantors shall make collection of all Accounts and other Collateral for Agent, shall receive all payments as Agent's trustee, and shall immediately deliver all payments in their original form duly endorsed in blank into a Dominion Account. Agent or Agent's designee may, at any time after the occurrence of an Event of Default, notify Account Debtors that the Accounts have been assigned to Agent and of Agent's Lien therein, and may collect them directly and charge the collection costs and expenses to the Loan Account as a Revolving Loan.

(b) If sales of any Grantor's Inventory are made or services are rendered for cash, the Grantors shall immediately deposit into a Dominion Account the cash which such Grantor receives.

(c) All payments including immediately available funds received by Agent at a bank account designated by it, will be Agent's sole property for its benefit and the benefit of the Lenders.

10. **INVENTORY.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that all of the Inventory owned by such Grantor is and will be held for sale or lease, or to be furnished in connection with the rendition of services, in the ordinary course of such Grantor's business, and is and will be fit for such purposes subject to ordinary wear and tear. Each Grantor will keep its Inventory in good and marketable condition, except for damaged or defective goods arising in the ordinary course of such Grantor's business.

11. **EQUIPMENT.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that all of the Equipment owned by such Grantor is and will be used or held for use in such Grantor's business, and is and will be fit for such purposes subject to ordinary wear and tear. Each Grantor shall keep and maintain its Equipment in good operating condition and repair (ordinary wear and tear excepted) and shall make all necessary replacements thereof. No Grantor will, without Agent's prior written consent, alter or remove any identifying symbol or number on any of such Grantor's Equipment constituting Collateral.

12. **DOCUMENTS, INSTRUMENTS, AND CHATTEL PAPER.** Each Grantor represents and warrants to Agent and the Lenders that (a) all Documents, Instruments, and Chattel Paper describing, evidencing, or constituting Collateral, and all signatures and endorsements thereon, are and will be complete, valid, and genuine, and (b) all goods evidenced by such Documents, Instruments, Letter of Credit Rights and Chattel Paper are and will be owned by such Grantor, free and clear of all Liens other than Permitted Liens. If any Grantor retains possession of any Chattel Paper or Instruments with Agent's consent, such Chattel Paper and Instruments shall be marked with the following legend: "This instrument or agreement is assigned as collateral to Bank of America, N.A."

13. **RIGHT TO CURE.** Agent may, in its discretion, pay any amount or do any act required of any Grantor hereunder in order to preserve, protect, maintain or enforce the Secured Obligations, the Collateral or Agent's Liens therein, and which such Grantor fails to pay or do, including payment of any judgment against such Grantor, any insurance premium, any warehouse charge, any finishing or processing charge, any landlord's or bailee's claim, and any other Lien upon or with respect to the Collateral. Any payment made or other action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed thereafter as herein provided.

14. **POWER OF ATTORNEY.** Each Grantor hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Grantor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or a Grantor's name, but at the cost and expense of Grantor, during the existence of an Event of Default:

(a) Endorse a Grantor's name on any payment item or other proceeds of Collateral (including proceeds of insurance) that come into Agent's possession or control; and

(b) (i) notify any account debtors of the assignment of their Accounts, demand and enforce payments on Accounts, by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii) settle, adjust, modify, compromise, discharge or release any claims with respect to amounts due on Accounts or other Collateral, or any legal proceedings brought to collect on Accounts or other Collateral; (iii) sell or assign any Account and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) take control, in any manner, of any proceeds of Collateral; (v) prepare, file and sign a Grantor's name to a proof of claim or other document in a bankruptcy of an account debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to a Grantor, and notify postal authorities to change the address for delivery thereof to such address as Agent may designate; (vii) endorse any Chattel Paper, Document, Instrument, invoice, freight bill, bill of lading, or similar document or agreement relating to any Account, Inventory or other Collateral; (viii) use a Grantor's stationery and sign its name to verifications of Accounts and

notices to account debtors; (ix) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to any Collateral; (x) make and adjust claims under policies of insurance; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit or banker's acceptance for which a Grantor is a beneficiary; and (xii) take all other actions as Agent deems appropriate to fulfill any Grantor's obligations hereunder or under the Guaranty.

15. **AGENT'S AND LENDERS' RIGHTS, DUTIES AND LIABILITIES.**

(a) Each Grantor assumes all responsibility and liability arising from or relating to the use, sale, license or other disposition of the Collateral. The Secured Obligations shall not be affected by any failure of Agent or any Lender to take any steps to perfect Agent's Liens or to collect or realize upon the Collateral, nor shall loss of or damage to the Collateral release any Grantor from any of the Secured Obligations. Following the occurrence and during the continuation of an Event of Default, Agent may (but shall not be required to), without notice to or consent from any Grantor, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any Person liable directly or indirectly in connection with any of the foregoing, without discharging or otherwise affecting the liability of any Grantor for the Secured Obligations or under the Guaranty or any other agreement now or hereafter existing between Agent and/or any Lender and any Grantor.

(b) It is expressly agreed by each Grantor that, anything herein to the contrary notwithstanding, such Grantor shall remain liable under each of its contracts and each of its licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Except as required by Applicable Law, neither Agent nor any Lender shall have any obligation or liability under any contract or license by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Agent or any Lender of any payment relating to any contract or license pursuant hereto. Neither Agent nor any Lender shall be required or obligated in any manner to perform or fulfill any of the obligations of any Grantor under or pursuant to any contract or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contract or license, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) Agent may at any time after a Default or an Event of Default has occurred and is continuing (or if any rights of set-off (other than set-offs against an Account arising under the contract giving rise to the same Account) or contra accounts may be asserted with respect to the following), without prior notice to Grantors, notify account debtors, and other Persons obligated on the Collateral that Agent has a Lien therein, and that payments shall be made directly to Agent, for itself and the benefit of Lenders. Upon the request of Agent, Grantor shall so notify account debtors and other Persons obligated on Collateral. Once any such notice has been given to any account debtor or other Person obligated on the Collateral, no Grantor shall give any contrary instructions to such account debtor or other Person without Agent's prior written consent.

(d) Agent may at any time in Agent's own name or in the name of any Grantor communicate with such Grantor's account debtors, parties to such Grantor's contracts and obligors in respect of such Grantor's Instruments to verify with such Persons, to Agent's satisfaction, the existence, amount and terms of such Grantor's Accounts, payment intangibles, Instruments or Chattel Paper. If a Default or Event of Default shall have occurred and be continuing, each Grantor, at its own expense, shall cause the independent certified public accountants then engaged by such Grantor to prepare and deliver to Agent and each Lender at any time and from time to time promptly upon Agent's request the following reports with respect to such Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Agent may request. Each Grantor, at its own expense, shall deliver to Agent the results of each physical verification, if any, which such Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

16. **PATENT, TRADEMARK AND COPYRIGHT COLLATERAL.** Each Grantor owns or has the lawful right to use all Intellectual Property necessary for the conduct of its business, without conflict with any rights of others except for any such conflict of infringement that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. There is no pending or, to any Grantor's knowledge, threatened claim against the Intellectual Property with respect to such Grantor or any of such Grantor's Property (including any Intellectual Property). No Grantor pays or owes any royalty or other compensation to any Person with respect to any Intellectual Property. All Intellectual Property owned, used or licensed by, or otherwise subject to any interests of, Parent or its Subsidiaries is shown on **Schedule 16**.

17. **INDEMNIFICATION. EACH GRANTOR SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE.** In no event shall any party hereto have any obligation hereunder to indemnify or hold harmless an Indemnitee with respect to a claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

18. **LIMITATION ON LIENS ON COLLATERAL.** No Grantor will create, permit or suffer to exist, and will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens, and will defend the right, title and interest of Agent and Lenders in and to any of such Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.

19. **NOTICE REGARDING COLLATERAL.** Each Grantor will advise Agent promptly, in reasonable detail, (i) of any Lien (other than Permitted Liens) or claim made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a Material Adverse Effect.

20. **REMEDIES; RIGHTS UPON DEFAULT.**

(a) If any Event of Default shall have occurred and be continuing, Agent may exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Grantors to assemble Collateral, at Grantors' expense, and make it available to Agent at a place designated by Agent; (iii) enter any

premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by a Grantor, Grantors agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its sole discretion, deems advisable. Each Grantor agrees that 10 days notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable. Agent shall have the right to conduct such sales on any Grantor's premises, without charge, and such sales may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may set off the amount of such price against the Secured Obligations.

(b) Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(c) All covenants, conditions, provisions, warranties, guaranties, indemnities and other undertakings of Grantors contained in this Security Agreement or any other the Loan Documents are cumulative and not in derogation or substitution of each other. In particular, the rights and remedies of Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and shall not be exclusive of any other rights or remedies that Agent and Lenders may have, whether under any agreement, by law, at equity or otherwise.

(d) The failure or delay of Agent or any Lender to require strict performance by Grantors with any terms of this Security Agreement or the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise, shall not operate as a waiver thereof nor as establishment of a course of dealing. All rights and remedies shall continue in full force and effect until Full Payment of all Secured Obligations.

21. **GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY.** Except as is prohibited by an existing and enforceable anti-assignment provision (other than to the extent that any such term would be rendered ineffective pursuant to the UCC or any other applicable law or principles of equity), Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person) any or all Intellectual Property of Grantors, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. Each Grantor's rights and interests under Intellectual Property shall inure to Agent's benefit.

22. **LIMITATION ON AGENT'S AND LENDERS' DUTY IN RESPECT OF COLLATERAL.** Agent and each Lender shall use reasonable care with respect to the Collateral in its possession or under its control. Neither Agent nor any Lender shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Agent or such Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

23. **MISCELLANEOUS.**

(a) **Reinstatement.** This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of such Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(b) **Notices.** Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Guaranty.

(c) **Severability.** Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of this Security Agreement shall remain in full force and effect.

(d) **Termination of this Security Agreement.** This Security Agreement shall terminate only upon the payment in full of all Secured Obligations.

(e) **Successors and Assigns.** This Security Agreement shall be binding upon and inure to the benefit of Grantors, Agent, Lenders, and their respective successors and assigns, except that (a) no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement; and (b) any assignment by a Lender must be made in compliance with **Section 13.3** of the Loan Agreement.

(f) **Counterparts.** This Security Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Security Agreement shall become effective when Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of this Security Agreement by telecopy shall be effective as delivery of a manually executed counterpart of such agreement.

(g) **Governing Law.**

(i) **GOVERNING LAW.** THIS SECURITY AGREEMENT, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS).

(h) **Consent to Forum; Arbitration.**

(i) **Forum.** EACH GRANTOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER LOS ANGELES COUNTY, CALIFORNIA, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH GRANTOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Grantor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Security Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

(ii) **Arbitration.** Notwithstanding any other provision of this Security Agreement to the contrary, any controversy or claim among the parties relating in any way to any Secured Obligations or this Security Agreement, including any alleged tort, shall at the request of any party hereto be determined by binding arbitration conducted in accordance with the United States Arbitration Act (Title 9 U.S. Code) (the "Act"). Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association ("AAA"), and the terms of this Section. In the event of any inconsistency, the terms of this Section shall control. If AAA is unwilling or unable to serve as the provider of arbitration or to enforce any provision of this Section, Agent may designate another arbitration organization with similar procedures to serve as the provider of arbitration. The arbitration proceedings shall be conducted in Los Angeles or Pasadena, California. The arbitration hearing shall commence within 90 days of the arbitration demand and close within 90 days thereafter. The arbitration award must be issued within 30 days after close of the hearing (subject to extension by the arbitrator for up to 60 days upon a showing of good cause), and shall include a concise written statement of reasons for the award. The arbitrator shall give effect to applicable statutes of limitation in determining any controversy or claim, and for these purposes, service on AAA under applicable AAA rules of a notice of claim is the equivalent of the filing of a lawsuit. Any dispute concerning this Section or whether a controversy or claim is arbitrable shall be determined by the arbitrator. The arbitrator shall have the power to award legal fees to the extent provided by this Security Agreement. Judgment upon an arbitration award may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuant to a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief. No controversy or claim shall be submitted to arbitration without the consent of all parties if, at the time of the proposed submission, such controversy or claim relates to an obligation secured by real estate, but if all parties do not consent to submission of such a controversy or claim to arbitration, it shall be determined as provided in the next sentence. At the request of any party, a controversy or claim that is not submitted to arbitration as provided above shall be determined by

judicial reference; and if such an election is made, the parties shall designate to the court a referee or referees selected under the auspices of the AAA in the same manner as arbitrators are selected in AAA sponsored proceedings and the presiding referee of the panel (or the referee if there is a single referee) shall be an active attorney or retired judge; and judgment upon the award rendered by such referee or referees shall be entered in the court in which proceeding was commenced. None of the foregoing provisions of this Section shall limit the right of Agent or Lenders to exercise self-help remedies, such as setoff, foreclosure or sale of any Collateral or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, after or during any arbitration proceeding. The exercise of a remedy does not waive the right of any party to resort to arbitration or reference. At Agent's option, foreclosure of any interest in real estate may be accomplished either by exercise of power of sale thereunder or by judicial foreclosure.

(i) **SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 23(b).**

(j) **Section Titles.** Section titles appear as a matter of convenience only and shall not affect the interpretation of this Security Agreement.

(k) **No Novation.** Each Grantor hereby agrees that, effective upon the execution and delivery of this Security Agreement by such Grantor, the terms and provisions of the Prior Security Agreement shall be and hereby are amended, restated and superseded in their entirety by the terms and provisions of this Security Agreement. Nothing herein contained shall be construed as a substitution or novation of the obligations of Grantors outstanding under the Prior Security Agreement, which obligations shall remain in full force and effect, except to the extent that the terms thereof are modified hereby or by instruments executed concurrently herewith. Nothing expressed or implied in this Security Agreement shall be construed as a release or other discharge of any Grantor from any of its obligations or liabilities under the Prior Security Agreement or any of the other loan documents executed in connection therewith. Each Grantor hereby confirms and agrees that each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the date hereof all references in any such Loan Document to "the Security Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Prior Security Agreement shall mean the Prior Security Agreement as amended and restated by this Security Agreement.

24. **INTERCREDITOR AGREEMENT.** Notwithstanding anything herein to the contrary, the Lien granted to Agent pursuant to this Security Agreement and the exercise of any right or remedy by Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Security Agreement, the terms of the Intercreditor Agreement shall govern and control.

[Signature pages to follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Amended and Restated Security Agreement

CONN'S INC.

a Delaware corporation,
as a Grantor

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Executive Vice President and Chief Financial Officer

CAI HOLDING CO.,

a Delaware corporation,
as a Grantor

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer

CAI CREDIT INSURANCE AGENCY, INC.,

a Louisiana corporation,
as a Grantor

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

CONN LENDING, LLC

a Delaware limited liability company,
as a Grantor

By: /s/ Mary Stawikey
Name: Mary Stawikey
Title: President and Secretary

CAIAIR, INC.

a Delaware corporation,
as a Grantor

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer

Amended and Restated Security Agreement

BANK OF AMERICA, N.A.,
as Agent

By: /s/ Matthew R. Van Steenhuyse
Name: Matthew R. Van Steenhuyse
Title: Senior Vice President

Amended and Restated Security Agreement

SCHEDULE 4
To
AMENDED AND RESTATED SECURITY AGREEMENT
LOCATION OF COLLATERAL

A. Location of Chief Executive Office

<u>Conn's, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>CAI Holding Co.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>CAI Credit Insurance Agency, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>Conn Lending, LLC:</u>	103 Foulk Rd., Ste. 202, Wilmington, DE 19803.
<u>CAIAIR, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.

B. Location of Books and Records

<u>Conn's, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>CAI Holding Co.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>CAI Credit Insurance Agency, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>Conn Lending, LLC:</u>	103 Foulk Rd., Ste. 202, Wilmington, DE 19803.
<u>CAIAIR, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.

C. Location of Collateral

<u>Conn's, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>CAI Holding Co.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>CAI Credit Insurance Agency, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.
<u>Conn Lending, LLC:</u>	103 Foulk Rd., Ste. 202, Wilmington, DE 19803.
<u>CAIAIR, Inc.:</u>	3295 College Street, Beaumont, Texas 77701.

D. Location of all other places of business

NONE.

E. Location of leased facilities and name of lessor/sublessor

NONE.

SCHEDULE 5
To
AMENDED AND RESTATED SECURITY AGREEMENT
CORPORATE NAMES

1. In the conduct of their businesses during five years preceding the Closing Date, each Grantor has used the following names:

	<u>Entity</u>		<u>Fictitious, Trade or Other Name</u>
Conn's, Inc.		None	
CAI Holding Co.		None	
CAI Credit Insurance Agency, Inc.		None	
Conn Lending, LLC, as a Subsidiary		None	
CAIAIR, Inc.		None	

2. In the five years preceding the Closing Date, no Grantor has been the surviving corporation of a merger or combination, except:

NONE.

3. In the five years preceding the Closing Date, no Grantor has acquired any substantial part of the assets of any Person, except:


NONE.

SCHEDULE 16
 To
 AMENDED AND RESTATED SECURITY AGREEMENT
PATENTS, TRADEMARKS AND COPYRIGHTS

1. Parent's and its Subsidiaries' patents:

NONE.

2. Parent's and its Subsidiaries' trademarks:

<u>Trademark</u>	<u>Owner</u>	<u>Status in Trademark Office</u>	<u>Federal Registration No.</u>	<u>Registration Date</u>
CONN'S AWARD WINNING SERVICE SINCE 1890	Conn's, Inc.	Registered	2,758,779	September 2, 2003
	Conn's, Inc.	Registered	2,824,660	March 23, 2004
CONN'S	Conn's, Inc.	Registered	2,824,660	March 23, 2004

3. Parent's and its Subsidiaries' copyrights:

NONE.

AMENDED AND RESTATED CONTINUING GUARANTY

This AMENDED AND RESTATED CONTINUING GUARANTY (as amended from time to time, this "Guaranty"), dated as of November 30, 2010, is executed by **CONN'S, INC.**, a Delaware corporation ("Parent"), **CAI HOLDING CO.**, a Delaware corporation ("CAIH"), **CAI CREDIT INSURANCE AGENCY, INC.**, a Louisiana corporation ("CAIC"), **CONN LENDING, LLC**, a Delaware limited liability company ("CLL"; together with Parent, CAIH, and CAIC, collectively the "Existing Guarantors"), and **CAIAIR, INC.**, a Delaware corporation ("CAIAIR") (the Existing Guarantors and CAIAIR are sometimes individually referred to herein as "Guarantor" and collectively as "Guarantors"), in favor of **BANK OF AMERICA, N.A.**, in its capacity as agent for Lenders (as hereinafter defined) (in such capacity, "Agent 1"); in light of the following facts:

RECITALS:

WHEREAS, pursuant to that certain Amended and Restated Loan and Security Agreement dated as of the date hereof (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), by and among Parent, Conn Appliances, Inc., a Texas corporation ("CAI"), Conn Credit I, LP, a Texas limited partnership ("CCI"), and Conn Credit Corporation, Inc. ("CCCI"), and together with CAI and CCI, collectively, "Borrowers"), the financial institutions from time to time party thereto as lenders (collectively, "Lenders"), Agent, as administrative agent and collateral agent for the Lenders, JPMorgan Chase Bank, National Association, as co-syndication agent, joint book runner, and co-lead arranger for the Lenders, Banc of America Securities LLC, as joint book runner and co-lead arranger for the Lenders, Wells Fargo Preferred Capital, Inc., as co-syndication agent, and CapitalOne, N.A. and Regions Business Capital, a division of Regions Bank, as co-documentation agents for the Lenders, the Lenders have agreed to provide certain financial accommodations to Borrowers;

WHEREAS, each Existing Guarantor previously agreed to guaranty the Guaranteed Obligations pursuant to that Continuing Guaranty dated August 14, 2008 (the "Prior Guaranty"); and

WHEREAS, Guarantors have agreed to amend and restate the Prior Guaranty in its entirety in accordance with the terms and conditions of this Guaranty.

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

- 1. Defined Terms.** All capitalized terms used which are not defined herein have the meanings given to them in the Loan Agreement.
- 2. Guaranty.** Each Guarantor hereby jointly, severally, absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of Borrowers to Agent or any Lender arising under the Loan Agreement and any instruments, agreements or Loan Documents of any kind or nature now or hereafter executed in connection with the Loan Agreement (including the Obligations



and all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys' fees and expenses incurred by Agent or any Lender in connection with the collection or enforcement of any of the foregoing), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any case or proceeding commenced by or against any other Guarantor or any Borrower under any state, federal or foreign law for, or any agreement of such other Guarantor or Borrower to, (a) the entry of an order for relief under the Bankruptcy Code (Title 11, United States Code), or any other insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such other Guarantor or Borrower or any part of its properties; or (c) an assignment or trust mortgage for the benefit of creditors (collectively, "Insolvency Proceeding"), and including interest that accrues after the commencement by or against any Borrower of any proceeding under any Insolvency Proceeding (collectively, the "Guaranteed Obligations"). Agent's books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the Guarantors and conclusive for the purpose of establishing the amount of the Guaranteed Obligations absent manifest error. As to each Guarantor, this Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations against any Borrower or any other Guarantor or other obligor, or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense of any Borrower or any other Guarantor or other obligor, to the obligations of the Guarantors under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing. Anything contained herein to the contrary notwithstanding, the obligations of each Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code (Title 11, United States Code) or any comparable provisions of any similar federal or state law.

3. No Setoff or Deductions; Taxes; Payments. Each Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein. If any such obligation (other than one arising with respect to taxes based on or measured by the income or profits of the Lender) is imposed upon such Guarantor with respect to any amount payable by it hereunder, each Guarantor will pay to the Lender, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable Agent and Lenders to receive the same net amount which Agent and Lenders would have received on such due date had no such obligation been imposed upon such Guarantor. Each Guarantor will deliver promptly to Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Guarantors hereunder. The obligations of the Guarantors under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

4. Rights of Lenders. Each Guarantor consents and agrees that Agent and Lenders may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as Agent or Lenders in their sole

discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantors under this Guaranty or which, but for this provision, might operate as a discharge of any Guarantor.

5. **Certain Waivers.** Each Guarantor waives (a) any defense arising by reason of any disability or other defense of any Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of Agent or any Lender) of the liability of such Borrower; (b) any defense based on any claim that such Guarantors' obligations exceed or are more burdensome than those of the Borrowers; (c) the benefit of any statute of limitations affecting the Guarantors' liability hereunder; (d) any right to require Agent to proceed against any Borrower, proceed against or exhaust any security for the Guaranteed Obligations, or pursue any other remedy in Agent's or any Lender's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by Agent or any Lender; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of non-payment or non-performance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations. Each Guarantor waives any rights and defenses that are or may become available to such Guarantor by reason of Sections 2787 to 2855, inclusive, 2899 and 3433 of the California Civil Code.

6. **Obligations Independent.** The obligations of each Guarantor hereunder are those of a primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other guarantor, and a separate action may be brought against each Guarantor to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party.

7. **Subrogation.** No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and any commitments of Agent and Lenders or facilities provided by Agent or Lenders with respect to the Guaranteed Obligations are terminated. If any amounts are paid to any Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of Agent and Lenders and shall forthwith be paid to Agent to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

8. **Termination; Reinstatement.** This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are indefeasibly paid in full in cash and any commitments of Agent and Lenders or facilities provided by Agent or Lenders with respect to the Guaranteed Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of any Borrower or any Guarantor is made, or Agent or any Lender exercises its right of setoff, in respect of the Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or

preferential, set aside or required (including pursuant to any settlement entered into by Agent or any Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Insolvency Proceeding or otherwise, all as if such payment had not been made or such setoff had not occurred and whether Agent or any Lender is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of each Guarantor under this paragraph shall survive termination of this Guaranty.

9. Subordination. Each Guarantor hereby subordinates the payment of all obligations and indebtedness of Borrowers owing to such Guarantor, whether now existing or hereafter arising, including but not limited to any obligation of any Borrower to any Guarantor as subrogee of Agent or any Lender or resulting from such Guarantor's performance under this Guaranty, to the indefeasible satisfaction of all Guaranteed Obligations, and the termination of any commitments by Lenders under the Loan Agreement. If Agent or any Lender so requests, any such obligation or indebtedness of any Borrower to any Guarantor shall be enforced and performance received by such Guarantor as trustee for Agent and Lenders and the proceeds thereof shall be paid over to Agent on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of any Guarantor under this Guaranty. Notwithstanding the foregoing, a Guarantor may demand and accept repayments of indebtedness of a Borrower owing to such Guarantor as such repayment is expressly permitted under the Loan Agreement.

10. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against any Guarantor or any Borrower under any Insolvency Proceeding, or otherwise, all such amounts shall nonetheless be payable by the Guarantors immediately upon demand by Agent.

11. Expenses. Each Guarantor shall pay on demand all out-of-pocket expenses in any way relating to the enforcement or protection of Agent's or any Lender's rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any "workout" or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of Agent or any Lenders in any Insolvency Proceeding. The obligations of each Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

12. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by Agent and each Guarantor. No failure by Agent or any Lender to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein. Except as set forth in Section 22 herein, unless otherwise agreed by Agent and the Guarantors in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by any Guarantor for the benefit of Agent or any Lender or any term or provision thereof.

13. Condition of Borrowers. Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from each Borrower and any other guarantor such information concerning the financial condition, business and operations of such Borrower and any such other guarantor as the Guarantor requires, and that Agent and Lenders have

no duty, and no Guarantor is relying on Agent or any Lender at any time, to disclose to such Guarantor any information relating to the business, operations or financial condition of any Borrower or any other guarantor (the guarantor waiving any duty on the part of the Lender to disclose such information and any defense relating to the failure to provide the same).

14. Setoff. If and to the extent any payment is not made when due hereunder, Agent and any Lender may setoff and charge from time to time any amount so due against any or all of any Guarantor's accounts or deposits with Agent or any Lender.

15. Representations and Warranties. Each Guarantor represents and warrants that (a) it is duly organized and in good standing under the laws of the jurisdiction of its organization and has full capacity and right to make and perform this Guaranty, and all necessary authority has been obtained; (b) this Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms; (c) the making and performance of this Guaranty does not and will not violate the provisions of any applicable law, regulation or order, and does not and will not result in the breach of, or constitute a default or require any consent under, any material agreement, instrument, or document to which it is a party or by which it or any of its property may be bound or affected; and (d) all consents, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect.

16. Indemnification and Survival. Without limitation on any other obligations of the Guarantors or remedies of Agent or any Lender under this Guaranty, each Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless Agent and each Lender from and against, and shall pay on demand, any and all damages, losses, liabilities and expenses (including attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) that may be suffered or incurred by Agent or any Lender in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of any Borrower enforceable against the Borrowers in accordance with their terms. The obligations of each Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

17. a) GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS).

(b) Consent to Forum; Arbitration.

(i) Forum. EACH GUARANTOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER LOS ANGELES COUNTY, CALIFORNIA, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO THIS GUARANTY, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH GUARANTOR IRREVOCABLY WAIVES ALL CLAIMS,

OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. Service of process by Agent in connection with an action or proceeding regarding this Guaranty shall be binding on each Guarantor if sent to such Guarantor by registered or certified mail

at its address specified below or such other address as from time to time notified by such Guarantor. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Guarantor in any other court, nor limit the right of any party to serve process in any other manner permitted by applicable law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

(ii) Arbitration. Notwithstanding any other provision of this Guaranty to the contrary, any controversy or claim among the parties relating in any way to any Guaranteed Obligations or this Guaranty, including any alleged tort, shall at the request of any party hereto be determined by binding arbitration conducted in accordance with the United States Arbitration Act (Title 9 U.S. Code) (the "Act"). Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association ("AAA"), and the terms of this Section. In the event of any inconsistency, the terms of this Section shall control. If AAA is unwilling or unable to serve as the provider of arbitration or to enforce any provision of this Section, Agent may designate another arbitration organization with similar procedures to serve as the provider of arbitration. The arbitration proceedings shall be conducted in Los Angeles or Pasadena, California. The arbitration hearing shall commence within 90 days of the arbitration demand and close within 90 days thereafter. The arbitration award must be issued within 30 days after close of the hearing (subject to extension by the arbitrator for up to 60 days upon a showing of good cause), and shall include a concise written statement of reasons for the award. The arbitrator shall give effect to applicable statutes of limitation in determining any controversy or claim, and for these purposes, service on AAA under applicable AAA rules of a notice of claim is the equivalent of the filing of a lawsuit. Any dispute concerning this Section or whether a controversy or claim is arbitrable shall be determined by the arbitrator. The arbitrator shall have the power to award legal fees to the extent provided by this Agreement. Judgment upon an arbitration award may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuant to a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief. No controversy or claim shall be submitted to arbitration without the consent of all parties if, at the time of the proposed submission, such controversy or claim relates to an obligation secured by real estate, but if all parties do not consent to submission of such a controversy or claim to arbitration, it shall be determined as provided in the next sentence. At the request of any party, a controversy or claim that is not submitted to arbitration as provided above shall be determined by judicial reference; and if such an election is made, the parties shall designate to the court a referee or referees selected under the auspices of the AAA in the same manner as arbitrators are selected in AAA sponsored proceedings and the presiding referee of the panel (or the referee if there is a single referee) shall be an active attorney or retired judge; and judgment upon the award rendered by such referee or referees shall be entered in the court in which proceeding was commenced. None of the foregoing provisions of this Section shall limit the right of Agent or Lenders to exercise self-help remedies, such as setoff, foreclosure or sale of any collateral or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, after or during any arbitration proceeding. The exercise of a remedy does not waive the right of any party to resort to arbitration or reference. At Agent's option, foreclosure against any real property security may be accomplished either by exercise of power of sale thereunder or by judicial foreclosure.

18. Assignment. This Guaranty shall (a) bind each Guarantor and its successors and assigns, provided that no Guarantor may assign its rights or obligations under this Guaranty without the prior written consent of Agent (and any attempted assignment without such consent shall be

void), and (b) inure to the benefit of Agent, Lender and their successors and assigns and any Lender may, without notice to the Guarantors and without affecting the Guarantors' obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. Each Guarantor agrees that Agent and Lenders may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations of all or part of the Guaranteed Obligations any and all information in Agent's or Lender's possession concerning any Guarantor, this Guaranty and any security for this Guaranty.

19. Notices and Communications.

(a) Notice Address. All notices and other communications by or to a party hereto shall be in writing and shall be given to any party, at such party's address shown on the signature pages hereof. Each such notice or other communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the U.S. mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Any written notice or other communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party.

(b) Electronic Communications; Voice Mail. Electronic and voice mail may not be used as effective notice under this Guaranty.

(c) Non-Conforming Communications. Agent and Lenders may rely upon any notices purportedly given by or on behalf of any Guarantor even if such notices were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Guarantor shall indemnify and hold harmless each of Agent, each Lender, and their respective officers, directors, employees, affiliates, agents and attorneys from any liabilities, losses, costs and expenses arising from any telephonic communication purportedly given by or on behalf of a Guarantor.

20. Additional Guarantor Waivers and Agreements.

(a) Each Guarantor understands and acknowledges that if Agent forecloses judicially or non-judicially against any real property security for the Guaranteed Obligations, that foreclosure could impair or destroy any ability that such Guarantor may have to seek reimbursement, contribution, or indemnification from Borrowers or others based on any right such Guarantor may have of subrogation, reimbursement, contribution, or indemnification for any amounts paid by such Guarantor under this Guaranty. Each Guarantor further understands and acknowledges that in the absence of this paragraph, such potential impairment or destruction of such Guarantor's rights, if any, may entitle such Guarantor to assert a defense to this Guaranty based on Section 580d of the California Code of Civil Procedure as interpreted in Union Bank v. Gradsky, 265 Cal. App. 2d 40 (1968). By executing this Guaranty, each Guarantor freely, irrevocably, and unconditionally: (i) waives and relinquishes that defense and agrees that such Guarantor will be fully liable under this Guaranty even though Agent may foreclose, either by judicial foreclosure or by exercise of power of sale, any deed of trust securing the Guaranteed Obligations; (ii) agrees that such Guarantor will not assert that defense in any action or proceeding which Agent may commence to enforce this Guaranty; (iii) acknowledges and agrees the rights and defenses waived by such Guarantor in this Guaranty include any right or defense that such Guarantor may have or be entitled to assert based upon or

arising out of any one or more of Sections 580a, 580b, 580d, or 726 of the California Code of Civil Procedure or Section 2848 of the California Civil Code; and (iv) acknowledges and agrees that Agent and Lenders are relying on this waiver in creating the Guaranteed Obligations, and that this waiver is a material part of the consideration which Agent and Lenders are receiving for creating the Guaranteed Obligations.

(b) Each Guarantor waives all rights and defenses that such Guarantor may have because of any of the Guaranteed Obligations is secured by real property. This means, among other things: (i) Agent may collect from the Guarantors without first foreclosing on any real or personal property collateral pledged by any Borrower; and (ii) if Agent forecloses on any real property collateral pledged by any Borrower: (A) the amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Agent may collect from the Guarantors even if Agent, by foreclosing on the real property collateral, has destroyed any right the Guarantors may have to collect from the Borrowers. This is an unconditional and irrevocable waiver of any rights and defenses any Guarantor may have because any of the Guaranteed Obligations is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

(c) Each Guarantor waives any right or defense it may have at law or equity, including California Code of Civil Procedure Section 580a, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure.

21. Obligations Secured. The obligations of Guarantors hereunder are secured by that certain Amended and Restated Security Agreement entered into by Guarantors and Agent as of even date herewith, as may be amended, restated or otherwise modified from time to time.

22. No Novation. Each Guarantor hereby agrees that, effective upon the execution and delivery of this Guaranty by such Guarantor, the terms and provisions of the Prior Guaranty shall be and hereby are amended, restated and superseded in their entirety by the terms and provisions of this Guaranty. Nothing herein contained shall be construed as a substitution or novation of the obligations of Guarantors outstanding under the Prior Guaranty, which obligations shall remain in full force and effect, except to the extent that the terms thereof are modified hereby or by instruments executed concurrently herewith. Nothing expressed or implied in this Guaranty shall be construed as a release or other discharge of Guarantors from any of their obligations or liabilities under the Prior Guaranty or any of the other loan documents executed in connection therewith. Each Guarantor hereby confirms and agrees that each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the date hereof all references in any such Loan Document to “the Guaranty”, “thereto”, “thereof”, “thereunder” or words of like import referring to the Prior Guaranty shall mean the Prior Guaranty as amended and restated by this Guaranty.

[Signature pages to follow]

CONN'S INC.
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title:
Address: 3295 College Street
Beaumont, Texas 77701

CAI CREDIT INSURANCE AGENCY, INC.,
a Louisiana corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address: 3295 College Street
Beaumont, Texas 77701

CAI HOLDING CO.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer
Address: 3295 College Street
Beaumont, Texas 77701

Amended and Restated Continuing Guaranty

CONN LENDING, LLC
a Delaware limited liability company

By: /s/ Mary Stawikey
Name: Mary Stawikey
Title: President and Secretary
Address: 3295 College Street
Beaumont, Texas 77701

CAIAIR, INC.
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer
Address: 3295 College Street
Beaumont, Texas 77701

Amended and Restated Continuing Guaranty

CONN FUNDING II, L.P.,

as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Trustee

Asset Backed Notes

(Issuable in Series)

SIXTH SUPPLEMENTAL INDENTURE

Dated as of November 30, 2010

SIXTH SUPPLEMENTAL INDENTURE

This SIXTH SUPPLEMENTAL INDENTURE is dated as of November 30, 2010 (this "Sixth Supplemental Indenture"), is between CONN FUNDING II, L.P., a special purpose limited partnership established under the laws of Texas, as issuer (the "Issuer"), and WELLS FARGO BANK, NATIONAL ASSOCIATION (successor by merger to Wells Fargo Bank Minnesota, National Association), a banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"). Capitalized terms used herein but not otherwise defined shall have the meanings given in the Indenture (as defined below).

RECITALS

WHEREAS, the Issuer and the Trustee have entered into a Base Indenture dated as of September 1, 2002, between the Issuer and the Trustee (the "Base Indenture"), as supplemented by (i) the First Supplemental Indenture dated as of October 29, 2004 (the "First Supplemental Indenture"), (ii) the Second Supplemental Indenture dated as of June 1, 2006 (the "Second Supplemental Indenture"), (iii) the Third Supplemental Indenture dated as of June 28, 2007 (the "Third Supplemental Indenture"), (iv) the Fourth Supplemental Indenture dated as of August 14, 2008 (the "Fourth Supplemental Indenture"), (v) the Fifth Supplemental Indenture dated as of July 2, 2010 (the "Fifth Supplemental Indenture"), (vi) the Amended and Restated Series 2002-A Supplement dated as of September 10, 2007 (as amended, the "2002-A Supplement"), as amended by (a) Supplement No. 1 to Series 2002-A Supplement dated as of August 14, 2008 ("Supplement No. 1"), and (b) Supplement No. 2 to Series 2002-A Supplement dated as of March 16, 2010 ("Supplement No. 2"), pursuant to which the Issuer's Series 2002-A Notes (the "Series 2002-A Notes") were issued, and (vii) the Series 2006-A Series Supplement dated as of August 1, 2006 (the "2006-A Supplement" and, together with the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture and the 2002-A Supplement, the "Indenture"), pursuant to which the Issuer's Series 2006-A Notes were issued (the "Series 2006-A Notes", and together with the Series 2002-A Notes, the "Notes"); and

WHEREAS, the Issuer and the Trustee desire to amend certain provisions of the Indenture to permit the release of the Trust Estate to the Issuer on the day that any redemption of Notes is effected pursuant to Section 14.1(b) of the Base Indenture; and

WHEREAS, Section 13.2 of the Base Indenture requires the consent of the Required Persons and the Holder of each outstanding Note affected by the amendments reflected herein; and

WHEREAS, the Notes of all Series have been redeemed by the Issuer on the date hereof and, therefore, there are no Required Person or Holders of Notes.

SIXTH SUPPLEMENTAL INDENTURE
CONN FUNDING II, L.P.

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Issuer and the Trustee covenant and agree as follows:

ARTICLE 1.

GENERAL

SECTION 1.01 This Sixth Supplemental Indenture is supplemental to the Indenture and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

SECTION 1.02 This Sixth Supplemental Indenture shall become effective upon the later to occur of (i) the execution and delivery of this Sixth Supplemental Indenture by each of the Issuer and the Trustee and (ii) the redemption of all Series of Notes by the Issuer pursuant to Section 14.1(b) of the Base Indenture.

ARTICLE 2.

AMENDMENT TO BASE INDENTURE

SECTION 2.01 Amendment of Section 12.1. Section 12.1 of the Base Indenture is hereby amended by replacing the words “on the first Business Day after the Payment Date on which the Issuer has paid, caused to be paid or irrevocably deposited or caused to be irrevocably deposited in the applicable Payment Account and any applicable Series Account” with “on the Business Day on which the Issuer has paid, caused to be paid or irrevocably deposited or caused to be irrevocably deposited in the applicable Trust Account”.

ARTICLE 3.

MISCELLANEOUS

SECTION 3.01 Except as specifically modified herein, the Indenture, as heretofore amended, is in all respects ratified and confirmed (mutatis mutandis) and shall remain in force and effect in accordance with their terms.

SECTION 3.02 Except as otherwise expressly provided herein, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Sixth Supplemental Indenture, and this Sixth Supplemental Indenture shall not affect the rights or immunities of the Trustee under the Indenture. This Sixth Supplemental Indenture is executed and accepted by the Trustee subject to all the terms and conditions set forth in the Indenture with the same force and effect as if those terms and conditions were repeated at length herein and made applicable to the Trustee with respect thereto.

SECTION 3.03 The laws of the State of New York shall govern this Sixth Supplemental Indenture without regard to the conflict of laws provisions thereof.

SIXTH SUPPLEMENTAL INDENTURE
CONN FUNDING II, L.P.

SECTION 3.04 This Sixth Supplemental Indenture may be executed in two or more counterparts and by different parties on separate counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

SECTION 3.05 The Issuer reaffirms that (i) each of the representations and warranties made by it in the Indenture and each of the other Transaction Documents to which it is a party are true and correct in all material respects on and as of the effective date hereof (except to the extent they expressly relate to an earlier or later time and then as of such earlier or later time), (ii) no Event of Default or event which, upon notice or lapse of time or both, would result in an Event of Default with respect to the Notes has occurred, and (iii) no Servicer Default or event which, upon notice or lapse of time or both, would result in a Servicer Default has occurred.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURE PAGES FOLLOW]

SIXTH SUPPLEMENTAL INDENTURE
CONN FUNDING II, L.P.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Sixth Supplemental Indenture to be duly executed by their respective officers, thereunto duly authorized, as of the day and year first written above.

CONN FUNDING II, L.P., as Issuer

By: Conn Funding II GP, L.L.C.,
its general partner

By: /s/ Michael J. Poppe

Name: Michael J. Poppe

Title: Vice President and Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
not in its individual capacity,
but solely as Trustee

By: /s/ Kristen L. Puttin

Name: Kristen L. Puttin

Title: Vice President

SIXTH SUPPLEMENTAL INDENTURE
CONN FUNDING II, L.P.

SIXTH AMENDMENT TO SERVICING AGREEMENT

THIS SIXTH AMENDMENT TO SERVICING AGREEMENT, made effective as of November 29, 2010 (this "Amendment"), is among:

- (i) CONN FUNDING II, L.P., as the Issuer (the "Issuer");
- (ii) CONN APPLIANCES, INC. (successor by merger to CAI, L.P.), as the Servicer (the "Servicer"); and
- (iii) WELLS FARGO BANK, NATIONAL ASSOCIATION (successor by merger to Wells Fargo Bank Minnesota, National Association), as the Trustee (the "Trustee").

BACKGROUND

- A. Reference is made to (i) the Servicing Agreement, dated as of September 1, 2002, among the Issuer, the Servicer and the Trustee (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement"), (ii) the Base Indenture, dated as of September 1, 2002, between the Issuer and the Trustee (as amended, restated, supplemented or otherwise modified through the date hereof, the "Base Indenture"), (iii) the Series 2002-A Supplement, dated as of September 1, 2002, between the Issuer and the Trustee (as amended, restated, supplemented or otherwise modified through the date hereof, the "2002-A Supplement") and (iv) the Series 2006-A Supplement, dated as of August 1, 2006, between the Issuer and the Trustee (as amended, restated, supplemented or otherwise modified through the date hereof, the "2006-A Supplement" and, together with, the Base Indenture and the 2002-A Supplement, the "Indenture"). Capitalized terms used herein but not otherwise defined herein have the meanings assigned thereto in the Agreement or the Indenture.
- B. The Servicer has requested that the Issuer and Trustee agree to amend certain provisions of the Agreement regarding the delivery of reports thereunder by the Servicer's accountants.
- C. Pursuant to Section 7.01(b) of the Agreement, such an amendment requires the consent of the Required Persons of each outstanding Series.

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

SECTION 1. Amendment to Section 2.02(e)(i) of the Agreement. Section 2.02(e)(i) of the Agreement is hereby amended by inserting the following proviso at the end of the first sentence thereof:

“;provided, however, that with respect to the report due 90 days after July 31, 2010, the Servicer shall be deemed in compliance with this Section 2.02(e)(i) if such report shall be delivered in accordance with this Section 2.02(e)(i) on or prior to December 15, 2010.”

SECTION 2. Conditions to Effectiveness. This Amendment shall become effective upon (i) the execution and delivery to the Trustee of this Amendment by each of the parties hereto and (ii) the receipt of the consent of the Required Persons of each Series.

SECTION 3. Representations and Warranties. Each of the Issuer and Servicer represents and warrants upon and as of the effectiveness of this Amendment that:

(a) no event or condition has occurred and is continuing which would constitute a Servicer Default or would constitute a Servicer Default but for the requirement that notice be given or time elapsed or both; and

(b) after giving effect to this Amendment, its representations and warranties set forth in the Agreement and the other Transaction Documents to which it is a party are true and correct as of the date thereof, as though made on and as of such date (except to the extent such representations and warranties relate solely to an earlier date and then as of such earlier date), and such representations and warranties shall continue to be true and correct (to such extent) after giving effect to the transactions contemplated hereby.

SECTION 4. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement is hereby ratified and confirmed in all respects, and all of its provisions shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to “the Servicing Agreement”, “this Agreement”, “hereof”, “herein”, or words of similar effect, in each case referring to the Agreement, shall be deemed to be references to the Agreement as amended hereby. This Amendment shall not be deemed to expressly or impliedly waive, amend, or supplement any provision of the Agreement other than as specifically set forth herein.

SECTION 5. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same agreement.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to any otherwise applicable conflict of laws principles (other than Section 5-1401 of the New York General Obligations Law).

SECTION 7. Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 8. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

IN WITNESS WHEREOF, the parties have entered into this Amendment to be effective as of the date first written above.

CONN FUNDING II, L.P., as Issuer

By: Conn Funding II GP, L.L.C.,
its general partner

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Vice President and Chief Financial Officer

CONN APPLIANCES, INC., as Servicer

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

WELLS FARGO BANK, NATIONAL
ASSOCIATION, not in its individual capacity, but solely as Trustee

By: /s/ Kristen L. Puttin
Name: Kristen L. Puttin
Title: Vice President

Signature Page
Sixth Amendment to Servicing Agreement

The undersigned, as the sole holders of the Series 2002-A Variable Funding Asset Backed Floating Rate Notes of Conn Funding II, L.P., do hereby consent to the Sixth Amendment to Servicing Agreement made effective as of November 29, 2010, among Conn Funding II, L.P., Conn Appliances, Inc. and Wells Fargo Bank, National Association.

THREE PILLARS FUNDING LLC, as a Conduit Purchaser

By: /s/ Karla L. Boyd
Name: Karla L. Boyd
Title: Vice President

JPMORGAN CHASE BANK, N.A., as Committed Purchaser

By: /s/ Benita Volid
Name: Benita Volid
Title: Vice President

JUPITER SECURITIZATION COMPANY LLC,
as a Conduit Purchaser

By: JPMorgan Chase Bank, N.A.,
its attorney-in-fact

By: /s/ Benita Volid
Name: Benita Volid
Title: Vice President

Signature Page
Sixth Amendment to Servicing Agreement

CONN'S, INC.
as Parent and Guarantor
and
CONN APPLIANCES, INC.,
CONN CREDIT I, LP, and
CONN CREDIT CORPORATION, INC.
as Borrowers

**TERM
LOAN AND SECURITY AGREEMENT**

Dated as of November 30, 2010

\$100,000,000

CERTAIN FINANCIAL INSTITUTIONS,

as Lenders,

WELLS FARGO CREDIT, INC.,
As Syndication Agent

GB MERCHANT PARTNERS, LLC
As Documentation Agent

and

GA CAPITAL, LLC,
as Administrative Agent and Collateral Agent,

TABLE OF CONTENTS

	Page
SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION	1
1.1 Definitions	1
1.2 Accounting Terms	28
1.3 Uniform Commercial Code	29
1.4 Certain Matters of Construction	29
SECTION 2. CREDIT FACILITY	29
2.1 Term Loan	29
SECTION 3. INTEREST, FEES AND CHARGES	30
3.1 Interest	30
3.2 Fees	30
3.3 Computation of Interest, Fees, Yield Protection	30
3.4 Reimbursement Obligations	31
3.5 Illegality	31
3.6 Inability to Determine Rates	31
3.7 Increased Costs; Capital Adequacy	31
3.8 Mitigation; Replacement of Foreign Lender	32
3.9 Funding Losses	33
3.10 Maximum Interest	33
SECTION 4. LOAN ADMINISTRATION	33
4.1 [Reserved]	33
4.2 Borrower Agent	33
4.3 One Obligation	34
4.4 Effect of Termination	34
SECTION 5. PAYMENTS	34
5.1 General Payment Provisions	34
5.2 Repayment of Term Loan	34
5.3 Curative Equity	35
5.4 Payment of Other Obligations	36
5.5 Marshaling; Payments Set Aside	36
5.6 Post-Default Allocation of Payments	36
5.7 Application of Payments	37
5.8 Loan Account; Account Stated	37
5.9 Taxes	37
5.10 Lender Tax Information	38
5.11 Nature and Extent of Each Borrower's Liability	39
SECTION 6. CONDITIONS PRECEDENT	41
6.1 Conditions Precedent to Term Loan	41

TABLE OF CONTENTS
(continued)

	Page
SECTION 7. COLLATERAL	44
7.1 Grant of Security Interest	44
7.2 Lien on Deposit Accounts; Cash Collateral	45
7.3 Real Estate Collateral	45
7.4 Other Collateral	46
7.5 No Assumption of Liability	46
7.6 Further Assurances	46
7.7 Foreign Subsidiary Stock	47
7.8 Contract Legend	47
SECTION 8. COLLATERAL ADMINISTRATION	47
8.1 Collateral Reports	47
8.2 Administration of Contracts	48
8.3 Administration of Inventory	50
8.4 Administration of Equipment	50
8.5 Administration of Deposit Accounts	51
8.6 Administration of Credit Card Accounts	51
8.7 General Provisions	51
8.8 Power of Attorney	52
SECTION 9. REPRESENTATIONS AND WARRANTIES	53
9.1 General Representations and Warranties	53
9.2 Complete Disclosure	58
SECTION 10. COVENANTS AND CONTINUING AGREEMENTS	58
10.1 Affirmative Covenants	58
10.2 Negative Covenants	62
10.3 Financial Covenants	67
10.4 Curative Equity	68
10.5 Contract Forms	69
10.6 Credit and Collection Guidelines	69
10.7 Minimum Cash Recovery Percent	69
SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT	69
11.1 Events of Default	69
11.2 Remedies upon Default	71
11.3 License	71
11.4 Setoff	72
11.5 Remedies Cumulative; No Waiver	72
SECTION 12. AGENT	72
12.1 Appointment, Authority and Duties of Agent	72

TABLE OF CONTENTS
(continued)

	Page	
12.2	Agreements Regarding Collateral and Field Examination Reports	74
12.3	Reliance By Agent	74
12.4	Action Upon Default	74
12.5	Ratable Sharing	75
12.6	Indemnification of Agent Indemnitees	75
12.7	Limitation on Responsibilities of Agent	75
12.8	Successor Agent and Co-Agents	76
12.9	Due Diligence and Non-Reliance	77
12.10	Replacement of Certain Lenders	77
12.11	Remittance of Payments and Collections	77
12.12	No Third Party Beneficiaries	78
12.13	Agent Titles	78
SECTION 13.	BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS	78
13.1	Successors and Assigns	78
13.2	Participations	78
13.3	Assignments	79
SECTION 14.	MISCELLANEOUS	80
14.1	Consents, Amendments and Waivers	80
14.2	Indemnity	80
14.3	Notices and Communications	81
14.4	Performance of Borrowers' Obligations	81
14.5	Credit Inquiries	82
14.6	Severability	82
14.7	Cumulative Effect; Conflict of Terms	82
14.8	Counterparts	82
14.9	Entire Agreement	82
14.10	Relationship with Lenders	82
14.11	No Advisory or Fiduciary Responsibility	82
14.12	Confidentiality	83
14.13	Intentionally Omitted	83
14.14	GOVERNING LAW	83
14.15	Consent to Forum; WAIVER OF JURY TRIAL	83
14.16	Waivers by Borrowers	84
14.17	Patriot Act Notice	85
14.13	Intercreditor Agreement	85

TABLE OF CONTENTS

LIST OF EXHIBITS AND SCHEDULES

Exhibit A	Term Note
Exhibit B	Assignment and Acceptance
Exhibit C	Assignment Notice
Exhibit D	Officer's Certificates
Exhibit E	Borrowing Base Certificate
Schedule 1.1	Term Loan Commitments of Lenders
Schedule 7.1(j)	Equity Interests
Schedule 7.3	Eligible Real Estate
Schedule 8.1	Reporting Requirements
Schedule 8.5	Deposit Accounts
Schedule 8.6.1	Credit Card Agreements
Schedule 8.7.1	Business Locations
Schedule 9.1.4	Names and Capital Structure
Schedule 9.1.5	Former Names and Companies
Schedule 9.1.11	Patents, Trademarks, Copyrights and Licenses
Schedule 9.1.14	Environmental Matters
Schedule 9.1.15	Restrictive Agreements
Schedule 9.1.16	Litigation
Schedule 9.1.18	Pension Plans
Schedule 9.1.20	Labor Contracts
Schedule 10.2.2	Existing Liens
Schedule 10.2.17	Existing Affiliate Transactions

**TERM
LOAN AND SECURITY AGREEMENT**

THIS TERM LOAN AND SECURITY AGREEMENT is dated as of November 30, 2010, among **CONN'S, INC.**, a Delaware corporation, as parent and guarantor ("Parent"), **CONN APPLIANCES, INC.**, a Texas corporation ("CAI"), **CONN CREDIT I, LP**, a Texas limited partnership ("CCI"), and **CONN CREDIT CORPORATION, INC.**, a Texas corporation ("CCCI", and together with CAI and CCI, collectively, "Borrowers"), the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), **GA CAPITAL, LLC**, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent") and **WELLS FARGO CREDIT, INC.**, as Syndication Agent.

RECITALS:

WHEREAS, Borrowers have requested that Agent and Lenders make a term loan to Borrowers in an aggregate amount not to exceed \$100,000,000, which term loan Borrowers will use for the purposes permitted hereunder; and

WHEREAS, Agent and Lenders have agreed to make such term loan to Borrowers upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Lenders, Agent, Parent and Borrowers hereby agree as follows:

SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions. As used herein, the following terms have the meanings set forth below:

ABL Agent: Bank of America, N.A., together with its successors and assigns.

ABL Credit Agreement: the Amended and Restated Loan and Security Agreement dated as of November 30, 2010 between Parent and Borrowers, on the one hand, and ABL Agent and the lenders party thereto, on the other hand, as the same may be amended, restated or otherwise modified as permitted by the Intercreditor Agreement.

ABL Facility: the senior secured revolving credit facility pursuant to the ABL Credit Agreement and the other ABL Loan Documents.

ABL Loan Documents: the ABL Credit Agreement and each other document related to or evidencing the ABL Facility including the Loan Documents, as defined in the ABL Credit Agreement.

Account: as defined in the UCC, including all rights to payment for goods sold or leased, or for services rendered.

Adjusted Tangible Assets: all assets of Parent and Borrowers on a consolidated basis, except (a) patents, copyrights, trademarks, trade names, franchises, goodwill, and other similar intangibles; (b) assets constituting intercompany Accounts; (c) assets located and notes and receivables due from obligors domiciled outside the United States of America or Canada; and (d) fixed assets to the extent of any write-up in the book value thereof.

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

Agent Indemnitees: Agent and its officers, directors, employees, Affiliates, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Allocable Amount: as defined in **Section 5.11.3(b)**.

Anti-Terrorism Laws: any laws relating to terrorism or money laundering, including the Patriot Act.

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Applicable Margin: eleven and one-half (11.5%) percent.

Approved Fund: any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of an Obligor, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

Assignment and Acceptance: an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit B**.

Availability: has the meaning set forth in the ABL Credit Agreement.

Bankruptcy Code: Title 11 of the United States Code.

Base Rate: the variable annual rate of interest equal to the “prime rate” as published from time to time in the *Wall Street Journal* or, if not available in the *Wall Street Journal* or the *Wall Street Journal* ceases to be published, the “prime rate” as published from time to time in a similar nationally recognized financial publication.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrowed Money: with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business and obligations owing to Flooring Lenders), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrower: as defined in the preamble of this Agreement.

Borrower Agent: as defined in **Section 4.2**.

Borrowing Base: as defined in the ABL Credit Agreement.

Borrowing Base Certificate: a certificate, in form and substance satisfactory to Agent (a form acceptable as of the Closing Date is attached as **Exhibit E**) by which Borrowers certify calculation of the Borrowing Base and the Term Loan Borrowing Base.

Business Day: any day other than a Saturday, Sunday or any other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, Texas and New York, New York.

CAIC: CAI Credit Insurance Agency, Inc., a Louisiana corporation.

CAIH: CAI Holding Co., a Delaware corporation.

Capital Expenditures: all liabilities incurred, expenditures made or payments due (whether or not made) by any Borrower or any of its Subsidiaries for the acquisition of any fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year, including the principal portion of Capital Leases, in each case in accordance with GAAP.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, except those Leases existing as of the date of any change in GAAP that requires all leases to be capitalized for financial statement purposes.

Cash Collateral: cash, and any interest or other income earned thereon, that is delivered to Agent to Cash Collateralize any Obligations.

Cash Collateral Account: a demand deposit, money market or other account established by Agent at such financial institution as Agent may select in its discretion, which account shall be subject to Agent's Liens for the benefit of Secured Parties.

Cash Collateralize: the delivery of cash to Agent, as security for the payment of Obligations, in an amount equal to the Agent's good faith estimate of the amount due or to become due, including all fees and other amounts relating to such Obligations. "Cash Collateralization" has a correlative meaning.

Cash Equivalents: (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the United States government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by a commercial bank organized under the laws of the United States or any state or district thereof, rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b); (d) commercial paper rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing within nine months of the date of acquisition; and (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

Cash Recovery Percent: the percent, calculated as of the end of the last day of each month, equal to the amount determined by dividing (i) the actual Gross Cash Collections received by Borrowers from payments made by Contract Debtors during the previous three (3) months by (ii) the sum of the Gross Contract Payments outstanding as of the beginning of the first day of each of the previous three (3) months.

CCI Originator Notes: the revolving subordinated promissory notes made by CCI in favor of CAI evidencing that portion of the purchase price represented by Debt incurred by CCI in connection with its purchase of contracts from CAI pursuant to the CCI Receivables Purchase Agreement.

CCI Receivables Purchase Agreement: that certain Contract Receivables Purchase Agreement entered into as of the Closing Date between CCI, as purchaser, CAI, as originator and seller, together with all amendments, modifications and supplements thereto, which agreement shall be in form and substance substantially similar to the CCCI Receivables Purchase Agreement.

CCCI Originator Notes: the revolving subordinated promissory notes made by CCI in favor of CCCI evidencing that portion of the purchase price represented by Debt incurred by CCI in connection with its purchase of contracts from CCCI pursuant to the CCCI Receivables Purchase Agreement.

CCCI Receivables Purchase Agreement: that certain Contract Receivables Purchase Agreement dated as of August 14, 2008 between CCI, as purchaser, CCCI, as originator and seller, together with all amendments, modifications and supplements thereto.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 et seq.).

CFII Originator Note: the subordinated promissory note made by CCI in favor of Conn Funding II, L.P., and transferred to CAI, evidencing that portion of the purchase price represented by Debt incurred by CCI in connection with its purchase of Contracts from Conn Funding II, L.P. pursuant to the CFII Receivables Purchase Agreement.

CFII Receivables Purchase Agreement: that certain Receivables Purchase Agreement dated as of the Closing Date between CCI, as purchaser, and Conn Funding II, L.P., as seller, together with all amendments, modifications and supplements thereto.

Change in Law: the occurrence, after the date hereof, of (a) the adoption or taking effect of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

Change of Control: (a) Parent ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests in CAI; (b) CAI ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests of CAIH, CCCI, CAIC, CCI and CLL; (c) a change in the majority of directors of Parent, CAI, CAI Holding Co. or CCCI, unless approved by the then majority of directors of such entity; or (d) all or substantially all of a Borrower's assets are sold or transferred, other than a sale or transfer to another Borrower.

Claims: all claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations, resignation or replacement of Agent, or replacement of any Lender) incurred by or asserted against any Indemnitee in any way relating to (a) the Term Loan, any Loan Documents, or the use thereof or transactions relating thereto, (b) any action taken or omitted to be taken by any Indemnitee in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) the exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) the failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

CLL: Conn Lending, LLC, a Delaware limited liability company.

Closing Date: as defined in **Section 6.1**.

Code: the Internal Revenue Code of 1986.

Collateral: all Property described in **Section 7.1**, all Property described in any Security Documents as security for any Obligations, and all other Property that now or hereafter secures (or is intended to secure) any Obligations.

Compliance Certificate: a certificate, in form and substance satisfactory to Agent, by which Borrowers certify compliance with **Sections 10.2.3 and 10.3.**

Contingent Obligation: any obligation of a Person (without duplication) arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation (“**primary obligations**”) of another obligor (“**primary obligor**”) in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

Contract Allocation Agreement: an agreement in form and substance satisfactory to Agent between a Borrower and the Securitization Subsidiary, pursuant to which certain Contracts are randomly designated as Securitized Contracts and are allocated to the Securitization Subsidiary.

Contracts: all of each Borrower’s now owned and hereafter acquired loan agreements, accounts, revolving credit agreements, installment sale contracts, Instruments, notes, documents, chattel paper, and all other forms of obligations owing to such Borrower, including any collateral for any of the foregoing, including all rights under any and all security documents and merchandise returned to or repossessed by such Borrower. For the avoidance of doubt, all Contracts shall include the Contracts assigned to a Borrower pursuant to the Intercompany Assignment Agreement.

Contract Debtor: each Person who is obligated to a Borrower to perform any duty under or to make any payment pursuant to the terms of a Contract.

Contract Formula Amount: (i) from the Closing Date through and including December 14, 2010, 97.5% of the Value of Gross Contract Payments, (ii) from December 15, 2010 through and including June 14, 2011, 96.25% of the Value of Gross Contract Payments, and (iii) thereafter, 95% of the Value of Gross Contract Payments. Notwithstanding the foregoing, the portion of the Contract Formula Amount supported by Eligible Revolving Contracts shall at no time exceed 10% of the CCI Borrowing Base (as defined in the ABL Credit Agreement).

Credit Card Account: Accounts together with all income, payments and proceeds thereof, owed by a Credit Card Issuer or Credit Card Processor to a Borrower resulting from charges by a retail customer of a Borrower on credit or debit cards in connection with the sale of goods by a Borrower, or services performed by a Borrower, in each case in the Ordinary Course of Business.

Credit Card Account Formula Amount: 75% of the Value of Eligible Credit Card Accounts.

Credit Card Agreements: with respect to each Borrower, all agreements now or hereafter entered into by such Borrower with any Credit Card Issuer or any Credit Card Processor, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

Credit Card Issuers: any person (other than a Borrower) who issues or whose members issue credit cards, including, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., VISA, U.S.A., Inc. or Visa International and American Express, Discover, Diners Club, Carte Blanche and other non-bank credit or debit cards.

Credit Card Processor Notifications: with respect to each Borrower, individually and collectively, the letter agreements executed by such Borrower and delivered to such Borrower's Credit Card Issuers or Credit Card Processors who are parties to Credit Card Agreements acknowledging ABL Agent's first priority Lien and the Agent's second priority Lien in the monies due and to become due to such Borrower under the Credit Card Agreements of such Borrower, and instructing such Credit Card Issuers or Credit Card Processors to transfer all such amounts to the Dominion Accounts, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

Credit Card Processors: with respect to each Borrower, any servicing or processing agent or any financial intermediary who facilitates, services, processes or manages the credit authorization, billing transfer and/or payment procedures with respect to any of such Borrower's sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer.

Credit and Collection Guidelines: Borrowers' guidelines (which have previously been reviewed and approved by the Agent) which state in detail the credit criteria used by Borrowers in determining the creditworthiness of Contract Debtors and the collection criteria used by Borrowers in collection of amounts due from Contract Debtors.

Curative Equity: common equity contributions made to Parent which Parent contributes as additional common equity contributions to any Borrower and which is designated "Curative Equity" by Borrower Agent under **Section 10.4** at the time it is contributed.

Customer Deposit Reserve: as of any measurement date, a reserve equal to the aggregate amount of deposits paid by the customers of any Borrower for the purchase of goods.

CWA: the Clean Water Act (33 U.S.C. §§ 1251 et seq.).

Debt: as applied to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Leases, but excluding trade payables, accrued expenses and deferred revenues incurred and being paid in the Ordinary Course of Business and amounts owed to Flooring Lenders on account of flooring arrangements paid in the Ordinary Course of Business; (b) all Contingent Obligations; (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of a Borrower, the Obligations. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

Default: an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

Default Rate: for any Obligation (including, to the extent permitted by law, interest not paid when due), 3% plus the interest rate otherwise applicable thereto.

Deposit Account Control Agreements: the Deposit Account control agreements to be executed by each institution maintaining a Deposit Account for a Borrower, in favor of Agent and ABL Agent, as security for the Obligations.

Distribution: any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt to a holder of Equity Interests; or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

Dollars: lawful money of the United States.

Dominion Accounts: special accounts established by Borrowers at Bank of America, N.A. or other banks acceptable to Agent, over which ABL Agent and Agent have exclusive control for withdrawal purposes.

Dominion Trigger Period: as defined in the ABL Credit Agreement.

EBITDAR: as of any date of determination, on a trailing 12-month basis and determined on a consolidated basis for Parent and its Subsidiaries derived from financial statements prepared in accordance with GAAP, net income, calculated before interest expense, provision for income taxes, depreciation and amortization expense, stock based compensation, book rent expense, gains or losses arising from the sale of capital assets, any extraordinary gains or losses (in each case, to the extent included in determining net income) (except that net cash extraordinary gains or losses included in the determination of EBITDAR will not exceed \$5,000,000 in any trailing twelve month period), and reduced on a Fiscal Quarter basis or such other determination date by an amount equal to (if a positive result) the sum of the EBITDAR Loss Reserve measured as of the end of any Fiscal Quarter or such other determination date, minus Borrowers' recorded loss reserve measured as of the end of the same Fiscal Quarter or such other determination date.

EBITDAR Loss Reserve: at any date is the sum of (i) Net Charge-Offs for the 12-month period ending on the measurement date, plus (ii) the net change in Net Balances over 180 days past due for the 12-month period ending on the measurement date.

Eligible Assignee: a Person that is (a) a Lender, an Affiliate of a Lender or Approved Fund; (b) any other financial institution approved by Agent and Borrower Agent (which approval by Borrower Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment) that is organized under the laws of the United States or any state or district thereof and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of the Code or any other Applicable Law; and (c) during any Event of Default, any Person acceptable to Agent in its discretion; provided, that none of Parent or its Subsidiaries may be an Eligible Assignee.

Eligible Contracts: those Contracts owned by a Borrower that Agent, in its reasonable judgment, deems to be Eligible Contracts. Without limiting the foregoing, but without duplication of any criteria taken into account in the most recent appraisal of Contracts delivered to Agent by an appraiser and using methodology reasonably acceptable to Agent, no Contract shall be an Eligible Contract unless:

- (a) such Contract is owned by a Borrower and such Borrower has good and marketable title to such Contract free and clear of any Lien of any Person other than Agent and ABL Agent;
- (b) the Contract complies in all material respects with all of Borrowers' warranties and representations contained herein;
- (c) the Contract Debtor is not an Affiliate of an Obligor;
- (d) repayment of the Contract is secured by a first priority interest in any merchandise sold in connection therewith;
- (e) the Contract is originated or acquired in the Ordinary Course of Business;
- (f) Agent has a second priority perfected Lien in the Contract (subject only to the first priority Lien of the ABL Agent in the Contract); and
- (g) the merchandise, if any, which secures the Contract has been delivered to the Contract Debtor and has not been repossessed by a Borrower or returned by the Contract Debtor to a Borrower.

Eligible Credit Card Accounts: Credit Card Accounts that Agent, in its discretion, deems to be Eligible Credit Card Accounts. Without limiting the foregoing, no Credit Card Account shall be an Eligible Credit Card Account unless:

- (a) such Credit Card Account is owned by a Borrower and such Borrower has good and marketable title to such Credit Card Account free and clear of any Lien of any Person other than Agent and the ABL Agent;
- (b) such Credit Card Account constitutes an "Account" (as defined in the UCC) and such Credit Card Account has not been outstanding for more than 5 Business Days;
- (c) the Credit Card Issuer or Credit Card Processor of the applicable credit card with respect to such Credit Card Account is not the subject of any bankruptcy or insolvency proceedings;
- (d) such Credit Card Account is a valid, legally enforceable obligation of the applicable issuer with respect thereto;
- (e) such Credit Card Account is subject to a properly perfected second priority Lien in favor of Agent (subject only to the first priority Lien of the ABL Agent in the Credit Card Account);

(f) the Credit Card Account conforms to all representations, warranties or other provisions in the Loan Documents relating to Credit Card Account;

(g) such Credit Card Account is owed by a Person that has received a Credit Card Processor Notification;

(h) such Credit Card Account is not evidenced by “chattel paper” or an “instrument” of any kind unless such “chattel paper” or “instrument” is in the possession of Agent or its designee (including the ABL Agent as agent for the Agent pursuant the Intercreditor Agreement), and to the extent necessary or appropriate, endorsed to Agent or its designee (including the ABL Agent as agent for the Agent pursuant the Intercreditor Agreement);

(i) such Credit Card Account indicates no Person other than a Borrower as payee or remittance party;

(j) such Credit Card Account has not been disputed, is without recourse, and with respect to which no claim, counterclaim, offset or chargeback has been asserted (to the extent of such claim, counterclaim, offset or chargeback); or

(k) such Credit Card Account has been earned and represents the bona fide amounts due to a Borrower from a Credit Card Processor and/or Credit Card Issuer, and in each case originated in the Ordinary Course of Business.

Eligible Inventory: Inventory owned by a Borrower that Agent, in its reasonable judgment, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it (a) is finished goods and not raw materials, work-in-process, packaging or shipping materials, labels, samples, display items, bags, replacement parts or manufacturing supplies; (b) is not held on consignment, nor subject to any deposit or downpayment; (c) is in new and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale; (d) is not slow-moving, obsolete or unmerchantable, and does not constitute returned or repossessed goods; (e) meets all standards imposed by any Governmental Authority, and does not constitute hazardous materials under any Environmental Law; (f) conforms with the covenants and representations herein; (g) is subject to Agent’s duly perfected, second priority Lien (subject only to the first priority Lien of the ABL Agent in such Inventory), and no other Lien (including Liens in favor of Flooring Lenders); (h) is within the continental United States, is not in transit except between locations of Borrowers, is not consigned to any Person and is not located in a clearance center or service center; (i) is not subject to any warehouse receipt or negotiable Document; (j) is not subject to any License or other arrangement that restricts such Borrower’s or Agent’s right to dispose of such Inventory (other than the ABL Loan Documents, with respect to the Borrowers, and the Intercreditor Agreement, with respect to Agent), unless Agent has received an appropriate Lien Waiver or has agreed to an appropriate reserve with respect to such Inventory; (k) is not located on leased premises or in the possession of a warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person, unless the lessor or such Person has delivered a Lien Waiver or Agent has established an appropriate rent reserve with respect to such Inventory; (l) is reported net of internal load amount or shrinkage accrual; (m) is insured in compliance with the provisions of Section 8.7.2 hereof; and (n) is reflected in the details of a current perpetual inventory report of Borrowers.

Eligible Real Estate: The Real Estate set forth on Schedule 7.3 hereto at such time as such Real Estate satisfies all of the following conditions:

- (a) A Borrower owns such Real Estate in fee simple absolute (subject to all exceptions of record);
- (b) The Agent shall have received evidence that all actions that the Agent may reasonably deem necessary or appropriate in order to create valid first and subsisting Liens (subject only to Permitted Liens which have priority over the Lien of the Agent by operation of Applicable Law) on the property described in the Mortgages has been taken; and
- (c) The Agent shall have received the Related Real Estate Documents with respect to such Real Estate.

Eligible Revolving Contract: Eligible Contract under which the applicable Contract Debtor may borrow, repay and re-borrow up to the credit limit thereunder.

Enforcement Action: any action to enforce any Obligations or Loan Documents or to exercise any rights or remedies relating to any Collateral (whether by judicial action, self-help, notification of Contract Debtors, exercise of setoff or recoupment, exercise of any right to vote or act in an Obligor's Insolvency Proceeding or otherwise).

Environmental Agreement: each agreement of Borrowers with respect to any Real Estate subject to a Mortgage, pursuant to which Borrowers agree to indemnify and hold harmless Agent and Lenders from liability under any Environmental Laws.

Environmental Compliance Reserve: with respect to Eligible Real Estate any reserve which the Agent, from time to time in its reasonable discretion establishes for estimable amounts that are reasonably likely to be expended by any of the Borrowers in order for such Borrower and its operations and property (a) to comply with any Environmental Notice, or (b) to correct any such non-compliance with Environmental Laws or to provide for any Environmental Liability.

Environmental Laws: all Applicable Laws (including all programs, permits and guidance promulgated by regulatory agencies), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA) or the protection or pollution of the environment, including CERCLA, RCRA and CWA.

Environmental Liability: any liability, obligation, damage, loss, claim, action, suit, judgment, order, fine, penalty, fee, expense, or cost, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower, or any of its Subsidiaries, directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal or presence of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

Environmental Notice: a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with, investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

Environmental Release: a release as defined in CERCLA or under any other Environmental Law.

Equity Interest: the interest of any (a) shareholder in a corporation; (b) partner in a partnership (whether general, limited, limited liability or joint venture); (c) member in a limited liability company; or (d) other Person having any other form of equity security or ownership interest.

Equity Interest Pledge Agreement: a pledge agreement, in form and substance satisfactory to Agent, executed by Parent, CAIH and CLL, granting a security interest in the Equity Interests in each of such grantor's Subsidiaries in favor of Agent for the benefit of the Lenders.

ERISA: the Employee Retirement Income Security Act of 1974.

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

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

Event of Default: as defined in **Section 11**.

Excluded Subsidiary: Conn Funding II, L.P., a Texas limited partnership, Conn Appliances, LLC, a Delaware limited liability company, and Conn Funding GP II, L.L.C., a Texas limited liability company.

Excluded Tax: with respect to Agent, any Lender or any other recipient of a payment to be made by or on account of any Obligation, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes by the United States or any State or political subdivision thereof), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located; (b) any branch profits taxes imposed by the United States or any similar tax imposed by any State or any other jurisdiction in which a Borrower is located, (c) any backup withholding tax that is required by the Code to be withheld from amounts payable to a Lender that has failed to comply with **Section 5.10**, and (d) in the case of a Foreign Lender, any State or United States withholding tax that (i) is required to be imposed on amounts payable to such Foreign Lender pursuant to the laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) hereunder or (ii) is attributable to such Lender's failure or inability (other than as a result of a Change in Law) to comply with **Section 5.10**, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to **Section 5.9.1** or (iii) and which withholding tax may not be eliminated or reduced by complying with **Section 5.10**.

Existing Securitization Facility: the asset backed security facility established pursuant to the Base Indenture dated September 1, 2002 between Conn Funding II, L.P. and Wells Fargo Bank, National Association, together with all amendments, modifications and supplements thereto.

Extraordinary Expenses: all costs, expenses or advances that Agent or any Lender may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents or Obligations, including any lender liability or other Claims; (c) the exercise, protection or enforcement of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action; (f) negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations; and (g) Protective Advances. Such costs, expenses and advances include transfer fees, Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

Fee Letter: the fee letter agreement between Agent and the Borrowers dated October 22, 2010.

Fiscal Month: each calendar month.

Fiscal Quarter: each period of three months, commencing on the first day of a Fiscal Year.

Fiscal Year: the fiscal year of Parent and its Subsidiaries for accounting and tax purposes, ending on January 31 of each year.

Fixed Charge Coverage Ratio: the ratio, determined monthly on a consolidated basis for Parent and its Subsidiaries for the most recently ended twelve month period, of (a) EBITDAR minus unfinanced Net Capital Expenditures (but only to the extent that a positive result would occur), to (b) Fixed Charges.

Fixed Charges: without duplication, the sum of interest expense (other than payment-in-kind and original issue discount), scheduled/amortized principal payments made on Borrowed Money, unscheduled principal payments made on Borrowed Money (other than payments on account of the Obligations (as defined in the ABL Credit Agreement) or any other revolving Debt permitted hereunder), book rent expense, cash income taxes paid, and Distributions made, excluding amortization of closing costs and expenses incurred in connection with the Loan Documents, Existing Securitization Facility, Permitted ABS Facility and the ABL Loan Documents.

Flooring Intercreditor Agreement: each intercreditor agreement entered into by Agent and a Flooring Lender, in form and substance satisfactory to Agent.

Flooring Lender: any lender which provides financing for the purchase of Inventory by a Borrower.

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: any Lender that is organized under the laws of a jurisdiction other than the laws of the United States, or any state or district thereof.

Foreign Plan: any employee benefit plan or arrangement (a) maintained or contributed to by any Obligor or its Subsidiary that is not subject to the laws of the United States; or (b) mandated by a government other than the United States for employees of any Obligor or its Subsidiary.

Foreign Subsidiary: a Subsidiary of Parent that is a “controlled foreign corporation” under Section 957 of the Code, such that a guaranty by such Subsidiary of the Obligations or a Lien on the assets of such Subsidiary to secure the Obligations would result in material tax liability to Borrowers.

Full Payment: with respect to any Obligations, (a) the full and indefeasible cash payment thereof, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); (b) if such Obligations are inchoate or contingent in nature, Cash Collateralization thereof; and (c) a release of any Claims of Obligors against Agent and Lenders arising on or before the payment date.

GA Capital: GA Capital, LLC, and its successors and assigns.

GA Capital Indemnitees: GA Capital and its officers, directors, employees, Affiliates, agents and attorneys.

GAAP: generally accepted accounting principles in effect in the United States from time to time.

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether associated with the United States, a state, district or territory thereof, or a foreign entity or government.

Gross Cash Collections: total Contracts payments received from Contract Debtors and applied to such Contracts during any applicable period.

Gross Contract Payments: as of the date of determination, (i) with respect to an interest bearing Eligible Contract the outstanding balance thereof including all accrued but unpaid interest, fees, and other charges, but excluding late charges, owing by the Contract Debtor and (ii) with respect to a precomputed Eligible Contract the outstanding balance thereof including all unearned interest, fees, and charges, but excluding late charges, owing by the Contract Debtor.

Guarantor Payment: as defined in **Section 5.11.3(b)**.

Guarantors: Parent, CAIH, CAIC, CLL, CAIAir, Inc., a Delaware corporation, and each other Person who guarantees payment or performance of any Obligations.

Guaranty: each guaranty agreement executed by a Guarantor in favor of Agent.

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

Hedging Agreement: an agreement relating to any swap, cap, floor, collar, option, forward, cross right or obligation, or combination thereof or similar transaction, with respect to interest rate, foreign exchange, currency, commodity, credit or equity risk.

Increased Reporting Period: any time (i) a Default or Event of Default exists, (ii) average Availability during any month (as reflected in the Loan Account) is less than 20% of the amount of aggregate outstanding Revolver Loans (as defined in the ABL Agreement) and stated amount of Letters of Credit (as defined in the ABL Agreement); or (iii) Availability is at any time less than \$50,000,000. When in place, such Increased Reporting Period shall be deemed continuing so long as (a) such Event of Default has not been waived, and/or (ii) if the Increased Reporting Period arises as a result of the Borrowers' failure to achieve Availability as required hereunder, until Availability has exceeded \$50,000,000 for ninety (90) consecutive days, in which case an Increased Reporting Period shall no longer be deemed to be continuing for purposes of this Agreement; *provided that* an Increased Reporting Period shall be deemed continuing (even if an Event of Default is no longer continuing and/or Availability exceeds the required amount for ninety (90) consecutive days) at all times after an Increased Reporting Period has occurred and been discontinued on two (2) occasions after the Closing Date.

Indemnified Taxes: Taxes other than Excluded Taxes.

Indemnitees: Agent Indemnitees, Lender Indemnitees and GA Capital Indemnitees.

Insolvency Proceeding: any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors.

Intellectual Property: all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Intellectual Property Claim: any claim or assertion (whether in writing, by suit or otherwise) that a Borrower's or its Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

Intercompany Assignment Agreement: (i) an assignment from each Excluded Subsidiary to a Borrower, assigning to such Borrower all of the assets of such Excluded Subsidiary free and clear of any Liens, which agreement shall be in form and substance satisfactory to Agent, and (ii) an assignment pursuant to which the assets transferred under clause (i) above are assigned to CCI free and clear of any Liens, which agreement shall be in form and substance satisfactory to Agent.

Intercreditor Agreement: an intercreditor agreement entered into by Agent, ABL Agent, Parent, and Borrowers, in form and substance satisfactory to Agent.

Inventory: as defined in the UCC, including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in a Borrower's business (but excluding Equipment).

Inventory Formula Amount: 90% of the NOLV Percentage of the Value of Eligible Inventory (net of Inventory Reserves).

Inventory Reserve: reserves established by Agent to reflect factors that may negatively impact the Value of Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

Investment: any acquisition of all or substantially all assets of a Person; any acquisition of record or beneficial ownership of any Equity Interests of a Person; or any advance or capital contribution to or other investment in a Person.

IRS: the United States Internal Revenue Service.

Leasehold Mortgages: each of the mortgages and deeds of trust, in form and substance reasonably acceptable to Agent, executed by a Borrower in favor of Agent if requested by Agent, for the benefit of the Lenders, for which such mortgages and deeds of trust have been consented to by such Borrower's landlord, with respect to the leasehold interests of Borrowers in certain leased Real Estate.

Leasehold Mortgage Consent: each consent signed by the land owner for each Real Estate subject to a Leasehold Mortgage, in form and substance reasonably acceptable to Agent.

Lender Indemnitees: Lenders and their officers, directors, employees, Affiliates, agents and attorneys.

Lenders: as defined in the preamble to this Agreement, and includes any Term Loan FIFO Lender, Term Loan FILO Lender, and any other Person who hereafter becomes a “Lender” pursuant to an Assignment and Acceptance.

Lending Office: the office designated as such by the applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and Borrower Agent.

Leverage Ratio: the ratio, determined as of the end of any Fiscal Quarter for the Parent and its Subsidiaries, on a consolidated basis, of (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP as of the last day of such Fiscal Quarter, to (b) Tangible Net Worth as of the last day of such Fiscal Quarter.

LIBOR: the greater of (i) three (3%) percent and (ii) the per annum rate of interest (rounded up, if necessary, to the nearest 1/100th of 1%) for an interest period of 30 days, determined by Agent at approximately 11:00 a.m. (London time) two Business Days prior to commencement of any such interest period, equal to (a) the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source designated by Agent); or (b) if BBA LIBOR is not available for any reason, the interest rate at which Dollar deposits in the approximate amount of the outstanding Term Loan would be offered to major banks in the London interbank Eurodollar market. If the Board of Governors imposes a Reserve Percentage with respect to LIBOR deposits, then LIBOR shall be the foregoing rate, divided by 1 minus the Reserve Percentage.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: any Person’s interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, pledges, hypothecations, statutory trusts, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver: an agreement, in form and substance satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent and the ABL Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent and the ABL Agent, and agrees to deliver the Collateral to Agent and the ABL Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's and ABL Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent and ABL Agent upon request; and (d) for any Collateral subject to a Licensor's Intellectual Property rights, the Licensor grants to Agent and ABL Agent the right, vis-à-vis such Licensor, to enforce Agent's and ABL Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable License.

Loan Account: the loan account established by each Lender on its books pursuant to **Section 5.8**.

Loan Documents: this Agreement, Other Agreements, Security Documents, the Intercreditor Agreement and the Flooring Intercreditor Agreements.

Loan Year: each 12-month period commencing on the Closing Date and on each anniversary of the Closing Date.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, operations, Properties, prospects or condition (financial or otherwise) of Obligors, on the value of any material Collateral, on the enforceability of any Loan Documents, or on the validity or priority of Agent's Liens on any Collateral; (b) impairs the ability of the Obligors, collectively, to perform any obligations under the Loan Documents, including repayment of any Obligations; or (c) otherwise materially impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon any Collateral.

Material Contract: any agreement or arrangement to which a Borrower or any of its Subsidiaries are a party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Obligor, including the Securities Act of 1933; (b) for which breach, termination, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect; or (c) that relates to Subordinated Debt, or Debt in an aggregate amount of \$5,000,000 or more. Without limiting the foregoing, the ABL Credit Agreement and all ABL Loan Documents shall be considered to be Material Contracts.

Modified Contract: a Contract which, at any time, was in payment default for more than 60 days and such payment default was cured by execution of a new Contract in order to adjust, amend, or reduce the payment terms of the original Contract.

Moody's: Moody's Investors Service, Inc., and its successors.

Mortgage: each mortgage, deed of trust or deed to secure debt pursuant to which a Borrower grants to Agent, for the benefit of Secured Parties, Liens upon the Real Estate owned by such Borrower, as security for the Obligations.

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

Net Balance: means, as of the date of determination, the Gross Contract Payments of a Contract less all unearned interest owing by the Contract Debtor.

Net Capital Expenditures: Capital Expenditures less: (i) net proceeds received from the sale of any fixed assets in the ordinary course of business and (ii) net proceeds from the sale of Real Estate to the extent constituting a Capital Expenditure, not to exceed \$10,000,000, and only to the extent such Real Estate was acquired in the applicable trailing twelve month period.

Net Charge-Off: for any period, the aggregate amount of all unpaid payments due under Contracts which have been charged off by a Borrower during such period, as reduced by the amount of unearned interest, unearned insurance, accrued but unpaid interest, unpaid late charges, repossession recoveries, cash recoveries and amounts recovered in cash from other third parties, with respect to Contracts which had been charged off during previous periods or during such period.

Net Proceeds: with respect to an Asset Disposition, proceeds (including, when received, any deferred or escrowed payments) received by a Borrower or any of its Subsidiaries in cash from such disposition, net of (a) reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b) amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c) transfer or similar taxes; and (d) reserves for indemnities, until such reserves are no longer needed.

NOLV Percentage: the net orderly liquidation value of Inventory, expressed as a percentage, expected to be realized at an orderly, negotiated sale held within a reasonable period of time, net of all liquidation expenses, as determined from the most recent appraisal of Borrowers' Inventory performed by an appraiser and on terms satisfactory to Agent.

Non-Exempt Foreign Lender: as defined in **Section 3.8.2(a)**.

Notes: each Term Note or other promissory note executed by a Borrower to evidence any Obligations.

Obligations: all (a) principal of and premium, if any, on the Term Loan, (b) interest, expenses, fees and other sums payable by Obligors under Loan Documents, (c) obligations of Obligors under any indemnity for Claims, (d) Extraordinary Expenses, and (e) other Debts, obligations and liabilities of any kind owing by Obligors pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

Obligor: each Borrower, Guarantor, or other Person that is liable for payment of any Obligations or that has granted a Lien in favor of Agent on its assets to secure any Obligations.

Ordinary Course of Business: the ordinary course of business of any Borrower or its Subsidiary, consistent with past practices and undertaken in good faith.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each Note; Fee Letter; Lien Waiver; Borrowing Base Certificate, Compliance Certificate, Permitted ABS Intercreditor Agreement, financial statement or report delivered hereunder; or other document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto.

Other Taxes: all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

Parent: as defined in the Preamble to this Agreement.

Participant: as defined in **Section 13.2**.

Patriot Act: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

Payment Item: each check, draft or other item of payment payable to a Borrower, including those constituting proceeds of any Collateral.

PBGC: the Pension Benefit Guaranty Corporation.

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

Permitted ABS Agent: the entity acting as trustee of the Permitted ABS Facility.

Permitted ABS Documents: the Permitted ABS Financing Agreement, the Permitted ABS Purchase Agreement and all documents, instruments and agreements executed in connection therewith, as the same may be amended, modified, restated or extended from time to time.

Permitted ABS Facility: means a securitization facility, pursuant to which any Borrower will, from time to time, sell and transfer certain Securitized Contracts and related security to a Securitization Subsidiary, pursuant to the Permitted ABS Purchase Agreement, which in turn such Securitization Subsidiary has granted a security interest on such Securitized Contracts and related security to Permitted ABS Agent, for the benefit of certain secured parties, pursuant to the Permitted ABS Financing Agreement.

Permitted ABS Financing Agreement: a Securitized Contracts financing agreement by and between a Securitization Subsidiary and the Permitted ABS Agent, as the same may be amended, modified or supplemented from time to time and which prior to its execution by such Securitization Subsidiary, shall be in form and substance approved by Agent and the Lenders (such approval not to be unreasonably withheld, delayed or conditioned), provided that, the Securitized Contracts financed by such Permitted ABS Financing Agreement shall (A) include no lesser percentage of receivables, the original final maturity date of which has been extended in accordance with the policies of Parent and its Subsidiaries in existence on the Closing Date than in the absence of such Permitted ABS Facility, (B) include no lesser percentage of receivables as to which all or any part of a scheduled payment remains unpaid for 60 days or more from its due date than in the absence of such Permitted ABS Facility and (C) have a weighted average FICO score (based on the relevant obligors on such receivables) that is not greater than the weighted average FICO score of the portfolio in the absence of such Permitted ABS Facility.

Permitted ABS Intercreditor Agreement: an intercreditor agreement by and among Permitted ABS Agent and Agent, as may be amended, modified or otherwise restated from time to time and shall be in form and substance reasonably acceptable to Agent and the Lenders.

Permitted ABS Originator Notes: the subordinated promissory notes, in form and substance reasonably acceptable to Agent, made by Securitization Subsidiary in favor of a Borrower evidencing that portion of the purchase price represented by Debt incurred by Securitization Subsidiary in connection with its purchase of Securitization Contracts and related assets from a Borrower pursuant to the Permitted ABS Purchase Agreement.

Permitted ABS Purchase Agreement: a purchase and sale agreement by and between a Borrower and a Securitization Subsidiary, which agreement shall be in form and substance reasonably acceptable to Agent and the Lenders.

Permitted Asset Disposition: (i) as long as no Default or Event of Default exists and all Net Proceeds are remitted to the Dominion Account or to the Agent to prepay the Term Loan if required below, an Asset Disposition that is (a) a sale of Inventory in the Ordinary Course of Business; (b) a disposition of Equipment (other than those set forth in subsection (e) below), that, in the aggregate during any 12-month period, has a fair market or book value (whichever is more) of \$5,000,000 or less; (c) a disposition of Inventory that is obsolete, unmerchantable or otherwise unsalable in the Ordinary Course of Business; (d) termination of a lease of real or personal Property that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default; (e) a disposition of any Borrower's Real Estate and related Equipment affixed thereto in connection with a sale or a sale-leaseback transaction so long as (x) the Net Proceeds received from the sale of (A) any Eligible Real Estate pursuant to such transaction are not less than the liquidation value of such Real Estate, as determined by the most recent appraisal of such Real Estate received by Agent using an appraiser and methodology reasonably acceptable to Agent and (B) any other Real Estate pursuant to such transaction are not less than the amount for which the Borrowers purchased such Real Estate, (y) the Net Proceeds received from the sale of such Eligible Real Estate (less any amount applied to repay any Debt secured by a Lien on such Real Estate incurred pursuant to a refinancing of such Eligible Real Estate permitted pursuant to Section 10.2.1(i) hereof) shall be applied to prepay the Term Loan in accordance with Section 5.2.2 hereof (together with any prepayment fee then due, if due, under Section 5.2.3 hereof), and (z) the terms of such transaction are otherwise reasonably acceptable to the Agent; (ii) a Permitted Contract Transfer, (iii) granting of Liens (subject to the Intercreditor Agreement) to secure the obligations under the ABL Loan Documents, or (iv) approved in writing by Agent and the Lenders (such approval not to be unreasonably withheld, delayed or conditioned).

Permitted Contingent Obligations: Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favor of purchasers in connection with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) all other Contingent Obligations in an aggregate amount of \$10,000,000 or less at any time.

Permitted Contract Transfer: (i) a sale by a Borrower to a Securitization Subsidiary of Securitized Contracts pursuant to the Permitted ABS Purchase Agreement, so long as (A) the net proceeds of each such sale of such Contracts exceed the Contract Formula Amount with respect to such Contracts and (B) such net proceeds of each such sale of such Contracts in an amount equal to (the the extent a positive result) the difference between (x) the Contract Formula Amount under the Term Loan Borrowing Base and (y) the Contract Formula Amount (as defined in the ABL Credit Agreement) under the CAI Borrowing Base and the CCI Borrowing Base (as such terms are defined in the ABL Credit Agreement) are, if requested by Agent and the Lenders, remitted directly to the Agent from such Securitization Subsidiary or Borrower to be applied to prepay the Term Loan in accordance with Section 5.2.2 hereof (together with any prepayment fee then due under Section 5.2.3 hereof), and (ii) the granting by a Securitization Subsidiary to Permitted ABS Agent of a security interest in such Securitized Contracts pursuant to the Permitted ABS Financing Agreement.

Permitted Distribution: so long as immediately before and after giving effect thereto, (i) no Default or Event of Default exists, (ii) Availability is not less than 20% of the amount of aggregate outstanding Revolver Loans (as defined in the ABL Credit Agreement) and stated amount of Letters of Credit (as defined in the ABL Credit Agreement), (iii) projected Availability for the succeeding 6-month period is greater than 20% of the amount of aggregate outstanding Revolver Loans (as defined in the ABL Credit Agreement) and stated amount of Letters of Credit (as defined in the ABL Credit Agreement), and (iv) the Lenders have provided written consent thereto, Parent or any Borrower may declare and make Distributions which are approved by Parent's board of directors so long as the aggregate amount of Distributions made shall at no time exceed \$50,000,000.

Permitted Lien: as defined in **Section 10.2.2**.

Permitted Purchase Money Debt: Purchase Money Debt of Borrowers and its Subsidiaries that is unsecured or secured only by a Purchase Money Lien, as long as the aggregate amount does not exceed \$15,000,000 at any time and its incurrence does not violate **Section 10.2.3**.

Person: any individual, corporation, limited liability company, partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

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

Prepayment Fee: (i) after the Closing Date through and including the first annual anniversary of the Closing Date, an amount equal to the greater of (x) all remaining interest and fees that would have otherwise accrued through and including the first annual anniversary of the Closing Date on the principal amount of the Term Loan being prepaid and (y) five (5%) percent of the principal amount of the Term Loan being prepaid; (ii) after the first annual anniversary of the Closing Date through and including the second annual anniversary of the Closing Date, three (3%) percent of the principal amount of the Term Loan being prepaid, (iii) after the second annual anniversary of the Closing Date through and including the third annual anniversary of the Closing Date, two (2%) per cent of the principal amount of the Term Loan prepaid, and (iv) after the third annual anniversary of the Closing Date until the day prior to the date set forth in clause (i) of the definition of "Termination Date", one (1%) percent of the principal amount of the Term Loan prepaid.

Pro Rata: with respect to any Lender, a percentage (carried out to the ninth decimal place) determined by dividing the amount of the Term Loan owing to such Lender by the aggregate amount of the outstanding Term Loan.

Properly Contested: with respect to any obligation of an Obligor, (a) the obligation is subject to a bona fide dispute regarding amount or the Obligor's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment could not have a Material Adverse Effect, nor result in forfeiture or sale of any material portion of the assets of the Obligor valued greater than \$5,000,000 in the aggregate; (e) no Lien is imposed on assets of the Obligor, unless bonded and stayed to the satisfaction of Agent; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Protective Advances: as defined in **Section 2.1.4**.

Purchase Money Debt: (a) Debt (other than the Obligations) for payment of any of the purchase price of fixed assets; (b) Debt (other than the Obligations) incurred within 10 days before or after acquisition of any fixed assets, for the purpose of financing any of the purchase price thereof; and (c) any renewals, extensions or refinancings (but not increases) thereof.

Purchase Money Lien: a Lien that secures Purchase Money Debt, encumbering only the fixed assets acquired with such Debt and constituting a Capital Lease or a purchase money security interest under the UCC.

RCRA: the Resource Conservation and Recovery Act (42 U.S.C. §§ 6991-6991i).

Realty Reserves: such reserves as the Agent from time to time determines in its reasonable discretion as being appropriate to reflect the impediments to the Agents' ability to realize upon any Eligible Real Estate. Without limiting the generality of the foregoing, Realty Reserves may include (but are not limited to) (i) Environmental Compliance Reserves, and (ii) reserves for (A) municipal taxes and assessments, (B) repairs and (C) remediation of title defects.

Real Estate: all right, title and interest (whether as owner, lessor or lessee) in any real Property and any buildings, structures, parking areas or other improvements thereon.

Real Estate Formula Amount: 50% of the Value of Eligible Real Estate.

Related Real Estate Documents: with respect to any Real Estate subject to a Mortgage (including, without limitation, any Eligible Real Estate), the following, in form and substance satisfactory to Agent: (a) a mortgagee title policy (or binder therefor) covering Agent's interest under the Mortgage, in a form and amount and by an insurer acceptable to Agent, which must be fully paid on such effective date; (b) such assignments of leases, estoppel letters, attornment agreements, consents, waivers and releases as Agent may require with respect to other Persons having an interest in the Real Estate; (c) a current, as-built survey of the Real Estate, containing a metes-and-bounds property description and flood plain certification, and certified by a licensed surveyor acceptable to Agent; (d) flood insurance in an amount, with endorsements and by an insurer acceptable to Agent, if the Real Estate is within a flood plain; (e) a current appraisal of the Real Estate, prepared by an appraiser acceptable to Agent, and in form and substance satisfactory to Agent and the Required Lenders; (f) an environmental assessment, prepared by environmental engineers acceptable to Agent, and accompanied by such reports, certificates, studies or data as Agent may reasonably require, which shall all be in form and substance satisfactory to Required Lenders; and (g) an Environmental Agreement and such other documents, instruments or agreements as Agent may reasonably require with respect to any environmental risks regarding the Real Estate.

Refinancing Conditions: the following conditions for Refinancing Debt: (a) it is in an aggregate principal amount that does not exceed the principal amount of the Debt being extended, renewed or refinanced; (b) it has a final maturity no sooner than, a weighted average life no less than, and an interest rate no greater than, the Debt being extended, renewed or refinanced; (c) it is subordinated to the Obligations at least to the same extent as the Debt being extended, renewed or refinanced; (d) the representations, covenants and defaults applicable to it are no less favorable to Borrowers than those applicable to the Debt being extended, renewed or refinanced; (e) no additional Lien is granted to secure it; (f) no additional Person is obligated on such Debt; (g) with respect to any refinancing of the ABL Facility, it is subject to an intercreditor agreement in form and substance reasonably satisfactory to the Agent and the Lenders, and (h) upon giving effect to it, no Default or Event of Default exists.

Refinancing Debt: Borrowed Money that is the result of an extension, renewal or refinancing of Debt permitted under **Section 10.2.1(b), (d), (f) or (j)**.

Report: as defined in **Section 12.2.3**.

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

Required Lenders: Lenders (subject to **Section 4.2**) holding in excess of 50% of the then outstanding amount of the Term Loan.

Requirement of Law: as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

Reserve Percentage: the reserve percentage (expressed as a decimal, rounded up to the nearest 1/100th of 1%) applicable to member banks under regulations issued from time to time by the Board of Governors for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities").

Restricted Investment: any Investment by a Borrower or any of its Subsidiaries, other than (a) Investments in its Subsidiaries to the extent existing on the Closing Date; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance satisfactory to Agent; (c) loans and advances permitted under **Section 10.2.7**; (d) CCI Originator Notes and CCCI Originator Notes; (e) Permitted ABS Originator Notes; (f) Investments by CAI which are consistent with the corporate investment policy of CAI from time to time in effect, as approved by Agent (such approval not to be unreasonably withheld); (g) Investments in and by a Securitization Subsidiary permitted under the Permitted ABS Facility; and (h) assignment of assets under the Intercompany Assignment Agreement.

Restrictive Agreement: an agreement (other than a Loan Document or an ABL Loan Document) that conditions or restricts the right of any Borrower, its Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any intercompany Debt.

Royalties: all royalties, fees, expense reimbursement and other amounts payable by a Borrower under a License.

S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Sales Tax Reserve: a reserve equal to 100% of the aggregate sales tax obligations of Borrowers as set forth in Borrowers' books and records as of any measurement date which have not been prepaid by Borrowers.

Secured Parties: Agent and Lenders.

Security Agreement: a security agreement, in form and substance satisfactory to Agent, executed by each Guarantor pursuant to which Guarantor shall grant to Agent a Lien (for the benefit of the Lenders) in all of such Guarantor's assets.

Security Documents: the Guaranties, each Security Agreement, each Leasehold Mortgage, each Leasehold Mortgage Consent, each Mortgage, Deposit Account Control Agreements, Credit Card Processor Notifications, Equity Interest Pledge Agreement, and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Obligations.

Securitized Contracts: the Contracts and related security which have been allocated to the Securitization Subsidiary under the Contract Allocation Agreement and sold by a Borrower to a Securitization Subsidiary pursuant to the Permitted ABS Purchase Agreement.

Securitization Subsidiary: one or more direct or indirect Subsidiaries of Parent formed for the purposes of entering into a Permitted ABS Facility.

Senior Officer: the chairman of the board, president, chief executive officer or chief financial officer of a Borrower or, if the context requires, an Obligor.

Service Maintenance Program Reserve: as of any measurement date, a reserve equal to the aggregate in-house service maintenance costs incurred by Borrowers for the previous 12-month period.

Solvent: as to any Person, such Person (a) owns Property whose fair salable value is greater than the amount required to pay all of its debts (including contingent, subordinated, unmatured and unliquidated liabilities); (b) owns Property whose present fair salable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (c) is able to pay all of its debts as they mature; (d) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (e) is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code; and (f) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates. "**Fair salable value**" means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase.

Subordinated Debt: Debt incurred by a Borrower that is expressly subordinate and junior in right of payment to Full Payment of all Obligations, and is on terms (including maturity, interest, fees, repayment, covenants and subordination) reasonably satisfactory to Agent.

Subsidiary: any entity at least 50% of whose voting securities or Equity Interests is owned by a Person (including indirect ownership by such Person through other entities in which the Person directly or indirectly owns 50% of the voting securities or Equity Interests).

Substitute Lender: as defined in **Section 3.8.2(a)**.

Tangible Net Worth: at any date means an amount equal to: (i) the net book value (after deducting related depreciation, obsolescence, amortization, valuation and other proper reserves) at which the Adjusted Tangible Assets of a Person would be shown on a balance sheet at such date in accordance with GAAP, less (ii) the amount at which such Person's liabilities would be shown on such balance sheet in accordance with GAAP, and including as liabilities all reserves for contingencies and other potential liabilities.

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

Term Loan: the term loan made pursuant to **Section 2.1** comprised of the Term Loan FIFO Tranche plus the Term Loan FILO Tranche, and any Protective Advance.

Term Loan Borrowing Base: the sum of the Inventory Formula Amount, plus the Credit Card Account Formula Amount, plus the Real Estate Formula Amount, plus the Contract Formula Amount, minus all Realty Reserves, minus the LC Reserve (as defined in the ABL Credit Agreement), minus all other reserves (other than the Term Loan Borrowing Base Reserve and without duplication of the LC Reserve or any other reserve contained within any defined term contained in this definition) established or required to be established by the ABL Agent under the ABL Credit Agreement and the Intercreditor Agreement, minus all other reserves as determined by the Agent in its reasonable discretion.

Term Loan Borrowing Base Reserve: has the meaning set forth in the ABL Credit Agreement.

Term Loan Commitment: for any Lender, its obligation to make a portion of the Term Loan consisting of all or any portion of the Term Loan FIFO Tranche or the Term Loan FILO Tranche, in the principal amount shown on **Schedule 1.1**. "Term Loan Commitments" means the aggregate amount of such commitments of all Lenders.

Term Loan FIFO Lender: any Lender set forth on Schedule 1.1 whose Term Loan Commitment consists of all or a portion of the Term Loan FIFO Tranche, and any other Person who hereafter becomes a Term Loan FIFO Lender pursuant to an Assignment and Acceptance.

Term Loan FILO Lender: any Lender set forth on Schedule 1.1 whose Term Loan Commitment consists of all or a portion of the Term Loan FILO Tranche, and any other Person who hereafter becomes a Term Loan FILO Lender pursuant to an Assignment and Acceptance

Term Loan FIFO Tranche: that portion of the Term Loan in the amount of \$10,000,000 made by the Term Loan FIFO Lenders on the Closing Date.

Term Loan FILO Tranche: that portion of the Term Loan in the amount of \$90,000,000 made by the Term Loan FILO Lenders on the Closing Date.

Term Note: a promissory note to be executed by Borrowers in favor of a Lender in the form of **Exhibit A**, which shall be in the amount of such Lender's Term Loan Commitment and shall evidence the portion of the Term Loan made by such Lender.

Termination Date: the earlier of (i) November 30, 2014, (ii) the date on which the Term Loan and all other Obligations due and owing hereunder are paid in full in cash, and (iii) the date upon which the Term Loan and the other Obligations are accelerated pursuant to **Section 11.2** hereof.

Transferee: any actual or potential Eligible Assignee, Participant or other Person acquiring an interest in any Obligations.

UCC: the Uniform Commercial Code as in effect in the State of New York or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

Unfunded Pension Liability: the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

Upstream Payment: a Distribution by a Subsidiary of a Borrower to such Borrower.

Value: (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a moving weighted average cost basis, and excluding any portion of cost attributable to intercompany profit among Borrowers and their Affiliates; (b) for a Credit Card Account, its face amount, reduced by, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Borrower may be obligated to rebate to a customer, a Credit Card Processor, or Credit Card Issuer pursuant to the terms of any Credit Card Agreement or understanding (written or oral)), (ii) the aggregate amount of all cash received in respect of such Credit Card Account but not yet applied by a Borrower to reduce the amount of such Credit Card Account, and (iii) the amount of all accrued and unpaid fees owed to Credit Card Processors or Credit Card Issuers; (c) for Real Estate, the liquidation value of such Real Estate as determined from time to time by an independent appraiser engaged by the Agent, which appraisal shall assume, among other things, a marketing time of not greater than twelve (12) months or less than three (3) months; and (d) for Contracts, the appraised value of Gross Contract Payments as set forth in the most recent appraisal thereof as determined from time to time by an independent appraiser engaged by the Agent.

1.2 Accounting Terms. Under the Loan Documents (except as otherwise specified herein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Borrowers delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP if Borrowers' certified public accountants concur in such change, the change is disclosed to Agent, and **Section 10.3** is amended in a manner satisfactory to Required Lenders to take into account the effects of the change.

1.3 Uniform Commercial Code. As used herein, the following terms are defined in accordance with the UCC in effect in the State of New York from time to time: “Chattel Paper”, “Commercial Tort Claim”, “Deposit Account”, “Document”, “Equipment”, “General Intangibles”, “Goods”, “Instrument”, “Investment Property”, “Letter-of-Credit Right” and “Supporting Obligation”.

1.4 Certain Matters of Construction. The terms “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, “from” means “from and including”, and “to” and “until” each mean “to but excluding”. The terms “including” and “include” shall mean “including, without limitation” and, for purposes of each Loan Document, the parties agree that the rule of ejusdem generis shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws or statutes include all related rules, regulations, interpretations, amendments and successor provisions; (b) any document, instrument or agreement includes any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section means, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules mean, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person includes successors and assigns; (f) time of day means time of day in the Eastern Time Zone; or (g) except as otherwise set forth herein, discretion of Agent or any Lender means the reasonable discretion of such Person. All calculations of Value, fundings of the Term Loan and payments of Obligations shall be in Dollars and, unless the context otherwise requires, all determinations (including calculations of Term Loan Borrowing Base and financial covenants) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Term Loan Borrowing Base calculations shall be consistent with historical methods of valuation and calculation, and otherwise satisfactory to Agent (and not necessarily calculated in accordance with GAAP). Borrowers shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent or any Lender under any Loan Documents. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. Whenever the phrase “to the best of Borrowers’ knowledge” or words of similar import are used in any Loan Documents, it means actual knowledge of a Senior Officer, or knowledge that a Senior Officer would have obtained if he or she had engaged in good faith and diligent performance of his or her duties, including reasonably specific inquiries of employees or agents and a good faith attempt to ascertain the matter to which such phrase relates.

SECTION 2. CREDIT FACILITY

2.1 Term Loan.

2.1.1 Term Loan. Each Lender agrees, severally on a Pro Rata basis up to its Term Loan Commitment, on the terms set forth herein, to make a Term Loan to Borrowers on the Closing Date. The Term Loan Commitment of each Lender shall expire upon the funding by Lenders of the Term Loan. Once repaid, whether such repayment is voluntary or required, the Term Loan may not be reborrowed.

2.1.2 Term Notes. The Term Loan made by each Lender and interest accruing thereon shall be evidenced by the records of Agent and such Lender. At the request of any Lender, Borrowers shall deliver a Term Note to such Lender.

2.1.3 Use of Proceeds. The proceeds of the Term Loan shall be used by Borrowers solely (a) to refinance a portion of the Borrowers' existing 2002 Series A Variable Funding Note and the Borrowers' 2006 Series A Notes; (b) to pay fees and transaction expenses associated with the closing of this credit facility; and (c) for working capital and other lawful corporate purposes of Borrowers.

2.1.4 Protective Advances. Agent shall be authorized, with the prior consent of the Lenders, at any time that any conditions in **Section 6** are not satisfied, to make advances ("Protective Advances") up to an aggregate amount not to exceed at any time \$10,000,000, if Agent deems such Protective Advances necessary or desirable to preserve or protect Collateral, or to enhance the collectibility or repayment of the Obligations. Each Lender shall participate in each Protective Advance on a Pro Rata basis.

SECTION 3. INTEREST, FEES AND CHARGES

3.1 Interest.

3.1.1 Rates and Payment of Interest.

(a) The Obligations shall bear interest at a per annum rate equal to LIBOR plus the Applicable Margin. Interest shall accrue from the date the Term Loan is advanced or the Obligation is incurred or payable, until paid by Borrowers.

(b) During an Insolvency Proceeding with respect to any Borrower, or during any other Event of Default if Agent or Required Lenders in their discretion so elect, Obligations shall bear interest at the Default Rate (whether before or after any judgment). Each Borrower acknowledges that the cost and expense to Agent and Lenders due to an Event of Default are difficult to ascertain and that the Default Rate is a fair and reasonable estimate to compensate Agent and Lenders for this.

(c) Interest accrued on the Term Loan shall be due and payable in arrears, (i) on the first day of each month beginning January 1, 2011; (ii) on any date of prepayment, with respect to the principal amount of the Term Loan being prepaid; and (iii) on the Termination Date. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable on demand. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable on demand.

3.2 Fees.

3.2.1 Fees. Borrowers shall pay to Agent, for its own benefit and for the benefit of Lenders, as applicable, the fees set forth in the Fee Letter at the times payable therein.

3.3 Computation of Interest, Fees, Yield Protection. All interest, as well as fees and other charges calculated on a per annum basis, shall be computed on the basis of a 360-day year and twelve 30-day months. Each determination by Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate, refund or proration. All fees payable under **Section 3.2** are compensation for services and are not , and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate as to amounts payable by Borrowers under **Section 3.4, 3.6, 3.7, 3.9** or **5.9**, submitted to Borrower Agent by Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within 10 days following receipt of the certificate.

3.4 Reimbursement Obligations. Borrowers shall reimburse Agent and the Lenders for all Extraordinary Expenses. Borrowers shall also reimburse Agent for all legal, accounting, appraisal, consulting, and other reasonable fees, costs and expenses incurred by it in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral, Loan Documents, the financial conditions of Borrowers and business of Borrowers, and transactions contemplated thereby, including any actions taken to perfect or maintain priority of Agent's Liens on any Collateral, to maintain any insurance required hereunder or to verify Collateral; and (c) subject to the limits of **Section 10.1.1(b)**, each inspection, audit or appraisal with respect to any Obligor or Collateral, whether prepared by Agent's personnel or a third party. Borrowers shall also reimburse Agent and the Lenders for all reasonable costs and expenses incurred in connection with any bank meetings facilitated by the Agent by and among the Lenders and Borrowers. All reasonable legal, accounting and consulting fees shall be charged to Borrowers by Agent's professionals. All amounts payable by Borrowers under this Section shall be due **on demand**.

3.5 Illegality. If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to determine or charge interest rates based upon LIBOR, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to Agent and the Borrower, interest on the outstanding portion of the Term Loan shall thereafter accrue at the Base Rate.

3.6 Inability to Determine Rates. If Required Lenders notify Agent for any reason that (a) Dollar deposits are not being offered to banks in the London interbank Eurodollar market, (b) adequate and reasonable means do not exist for determining LIBOR for any applicable month, or (c) LIBOR for any applicable month does not adequately and fairly reflect the cost to such Lenders of funding such Term Loan, then Agent will promptly so notify Borrower Agent and each Lender. Thereafter, interest on the outstanding portion of the Term Loan shall accrue at the Base Rate until Agent (upon instruction by Required Lenders) revokes such notice.

3.7 Increased Costs; Capital Adequacy.

3.7.1 Change in Law. If any Change in Law shall:

(a) impose modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in LIBOR);

(b) subject any Lender to any Tax with respect to the Term Loan, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by **Section 5.9** and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or

(c) impose on any Lender or the London interbank market any other condition, cost or expense affecting the Term Loan;

and the result thereof shall be to increase the cost to such Lender of making or maintaining any portion of the Term Loan at LIBOR (or of maintaining its obligation to make any portion of the Term Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

3.7.2 Capital Adequacy. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or holding company's capital as a consequence of this Agreement, or such Lender's outstanding portion of the Term Loan, to a level below that which such Lender or holding company could have achieved but for such Change in Law (taking into consideration such Lender's and holding company's policies with respect to capital adequacy), then from time to time Borrowers will pay to such Lender such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

3.7.3 Compensation. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation, but Borrowers shall not be required to compensate a Lender for any increased costs incurred or reductions suffered more than nine months prior to the date that the Lender notifies Borrower Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.8 Mitigation; Replacement of Foreign Lender.

3.8.1 Mitigation. If any Lender gives a notice under **Section 3.5** or requests compensation under **Section 3.7**, or if Borrowers are required to pay additional amounts with respect to a Lender under **Section 5.9**, then such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to it. Borrowers shall pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

3.8.2 Replacement of Foreign Lender.

(a) If Borrowers are obligated to make any material payments under **Section 5.9** to any Foreign Lender (a “Non-Exempt Foreign Lender”), then Borrower Agent, upon at least 5 Business Days prior irrevocable notice to Agent and the Non-Exempt Foreign Lender, may permanently replace the Non-Exempt Foreign Lender with one or more Eligible Assignees with the consent of Agent (which shall not be unreasonably withheld or delayed) (each, a “Substitute Lender”), and the Non-Exempt Foreign Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Non-Exempt Foreign Lender shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Non-Exempt Foreign Lender and each Substitute Lender shall execute and deliver an Assignment and Acceptance, subject only to the Non-Exempt Foreign Lender being repaid its Pro Rata share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Non-Exempt Foreign Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Non-Exempt Foreign Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Non-Exempt Foreign Lender shall be made in accordance with the terms of **Section 13.3**.

3.9 Funding Losses. If for any reason (other than default by a Lender) any repayment or prepayment of any portion of the Term Loan which bears interest at LIBOR occurs on a day other than the end of each month, then Borrowers shall pay to Agent its customary administrative charge and to each Lender all losses and expenses that it sustains as a consequence thereof, including any loss or expense arising from liquidation or redeployment of funds or from fees payable to terminate deposits of matching funds, but specifically excluding any loss of anticipated profits. Lenders shall not be required to purchase Dollar deposits in the London interbank market or any other offshore Dollar market to fund any portion of the Term Loan that bears interest at LIBOR, but the provisions hereof shall be deemed to apply as if each Lender had purchased such deposits to fund its portion of the Term Loan that bears interest at LIBOR.

3.10 Maximum Interest. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law (“maximum rate”). If Agent or any Lender shall receive interest in an amount that exceeds the maximum rate, the excess interest shall be applied to the principal of the Obligations or, if it exceeds such unpaid principal, refunded to Borrowers. In determining whether the interest contracted for, charged or received by Agent or a Lender exceeds the maximum rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

SECTION 4. LOAN ADMINISTRATION

4.1 [Reserved].

4.2 Borrower Agent. Each Borrower hereby designates CAI ("Borrower Agent") as its representative and agent for all purposes under the Loan Documents, including delivery or receipt of communications, preparation and delivery of the Borrowing Base Certificate and financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Agent or any Lender. Borrower Agent hereby accepts such appointment. Agent and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by Borrower Agent on behalf of any Borrower. Agent and Lenders may give any notice or communication with a Borrower hereunder to Borrower Agent on behalf of such Borrower. Each of Agent and Lenders shall have the right, in its discretion, to deal exclusively with Borrower Agent for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Borrower Agent shall be binding upon and enforceable against it.

4.3 One Obligation. The Term Loan and other Obligations shall constitute one general obligation of Borrowers and (unless otherwise expressly provided in any Loan Document) shall be secured by Agent's Lien upon all Collateral; provided, however, that Agent and each Lender shall be deemed to be a creditor of, and the holder of a separate claim against, each Borrower to the extent of any Obligations jointly or severally owed by such Borrower.

4.4 Effect of Termination. On the Termination Date, all Obligations shall be immediately due and payable. All undertakings of Borrowers contained in the Loan Documents shall survive any termination, and Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents until Full Payment of the Obligations. Notwithstanding Full Payment of the Obligations, Agent shall not be required to terminate its Liens in any Collateral unless, with respect to any damages Agent may incur as a result of the dishonor or return of Payment Items applied to Obligations, Agent receives (a) a written agreement, executed by Borrowers and any Person whose advances are used in whole or in part to satisfy the Obligations, indemnifying Agent and Lenders from any such damages; or (b) such Cash Collateral as Agent, in its discretion, deems necessary to protect against any such damages. The provisions of **Sections 3.4, 3.6, 3.7, 3.9, 5.5, 5.9, 5.10, 12, 14.2** and this Section, and the obligation of each Obligor and Lender with respect to each indemnity given by it in any Loan Document, shall survive Full Payment of the Obligations and any release relating to this credit facility.

SECTION 5. PAYMENTS

5.1 General Payment Provisions. All payments of Obligations shall be made in Dollars, without offset, counterclaim or defense of any kind, free of (and without deduction for) any Taxes, and in immediately available funds, not later than 2:00 p.m. on the due date and shall be made (except as otherwise instructed by Agent after the Closing Date) to Agent's account as provided on **Schedule 5.1** hereto with notice of such payment provided to Agent's office identified on **Schedule 5.1** hereto. Any payment after such time shall be deemed made on the next Business Day. If any payment under the Loan Documents shall be stated to be due on a day other than a Business Day, the due date shall be extended to the next Business Day and such extension of time shall be included in any computation of interest and fees.

5.2 Repayment of Term Loan.

5.2.1 Payment of Principal. All principal, interest and other amounts owing with respect to the Term Loan shall be due and payable in full on the Termination Date. In addition, the Borrowers may prepay the Term Loan in whole or in part at any time and from time to time (together with any prepayment fee then due under Section 5.2.3 hereof). Once repaid, whether such repayment is voluntary or required, the Term Loan may not be reborrowed.

5.2.2 Mandatory Prepayments.

(a) Concurrently with any Permitted Asset Disposition of Eligible Real Estate pursuant to clause (e) thereof, Borrowers shall prepay the Term Loan as set forth in clause (y) of the definition thereof.

(b) Concurrently with any Permitted Contract Transfer, Borrowers shall prepay the Term Loan to the extent required by clause (i) of the definition thereof.

(c) Concurrently with the Borrowers incurring any Debt permitted under clause (b) of Section 10.2.1 hereof or pursuant to a high yield notes offering, Borrowers shall prepay the Term Loan in an amount equal to the proceeds of such Debt.

(d) Concurrently with the Borrowers incurring any Debt permitted under clause (i) of Section 10.2.1 hereof to refinance Eligible Real Estate, Borrowers shall prepay the Term Loan as set forth in Section 10.2.1(i).

5.2.3 Prepayment Fee. If the Borrowers prepay, or are required to prepay, the Term Loan in whole or in part, then, on the effective date of such prepayment, the Borrowers shall pay to Agent, for the ratable benefit of Lenders, an amount equal to the applicable Prepayment Fee; provided that, so long as no Default or Event of Default has occurred and is continuing, in the case of prepayments required to be made pursuant to Section 5.2.2(a) and (d) hereof, any such prepayments (i) made prior to the second anniversary hereof in an aggregate amount not to exceed \$10,000,000 shall be subject to a Prepayment Fee equal to one (1%) percent of the principal amount of the Term Loan being prepaid, and (ii) made after the second anniversary hereof in an aggregate amount, together with any prepayments made pursuant to clause (i) of this proviso above, not to exceed \$10,000,000 during the term hereof, shall not be subject to a Prepayment Fee; and provided further that, so long as no Default or Event of Default has occurred and is continuing, in the case of prepayments required to be made pursuant to Section 5.2.2(b) hereof, any such prepayments made prior to the first anniversary hereof in an aggregate amount not to exceed \$15,000,000 shall be subject to a Prepayment Fee equal to two and one-half (2.5%) percent of the principal amount of the Term Loan being prepaid. Such Prepayment Fee shall not constitute a penalty but shall, in view of the impracticality and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties, constitute a reasonable calculation of the Lenders' lost profits as a result thereof.

5.2.4 Application of Voluntary and Mandatory Prepayments. All voluntary and mandatory prepayments made pursuant to Section 5.2.2 above shall be applied first, to the outstanding principal amount of the Term Loan due under the Term Loan FIFO Tranche, and second, to the outstanding principal amount of the Term Loan due under the Term Loan FILO Tranche.

5.3 Curative Equity. Within 1 Business Day of the date of receipt by any Borrower of the proceeds of any Curative Equity pursuant to **Section 10.4**, such Borrower shall prepay the outstanding principal of the Obligations in accordance with **Section 5.1** in an amount equal to 100% of such proceeds, net of any reasonable out-of-pocket expenses incurred in connection with the issuance of such Curative Equity (unless such proceeds have otherwise been remitted to the ABL Agent to prepay the Loans pursuant to the ABL Loan Documents and the Intercreditor Agreement).

5.4 Payment of Other Obligations. Obligations other than principal and interest with respect to the Term Loan, including Extraordinary Expenses, shall be paid by Borrowers as provided in the Loan Documents or, if no payment date is specified, on demand.

5.5 Marshaling; Payments Set Aside. None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of Borrowers is made to Agent or any Lender, or Agent or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

5.6 Post-Default Allocation of Payments.

5.6.1 **Allocation.** Notwithstanding anything herein to the contrary, during an Event of Default, monies to be applied to the Obligations, whether arising from payments by Obligors, realization on Collateral, setoff or otherwise, shall be allocated as follows:

- (a) **FIRST**, to all costs and expenses, including Extraordinary Expenses, owing to Agent;
- (b) **SECOND**, to all amounts owing to Agent on Protective Advances;
- (c) **THIRD**, to all costs and expenses, including Extraordinary Expenses, owing to any Lender;
- (d) **FOURTH**, to all Obligations constituting fees;
- (e) **FIFTH**, to all Obligations constituting interest;
- (f) **SIXTH**, to the outstanding principal amounts due under the Term Loan FIFO Tranche;
- (g) **SEVENTH**, to the outstanding principal amounts due under the Term Loan FILO Tranche;
- (h) **EIGHTH**, to all other Obligations; and
- (i) **LAST**, to the Borrowers.

Amounts shall be applied to each category of Obligations set forth above until Full Payment thereof and then to the next category. If amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in the category. The allocations set forth in this Section are solely to determine the rights and priorities of Agent and Secured Parties as among themselves, and may be changed by agreement among them without the consent of any Obligor. This Section is not for the benefit of or enforceable by any Borrower.

5.6.2 **Erroneous Application.** Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by any Lender, such Lender hereby agrees to return it).

5.7 **Application of Payments.** The ledger balance in the main Dominion Account as of the end of a Business Day shall be applied to the Obligations at the beginning of the next Business Day, during any Dominion Trigger Period (unless such balance has otherwise been remitted to the ABL Agent to prepay the Loans pursuant to the ABL Loan Documents and the Intercreditor Agreement). If, as a result of such application, a credit balance exists, the balance shall not accrue interest in favor of Borrowers and shall be made available to Borrowers as long as no Default or Event of Default exists. Each Borrower irrevocably waives the right to direct the application of any payments or Collateral proceeds, and agrees that Agent shall have the continuing, exclusive right to apply and reapply same against the Obligations, in such manner as Agent deems advisable.

5.8 **Loan Account; Account Stated.**

5.8.1 **Loan Account.** Agent shall maintain in accordance with its usual and customary practices an account or accounts ("Loan Account") evidencing the Debt of Borrowers resulting from the Term Loan from time to time. Any failure of Agent to record anything in the Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of Borrowers to pay any amount owing hereunder. Agent may maintain a single Loan Account in the name of Borrower Agent, and each Borrower confirms that such arrangement shall have no effect on the joint and several character of its liability for the Obligations.

5.8.2 **Entries Binding.** Entries made in the Loan Account shall constitute presumptive evidence of the information contained therein. If any information contained in the Loan Account is provided to or inspected by any Person, then such information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies Agent in writing within 30 days after receipt or inspection that specific information is subject to dispute; provided, that payment by Borrowers to Agent of any amounts owed hereunder which are under dispute by Borrowers shall not be deemed a waiver of Borrowers' right to continue such dispute.

5.9 **Taxes.**

5.9.1 **Payments Free of Taxes.** All payments by Obligor of Obligations shall be free and clear of and without reduction for any Taxes. If Applicable Law requires any Obligor or Agent to withhold or deduct any Tax (including backup withholding or withholding Tax), the withholding or deduction shall be based on information provided pursuant to **Section 5.10** and Agent shall pay the amount withheld or deducted to the relevant Governmental Authority. If the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by Borrowers shall be increased so that Agent or Lender, as applicable, receives an amount equal to the sum it would have received if no such withholding or deduction (including deductions applicable to additional sums payable under this Section) had been made. Without limiting the foregoing, Borrowers shall timely pay all Other Taxes to the relevant Governmental Authorities.

5.9.2 Payment. Borrowers shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) Agent and Lenders for any Indemnified Taxes or Other Taxes (including those attributable to amounts payable under this Section) withheld or deducted by any Obligor or Agent, or paid by Agent or any Lender, with respect to any Obligations or Loan Documents, whether or not such Taxes were properly asserted by the relevant Governmental Authority (provided, that payment by Borrowers to Agent of any amounts owed hereunder which are under dispute by Borrowers shall not be deemed a waiver of Borrower's right to continue such dispute), and including all penalties, interest and reasonable expenses relating thereto which arise as a result of any action or inaction by Borrowers, as well as any amount that a Lender fails to pay indefeasibly to Agent under **Section 5.10**. A certificate as to the amount of any such payment or liability delivered to Borrower Agent by Agent, or by a Lender (with a copy to Agent), shall be conclusive, absent manifest error. As soon as practicable after any payment of Taxes by a Borrower, Borrower Agent shall deliver to Agent a receipt from the Governmental Authority or other evidence of payment satisfactory to Agent.

5.10 Lender Tax Information

5.10.1 Status of Lenders. Each Lender shall deliver documentation and information to Agent and Borrower Agent, at the times and in the form required by Applicable Law or reasonably requested by Agent or Borrower Agent, sufficient to permit Agent or Borrowers to determine (a) whether or not payments made with respect to Obligations are subject to Taxes, (b) if applicable, the required rate of withholding or deduction, and (c) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes for such payments or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction.

5.10.2 Documentation. If a Borrower is resident for tax purposes in the United States, any Lender that is a "United States person" within the meaning of section 7701(a)(30) of the Code shall deliver to Agent and Borrower Agent IRS Form W-9 or such other documentation or information prescribed by Applicable Law or reasonably requested by Agent or Borrower Agent to determine whether such Lender is subject to backup withholding or information reporting requirements. If any Foreign Lender is entitled to any exemption from or reduction of withholding tax for payments with respect to the Obligations, it shall deliver to Agent and Borrower Agent, on or prior to the date on which it becomes a Lender hereunder (and from time to time thereafter upon request by Agent or Borrower Agent, but only if such Foreign Lender is legally entitled to do so), (a) IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party; (b) IRS Form W-8ECI; (c) IRS Form W-8IMY and all required supporting documentation; (d) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, IRS Form W-8BEN and a certificate showing such Foreign Lender is not (i) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (ii) a "10 percent shareholder" of any Obligor within the meaning of section 881(c)(3)(B) of the Code, or (iii) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code; or (e) any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in withholding tax, together with such supplementary documentation necessary to allow Agent and Borrowers to determine the withholding or deduction required to be made.

5.10.3 Lender Obligations. Each Lender shall promptly notify Borrowers and Agent of any change in circumstances that would change any claimed Tax exemption or reduction. Each Lender shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) Borrowers and Agent for any Taxes, losses, claims, liabilities, penalties, interest and expenses (including reasonable attorneys' fees) incurred by or asserted against a Borrower or Agent by any Governmental Authority due to such Lender's failure to deliver, or inaccuracy or deficiency in, any documentation required to be delivered by it pursuant to this Section. Each Lender authorizes Agent to set off any amounts due to Agent under this Section against any amounts payable to such Lender under any Loan Document.

5.11 Nature and Extent of Each Borrower's Liability.

5.11.1 Joint and Several Liability. Each Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Obligations and all agreements under the Loan Documents. Each Borrower agrees that its guaranty obligations hereunder constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until Full Payment of the Obligations, and that such obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any Obligations or Loan Document, or any other document, instrument or agreement to which any Obligor is or may become a party or be bound; (b) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for the Obligations or any action, or the absence of any action, by Agent or any Lender in respect thereof (including the release of any security or guaranty); (d) the insolvency of any Obligor; (e) any election by Agent or any Lender in an Insolvency Proceeding for the application of Section 1111(b)(2) of the Bankruptcy Code; (f) any borrowing or grant of a Lien by any other Borrower, as debtor-in-possession under Section 364 of the Bankruptcy Code or otherwise; (g) the disallowance of any claims of Agent or any Lender against any Obligor for the repayment of any Obligations under Section 502 of the Bankruptcy Code or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Full Payment of all Obligations.

5.11.2 Waivers.

(a) Each Borrower expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or Lenders to marshal assets or to proceed against any Obligor, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Borrower. Each Borrower waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of all Obligations. It is agreed among each Borrower, Agent and Lenders that the provisions of this **Section 5.11** are the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Agent and Lenders would decline to make the Term Loan. Each Borrower acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Agent and Lenders may, in their sole discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral (including any Real Estate) by judicial foreclosure or non-judicial sale or enforcement, without affecting any rights and remedies under this **Section 5.11**. If, in taking any action in connection with the exercise of any rights or remedies, Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Borrower or other Person, whether because of any Applicable Laws pertaining to “election of remedies” or otherwise, each Borrower consents to such action and waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any Borrower might otherwise have had. Any election of remedies that results in denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Borrower shall not impair any other Borrower’s obligation to pay the full amount of the Obligations. Each Borrower waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Borrower’s rights of subrogation against any other Person. Agent may bid all or a portion of the Obligations at any foreclosure or trustee’s sale or at any private sale, and the amount of such bid need not be paid by Agent but shall be credited against the Obligations. The amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this **Section 5.11**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

5.11.3 Extent of Liability; Contribution.

(a) Notwithstanding anything herein to the contrary, each Borrower’s liability under this **Section 5.11** shall be limited to the greater of (i) all amounts for which such Borrower is primarily liable, as described below, and (ii) such Borrower’s Allocable Amount.

(b) If any Borrower makes a payment under this **Section 5.11** of any Obligations (other than amounts for which such Borrower is primarily liable) (a “Guarantor Payment”) that, taking into account all other Guarantor Payments previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Guarantor Payments in the same proportion that such Borrower’s Allocable Amount bore to the total Allocable Amounts of all Borrowers, then such Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The “Allocable Amount” for any Borrower shall be the maximum amount that could then be recovered from such Borrower under this **Section 5.11** without rendering such payment voidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

5.11.4 Joint Enterprise. Each Borrower has requested that Agent and Lenders make this credit facility available to Borrowers on a combined basis, in order to finance Borrowers' business most efficiently and economically. Borrowers' business is a mutual and collective enterprise, and the successful operation of each Borrower is dependent upon the successful performance of the integrated group. Borrowers believe that consolidation of their credit facility will enhance the borrowing power of each Borrower and ease administration of the facility, all to their mutual advantage. Borrowers acknowledge that Agent's and Lenders' willingness to extend credit and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to Borrowers and at Borrowers' request.

5.11.5 Subordination. Each Borrower hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Obligor, howsoever arising, to the Full Payment of all Obligations.

SECTION 6. CONDITIONS PRECEDENT

6.1 Conditions Precedent to Term Loan. Lenders shall not be required to fund the Term Loan or otherwise extend credit to Borrowers hereunder, until the date ("Closing Date") that each of the following conditions has been satisfied:

(a) Notes shall have been executed by Borrowers and delivered to each Lender that requests issuance of a Note. Each other Loan Document (other than a Compliance Certificate) shall have been duly executed and delivered to Agent by each of the signatories thereto, and each Obligor (to the extent a party thereto) shall be in compliance with all terms thereof.

(b) Agent shall have received acknowledgments of all filings or recordations necessary to perfect its Liens in the Collateral, as well as UCC and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral, except Permitted Liens.

(c) Agent shall have received access agreements in form and substance reasonably satisfactory to Agent with respect to the Borrowers' credit collection centers in San Antonio, Texas and Beaumont, Texas.

(d) Agent shall have received certificates, in the form of **Exhibit D**, from a knowledgeable Senior Officer of Parent and each Borrower certifying that, after giving effect to the Term Loan and transactions hereunder, (i) it is Solvent; (ii) no Default or Event of Default exists; (iii) the representations and warranties set forth in **Section 9** are true and correct; and (iv) it has complied with all agreements and conditions to be satisfied by it under the Loan Documents.

(e) Agent shall have received a certificate of a duly authorized officer of each Obligor, certifying (i) that attached copies of such Obligor's Organic Documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents. Agent may conclusively rely on this certificate until it is otherwise notified by the applicable Obligor in writing.

(f) Agent shall have received a written opinion of Andrews Kurth, LLP, as well as any local counsel to Borrowers or Agent, with respect to the Loan Documents.

(g) Agent shall have received a written opinion from Parent's Corporate General Counsel with respect to existence and authority of each Obligor, and with respect to each Obligor there has been no violation of laws and there exists no litigation regarding each Obligor.

(h) Agent shall have received a written opinion of Hughes Watters Askanase L.L.P. regarding the enforceability of Borrowers' form of Contract and its compliance with any Requirement of Law with respect to the laws of the State of Texas and relevant federal laws.

(i) Agent shall have received a written opinion of Hughes Watters Askanase L.L.P. regarding the enforceability of Borrowers' form of Contract and its compliance with any Requirement of Law with respect to the laws of the State of Oklahoma and relevant federal laws.

(j) Agent shall have received a written opinion of McGlinchey Stafford PLLC regarding the enforceability of Borrowers' form of Contract and its compliance with any Requirement of Law with respect to the laws of the State of Louisiana and relevant federal laws.

(k) Agent shall have received copies of the charter documents of each Obligor, certified by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization. Agent shall have received good standing certificates for each Obligor, issued by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization and each jurisdiction where such Obligor's conduct of business or ownership of Property necessitates qualification.

(l) Agent shall have completed its legal due diligence of Obligors, with results satisfactory to Agent. No material adverse change in the financial condition of any Obligor or in the quality, quantity or value of any Collateral shall have occurred since July 31, 2010.

(m) Agent shall have received completed appraisals of Inventory, Eligible Real Estate and Eligible Contracts and an updated Contract valuation, with results reasonably satisfactory to Agent.

(n) Borrowers shall have paid all fees and expenses due and payable to Agent and Lenders on the Closing Date.

(o) Agent shall have received a Borrowing Base Certificate prepared as of November 12, 2010. Upon giving effect to the initial funding of Revolver Loans and issuance of Letters of Credit under the ABL Credit Agreement, the making of the Term Loan, and the payment by Borrowers of all fees and expenses incurred in connection herewith, the ABL Facility, completion of the equity offering set forth in clause (z) below, the redemption of Borrowers' existing asset backed securitization facility, and the assignment of assets pursuant to the Intercompany Assignment Agreement, Availability shall be at least \$60,000,000.

(p) Agent shall have received copies of the ABL Credit Agreement and the ABL Loan Documents.

(q) Agent shall have received a letter from each third party service maintenance providers acknowledging that any refunds owed to a Borrower as a result of the cancellation of a third party service maintenance plan purchased under a Contract shall be paid directly to the Dominion Account, which letter shall be in form and substance satisfactory to Agent.

(r) Agent shall have received a letter from each third party credit insurance provider acknowledging that any refunds owed to a Borrower as a result of the cancellation of a credit insurance policy shall be paid directly to the Dominion Account, which letter shall be in form and substance satisfactory to Agent.

(s) Agent shall have received a fully signed Intercreditor Agreement.

(t) Agent shall have received evidence that the Borrowers' existing securitization facility will be paid in full and terminated on the Closing Date.

(u) Agent shall have received the Related Real Estate Documents for all Eligible Real Estate.

(v) Agent shall have received each fully executed Intercompany Assignment Agreement together with evidence that on the Closing Date all of the assignments set forth therein shall be consummated.

(w) No Default or Event of Default shall exist.

(x) The representations and warranties of each Obligor in the Loan Documents shall be true and correct (except for representations and warranties that expressly relate to an earlier date, which shall be true and correct as of such earlier date).

(y) Agent shall (i) have received satisfactory evidence that the Borrowers have obtained the ABL Facility with a revolving loan in the original commitment amount of at least \$375,000,000 but not more than \$400,000,000 on terms reasonably acceptable to Agent, and the ABL Agent shall have confirmed that all conditions precedent to borrowing thereunder have been satisfied, and (ii) be reasonably satisfied with the loan documents related to the ABL Facility.

(z) The Borrowers shall have closed and received at least \$25,000,000 in gross proceeds from an equity or equity linked offering.

(aa) Agent shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act, MSB and HRC requirements.

(bb) All accounts payable of the Borrowers shall be within stated invoice terms, or as permitted in the ordinary course of Borrower's business consistent with current practices.

(cc) All conditions precedent in any other Loan Document shall be satisfied.

(dd) There shall be no litigation or other proceeding, the result of which would reasonably be expected to have a Material Adverse Effect, and no other event shall have occurred or circumstance exist that has or could reasonably be expected to have a Material Adverse Effect.

(ee) There shall have been no material adverse change in the financial markets, or the business, operations, assets, properties, liabilities, profits, prospects or financial position of Borrowers, as determined by Agent and Lenders in their discretion.

SECTION 7. COLLATERAL

7.1 Grant of Security Interest. To secure the prompt payment and performance of all Obligations, each Borrower hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all Property of such Borrower, including all of the following Property, whether now owned or hereafter acquired, and wherever located:

- (a) all Contracts;
- (b) all Accounts including Credit Card Accounts;
- (c) all Chattel Paper, including electronic chattel paper;
- (d) all Commercial Tort Claims, including those shown on **Schedule 9.1.16**;
- (e) all Deposit Accounts;
- (f) all Documents;
- (g) all General Intangibles, including Intellectual Property;
- (h) all Goods, including Inventory, Equipment and fixtures;
- (i) all Instruments;
- (j) all Investment Property, including the Equity Interests of each Borrower in its Subsidiaries set forth on **Schedule 7.1(j)**;
- (k) all Letter-of-Credit Rights;
- (l) all Supporting Obligations;
- (m) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a Lender, including any Cash Collateral;
- (n) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and

(o) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

No Contract or its related security shall be released from Agent's security interest to become a Securitized Contract unless and until Agent executes a release releasing such Contract from Agent's security interest. If a Securitized Contract is transferred from a Securitization Subsidiary back to a Borrower, it shall cease being a Securitized Contract upon such transfer back and, together with its related security shall again constitute Collateral hereunder.

7.2 Lien on Deposit Accounts; Cash Collateral.

7.2.1 Deposit Accounts. To further secure the prompt payment and performance of all Obligations, each Borrower hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all amounts credited to any Deposit Account of such Borrower, including any sums in any blocked or lockbox accounts (if any) or in any accounts into which such sums are swept. Each Borrower authorizes and directs each bank or other depository to deliver to Agent, and each Deposit Account Control Agreement shall require such bank or other depository to deliver to Agent (unless such amounts have been transferred to the ABL Agent pursuant to the terms of the ABL Credit Agreement and the Intercreditor Agreement), on a daily basis during a Dominion Trigger Period, all balances in each Deposit Account maintained by such Borrower with such depository for application to the Obligations then outstanding. Each Borrower irrevocably appoints Agent as such Borrower's attorney-in-fact to collect such balances to the extent any such delivery is not so made.

7.2.2 Cash Collateral. At the request of Borrower Agent, any Cash Collateral shall be invested, at Agent's discretion, in Cash Equivalents, but Agent shall have no responsibility for any investment or loss. Each Borrower hereby grants to Agent, for the benefit of Secured Parties, a security interest in all Cash Collateral held from time to time and all proceeds thereof, as security for the Obligations, whether such Cash Collateral is held in a Cash Collateral Account or elsewhere. Agent may apply Cash Collateral to the payment of any Obligations, in such order as Agent may elect, as they become due and payable. Each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent. No Borrower or other Person claiming through or on behalf of any Borrower shall have any right to any Cash Collateral, until Full Payment of all Obligations.

7.3 Real Estate Collateral.

7.3.1 Lien on Owned Real Estate. The Obligations shall also be secured by Mortgages upon all Real Estate owned by the Borrowers. The Mortgages shall be duly recorded, at Borrowers' expense, in each office where such recording is required to constitute a valid, secured Lien on the Real Estate covered thereby.

7.3.2 Collateral Assignment of Leases. To further secure the prompt payment and performance of all Obligations, each Borrower hereby transfers and assigns to Agent, for the benefit of Secured Parties, all of such Borrower's right, title and interest in, to and under all now or hereafter existing leases of real Property to which such Borrower is a party, as lessor, and all extensions, renewals, modifications and proceeds thereof.

7.3.3 **Real Estate Collateral.** At the request of Agent, Borrowers shall use commercially reasonable efforts to obtain consent from Borrower's landlords to place Leasehold Mortgages upon the leased Real Estate of Borrowers. Agent shall hold such Leasehold Mortgages, and Agent and each Borrower agree that the Leasehold Mortgages will not create a valid Lien in favor of Agent until the Leasehold Mortgage is recorded as set forth below. If any Borrower acquires a leasehold interest in Real Estate hereafter, Borrowers agree to use commercially reasonable efforts to obtain a Leasehold Mortgage Consent from each landlord for each such new leased Real Estate, and if such consent is obtained, upon Agent's request, execute and deliver a Leasehold Mortgage sufficient to create a Lien in favor of Agent on such leased Real Estate. Agent and Borrowers agree that any such Leasehold Mortgage shall not create a valid Lien in favor of Agent until the Leasehold Mortgage is recorded as set forth below. At any time (i) Availability is less than \$30,000,000, or (ii) an Event of Default exists, at the option of Agent the Leasehold Mortgages shall be duly recorded, at Borrowers' expense, in each office where such recording is required to provide notice to third parties of Agent's Lien on the Real Estate covered thereby.

7.4 Other Collateral.

7.4.1 **Commercial Tort Claims.** Borrowers shall (i) promptly notify Agent in writing if any Borrower has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$500,000), (ii) promptly amend **Schedule 9.1.16** to include such claim, and (iii) take such actions as Agent deems appropriate to subject such claim to a duly perfected, second priority (subject in priority only to the Lien of the ABL Agent under the ABL Loan Documents pursuant to the Intercreditor Agreement) Lien in favor of Agent (for the benefit of Secured Parties).

7.4.2 **Certain After-Acquired Collateral.** Borrowers shall promptly notify Agent in writing if, after the Closing Date, any Borrower obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, Documents, Instruments, Intellectual Property, Investment Property or Letter-of-Credit Rights and, upon Agent's request, shall promptly take such actions as Agent deems appropriate to effect Agent's duly perfected, second priority (subject in priority only to the Lien of the ABL Agent under the ABL Loan Documents pursuant to the Intercreditor Agreement) Lien upon such Collateral, including obtaining any appropriate possession (to the extent Agent is permitted to obtain possession pursuant to the Intercreditor Agreement), control agreement or Lien Waiver. If any Collateral is in the possession of a third party, at Agent's request, Borrowers shall obtain an acknowledgment that such third party holds the Collateral for the benefit of Agent.

7.5 No Assumption of Liability. The Lien on Collateral granted hereunder is given as security only and shall not subject Agent or any Lender to, or in any way modify, any obligation or liability of Borrowers relating to any Collateral.

7.6 Further Assurances. Promptly upon request, Borrowers shall deliver such instruments, assignments, title certificates, or other documents or agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Borrower authorizes Agent to file any financing statement that indicates the Collateral as "all assets" or "all personal property" of such Borrower, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect its Lien on any Collateral.

7.7 **Foreign Subsidiary Stock.** Notwithstanding **Section 7.1**, the Collateral shall include only 65% of the voting stock of any Foreign Subsidiary.

7.8 **Contract Legend.**

7.8.1 **New Contracts.** Borrowers shall immediately following the execution or receipt of a Contract stamp or type in on the Contract the following:

This instrument or agreement is assigned as collateral to GA Capital, LLC.

7.8.2 **Assigned Contracts.** Notwithstanding the above, Borrowers shall cause each of the Contracts assigned to a Borrower pursuant to the Intercompany Assignment Agreement to include the above legend within 30 days after the Closing Date.

SECTION 8. COLLATERAL ADMINISTRATION

8.1 Collateral Reports. By the 15th day of each month and at such other times as Agent may reasonably request, but in any event at such times as the Borrowing Base Certificate is delivered under the ABL Credit Agreement, Borrowers shall deliver to Agent (and Agent shall promptly deliver same to Lenders) (i) a Borrowing Base Certificate prepared as of the close of business of the previous month (provided that the NOLV Percentage to be applied to the Value of Eligible Inventory and the appraisal percentage used to determine the Value of Eligible Contracts shall be the applicable NOLV Percentage or appraisal percentage, as applicable, set forth in the most recent appraisal delivered to Agent for (x) the month in which the Borrowing Base Certificate is delivered or (y) the immediately succeeding month during such period of such immediately succeeding month pending delivery of a new Borrowing Base Certificate) (provided further, that Borrowing Base Certificates shall be delivered weekly during a Increased Reporting Period, on Wednesday of each week or, if Wednesday is not a Business Day, on the next succeeding Business Day, as of the close of business on the immediately preceding Sunday); provided further, that the calculation of contracts not qualifying as Eligible Contracts shall be provided by Borrower on a monthly basis at all times), (ii) an aggregate list of Borrowers' Contracts, aged in 30 days contractual delinquency intervals and separately identifying the revolving Contracts; (iii) a calculation of the Past Due Percent (as defined in the ABL Credit Agreement), the Cash Recovery Percent, Collateral Adjustment Percentage (as defined in the ABL Credit Agreement), the Charge-Off Percent (as defined in the ABL Credit Agreement), the Eligible Contracts, the Eligible Inventory, the Eligible Credit Card Accounts and the Eligible Real Estate; (iv) an Inventory turn report of Borrowers' Inventory; (v) a listing of each Borrower's Inventory by location, specifying the amount of Inventory at each location; (vi) the summary balances of Borrowers' "primary portfolio" and "secondary portfolio" (as such portfolios are described in Parent's SEC filings) and delinquent balances of each such portfolio; (vii) any updates to Borrowers' Credit and Collection Guidelines; (viii) the reports set forth on **Schedule 8.1** hereof; (ix) such other reports as to the Collateral of Borrower as Agent shall reasonably request from time to time, together with a reconciliation to the general ledger; and (x) a certificate of an officer of Borrower Agent certifying as to the accuracy and completeness of the foregoing. Upon the request of Agent, Borrowers shall deliver to Agent (and Agent shall promptly deliver same to Lenders) a copy of the "screen shot" showing Availability (after giving effect to any Revolving Loans made and Letters of Credit issued under the ABL Credit Agreement) as reflected on the ABL Agent's system. All calculations of Availability in any Borrowing Base Certificate shall originally be made by Borrowers and certified by a Senior Officer, provided that Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of declines in value of any Collateral, due to collections received in the Dominion Account or otherwise; (b) to adjust advance rates to reflect changes in dilution, quality, mix and other factors affecting Collateral; and (c) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the Term Loan Borrowing Base Reserve (as defined in the ABL Credit Agreement).

8.2 Administration of Contracts.

8.2.1 Contracts.

(a) Borrowers hereby represent and warrant to Agent and Lenders with respect to the Contracts, that: (i) each existing Contract represents, and each future Contract will represent, a bona fide obligation of the Contract Debtor, enforceable in accordance with its terms; (ii) each existing Contract is, and each future Contract will be, for a liquidated amount payable by the Contract Debtor thereon on the terms set forth in the Contract therefor or in the schedule thereof delivered to Agent, without any offset, deduction, defense (including the defense of usury), or counterclaim; (iii) there is only one original counterpart of the Contract executed by the Contract Debtor and any copies of such original are clearly marked as copies; (iv) each Contract correctly sets forth the terms thereof, including the interest rate, if any, applicable thereto and correctly describes the collateral, if any, for such Contract; (v) the signatures of all Contract Debtors are genuine and, to the knowledge of Borrowers, each Contract Debtor had the legal capacity to enter into and execute such documents on the date thereof; (vi) each Contract complies with all Requirement of Law; and (viii) Borrowers have not used illegal, improper, fraudulent or deceptive marketing techniques or unfair business practices with respect to the Contracts.

(b) Borrowers shall not grant any discount, credit or allowance to any such Contract Debtor without Agent's prior written consent, except for discounts, credits and allowances made or given in the Ordinary Course of Business or in compliance with the Credit and Collection Guidelines.

(c) Except as provided in Borrowers' Credit and Collection Guidelines, Borrowers shall not accept any note or other instrument (except a check or other instrument for the immediate payment of money) with respect to any Contract without Agent's written consent. If Agent consents to the acceptance of any such instrument, it shall be considered as evidence of the Contract and not payment thereof and Borrowers will promptly deliver such instrument to Agent, endorsed by the applicable Borrower to Agent in a manner satisfactory in form and substance to Agent. Regardless of the form of presentment, demand, notice of protest with respect thereto, the Contract Debtor shall remain liable thereon until such Instrument is paid in full.

(d) Agent may rely, in determining which Contracts are Eligible Contracts, on all statements and representations made by Borrowers with respect thereto.

(e) Except as provided in the Credit and Collections Guidelines with respect to Modified Contracts, Borrowers shall not amend or modify any Contract without Agent's prior written consent and any such modifications to the applicable Contract are identified as approved modifications.

(f) Borrowers shall hold each original Contract as the custodian for Agent for the purposes of perfecting Agent's Lien in the Contracts.

(g) If the original of any Contract is in print format, Borrowers shall keep such Contract in a fireproof file cabinet at Borrowers' chief executive office (unless delivered to Agent hereunder) and if the original Contract is in electronic format, Borrowers shall keep an electronic version on their computer systems in their chief executive office and with backup copies kept in location other than the chief executive office.

8.2.2 Taxes. If any collections received from payments made by Contract Debtors includes charges for any Taxes, Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of such Borrower and to charge Borrowers therefor; provided, however, that neither Agent nor Lenders shall be liable for any Taxes that may be due from Borrowers or with respect to any Collateral.

8.2.3 Contract Verification. Whether or not a Default or Event of Default exists, Agent shall have the right at any time, in the name of Agent, any designee of Agent or any Borrower, to verify the validity, amount or any other matter relating to any Contracts by mail, telephone or otherwise. Borrowers shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

8.2.4 Maintenance of Dominion Account. Borrowers shall maintain Dominion Accounts pursuant to lockbox or other arrangements acceptable to Agent. Borrowers shall obtain an agreement (in form and substance satisfactory to Agent) from each lockbox servicer (if any) and Dominion Account bank, establishing Agent's control over and Lien in the lockbox (if any) or Dominion Account, which may be exercised by Agent during any Dominion Trigger Period, requiring immediate deposit of all remittances received in the lockbox (if any) to a Dominion Account, and waiving offset rights of such servicer or bank, except for customary administrative charges. 60; Agent and Lenders assume no responsibility to Borrowers for any lockbox arrangement (if any) or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.2.5 Proceeds of Collateral. Borrowers shall request in writing and otherwise take all necessary steps to ensure that all payments on Contracts or otherwise relating to Collateral are made directly to a Dominion Account (or a lockbox relating to a Dominion Account, if any). If any Borrower or its Subsidiary receives cash or Payment Items with respect to any Collateral, it shall hold same in trust for Agent and promptly (not later than the next Business Day) deposit same into a Dominion Account; provided, that payments on Securitization Contracts sold to the Securitization Subsidiary pursuant to the Permitted ABS Purchase Agreement may be remitted to and held by the Securitization Subsidiary and not subject to the requirements set forth above.

8.3 Administration of Inventory.

8.3.1 Records and Reports of Inventory. Each Borrower shall keep accurate and complete records of its Inventory, including costs and daily withdrawals and additions, and shall submit to Agent inventory and reconciliation reports in form satisfactory to Agent, on such periodic basis as Agent may request. Each Borrower shall conduct a physical inventory at each of its locations at least once per calendar year (and on a more frequent basis if requested by Agent when an Event of Default exists) and periodic cycle counts consistent with historical practices, and shall provide to Agent a report based on each such inventory and count promptly upon completion thereof, together with such supporting information as Agent may request. Agent may participate in and observe each physical count.

8.3.2 Returns of Inventory. No Borrower shall return any Inventory to a supplier, vendor or other Person, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default, Event of Default or Overadvance exists or would result therefrom; (c) Agent is promptly notified if the aggregate Value of all Inventory returned in any month exceeds \$2,500,000; and (d) any payment received by a Borrower in excess of the aggregate amount of \$2,500,000 in any month for a return is promptly remitted to Agent for application to the Obligations (unless such amount has been remitted to ABL Agent for payment of amounts owing under the ABL Loan Documents in accordance with the Intercreditor Agreement).

8.3.3 Acquisition, Sale and Maintenance. No Borrower shall acquire or accept any Inventory on consignment or approval (other than in the Ordinary Course of Business), and shall take all reasonable steps to assure that all Inventory is produced in accordance with Applicable Law. To the best of Borrowers' knowledge, all of each Borrower's Inventory is produced in accordance with the FLSA. No Borrower shall sell any Inventory on consignment or approval or any other basis under which the customer may return or require a Borrower to repurchase such Inventory. Borrowers shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

8.4 Administration of Equipment.

8.4.1 Records and Schedules of Equipment. Each Borrower shall keep accurate and complete records of its Equipment, including kind, quality, quantity, cost, acquisitions and dispositions thereof, and shall submit to Agent, on such periodic basis as Agent may request, a current schedule thereof, in form satisfactory to Agent. Promptly upon request, Borrowers shall deliver to Agent evidence of their ownership or interests in any Equipment.

8.4.2 Dispositions of Equipment. No Borrower shall sell, lease or otherwise dispose of any Equipment, without the prior written consent of Agent and Required Lenders, other than (a) a Permitted Asset Disposition; and (b) replacement of Equipment that is worn, damaged or obsolete with Equipment of like function and value, if the replacement Equipment is acquired substantially contemporaneously with such disposition and is free of Liens other than Permitted Liens.

8.4.3 Condition of Equipment. The Equipment is in good operating condition and repair, and all necessary replacements and repairs have been made so that the value and operating efficiency of the Equipment is preserved at all times, reasonable wear and tear excepted. Each Borrower shall ensure that the Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications. No Borrower shall permit any Equipment to become affixed to Real Estate unless any landlord or mortgagee delivers a Lien Waiver or an appropriate rent reserved has been established with respect thereto.

8.5 Administration of Deposit Accounts. Schedule 8.5 sets forth all Deposit Accounts maintained by Borrowers, including all Dominion Accounts. Each Borrower shall take all actions necessary to establish Agent's control of each such Deposit Account (other than an account exclusively used for payroll, payroll taxes or employee benefits, or an account containing not more than \$10,000 at any time). Each Borrower shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Agent or ABL Agent) to have control over a Deposit Account or any Property deposited therein. Each Borrower shall promptly notify Agent of any opening or closing of a Deposit Account and, with the consent of Agent, will amend Schedule 8.5 to reflect same.

8.6 Administration of Credit Card Accounts.

8.6.1 Credit Card Agreements. Schedule 8.6.1 is a list of all Credit Card Agreements as of the Closing Date.

8.6.2 Credit Card Processor Notifications. Each Borrower shall deliver to Agent copies of Credit Card Processor Notifications which have been executed on behalf of such Borrower and delivered to such Borrower's Credit Card Issuers and Credit Card Processors. Each Credit Card Processor Notification shall require the ACH or wire transfer no less frequently than daily to a Dominion Account of all payments due from Credit Card Processors or Credit Card Issuers.

8.7 General Provisions.

8.7.1 Location of Collateral. All tangible items of Collateral, other than Inventory in transit, shall at all times be kept by Borrowers at the business locations set forth in Schedule 8.7.1, except that Borrowers may (a) make sales or other dispositions of Collateral in accordance with Section 10.2.6; and (b) move Collateral to another location in the United States, upon 30 Business Days prior written notice to Agent.

8.7.2 Insurance of Collateral; Condemnation Proceeds.

(a) Each Borrower shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (with a Best Rating of at least A7, unless otherwise approved by Agent) satisfactory to Agent. Except as set forth in the Intercreditor Agreement, all proceeds under each policy shall be payable to Agent. From time to time upon request, Borrowers shall deliver to Agent the certified copies of its insurance policies and updated flood plain searches. Unless Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as loss payee; (ii) requiring 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever, except 10 days notice shall be given for cancellation due to non-payment of premium; and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Borrower or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Borrower fails to provide and pay for any insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge Borrowers therefor. Each Borrower agrees to deliver to Agent, promptly as rendered, copies of all claims reports made to insurance companies in excess of \$1,000,000. While no Event of Default exists, Borrowers may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent. Except as set forth in the Intercreditor Agreement, if an Event of Default exists, only Agent shall be authorized to settle, adjust and compromise such claims.

(b) Except as set forth in the Intercreditor Agreement, any proceeds of insurance (other than proceeds from workers' compensation or D&O insurance) and any awards arising from condemnation of any Collateral shall be paid to Agent and shall be deposited in the Dominion Account. Any such proceeds or awards that relate to Inventory shall be applied to payment of the outstanding Obligations (unless such proceeds have been applied to pay the Obligations under the ABL Credit Agreement in accordance with the terms of the Intercreditor Agreement).

(c) If requested by Borrowers in writing within 15 days after Agent's receipt of any insurance proceeds relating to any loss or destruction of Equipment, Borrowers may use such proceeds to repair or replace such Equipment (and until so used, the proceeds shall be held by Agent as Cash Collateral (unless held by the ABL Agent as agent for Agent under the Intercreditor Agreement)) as long as (i) no Default or Event of Default exists; (ii) such repair or replacement is promptly undertaken and concluded, in accordance with plans satisfactory to Agent; (iii) the repaired or replaced Equipment is free of Liens, other than Permitted Liens that are not Purchase Money Liens; (iv) Borrowers comply with disbursement procedures for such repair or replacement as Agent may reasonably require; and (v) the aggregate amount of such proceeds from any single casualty does not exceed \$5,000,000.

8.7.3 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof), and all other payments required to be made by Agent to any Person to realize upon any Collateral, shall be borne and paid by Borrowers. Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Borrowers' sole risk.

8.7.4 Defense of Title to Collateral. Each Borrower shall at all times defend its title to Collateral and Agent's Liens therein against all Persons, claims and demands whatsoever, except Permitted Liens.

8.8 Power of Attorney. Each Borrower hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Borrower's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or a Borrower's name, but at the cost and expense of Borrowers:

(a) Endorse a Borrower's name on any Payment Item or other proceeds of Collateral (including proceeds of insurance) that come into Agent's possession or control; and

(b) During an Event of Default, (i) notify any Contract Debtors of the assignment of their Contracts, demand and enforce payments on Contracts, by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Contracts; (ii) settle, adjust, modify, compromise, discharge or release any claims with respect to amounts due on Contracts or other Collateral, or any legal proceedings brought to collect on Contracts or other Collateral; (iii) sell or assign any Contract and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) collect, liquidate, and receive balances in Deposit Accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign a Borrower's name to a proof of claim or other document in a bankruptcy of a Contract Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to a Borrower, and notify postal authorities to deliver any such mail to an address designated by Agent; (vii) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Contract, Inventory or other Collateral; (viii) use a Borrower's stationery and sign its name to verifications of Contract and notices to Contract Debtors; (ix) use information contained in any data processing, electronic, or other information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which a Borrower is a beneficiary; and (xii) take all other actions as Agent deems appropriate to fulfill any Borrower's obligations under the Loan Documents.

SECTION 9. REPRESENTATIONS AND WARRANTIES

9.1 General Representations and Warranties. To induce Agent and Lenders to enter into this Agreement and to make available the Term Loan, Parent and each Borrower represents and warrants that:

9.1.1 Organization and Qualification. Parent and its Subsidiaries are duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization. Parent and its Subsidiaries are duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

9.1.2 Power and Authority. Each Obligor is duly authorized to execute, deliver and perform its Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a) require any consent or approval of any holders of Equity Interests of any Obligor, other than those already obtained; (b) contravene the Organic Documents of any Obligor; (c) violate or cause a default under any Applicable Law or Material Contract; or (d) result in or require the imposition of any Lien (other than Permitted Liens) on any Property of any Obligor.

9.1.3 Enforceability. Each Loan Document is a legal, valid and binding obligation of each Obligor party thereto, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

9.1.4 Capital Structure. **Schedule 9.1.4** shows, for each of Parent and its Subsidiaries, its name, its jurisdiction of organization, its authorized and issued Equity Interests, the holders of its Equity Interests, and all agreements binding on such holders with respect to their Equity Interests. Except as disclosed on Schedule 9.1.4, in the five years preceding the Closing Date, neither Parent nor any Subsidiary has acquired any substantial assets from any other Person nor has been the surviving entity in a merger or combination. Parent has good title to its Equity Interests in its Subsidiaries, subject only to Agent's Lien and ABL Agent's Lien, and all such Equity Interests are duly issued, fully paid and non-assessable. Except as set forth in **Schedule 9.1.4**, there are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of Parent or its Subsidiary.

9.1.5 Corporate Names; Locations. During the five years preceding the Closing Date, except as shown on **Schedule 9.1.5**, neither Parent nor any of its Subsidiaries has been known as or used any corporate, fictitious or trade names, has been the surviving corporation of a merger or combination, or has acquired any substantial part of the assets of any Person. The chief executive offices and other places of business of Parent and its Subsidiaries are shown on **Schedule 8.7.1**. During the five years preceding the Closing Date, no Borrower or any of its Subsidiaries has had any other office or place of business.

9.1.6 Title to Properties; Priority of Liens. Each of Parent and its Subsidiaries has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except Permitted Liens and minor defects in title to its Real Estate that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purpose. Each of Parent and its Subsidiaries has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral consisting of Eligible Real Estate are duly perfected, first priority Liens, subject only to Permitted Liens that are expressly allowed to have priority over Agent's Liens, and all Liens of Agent in all other Collateral are duly perfected, second priority (subject only to the first priority Liens of the ABL Agent in such Collateral) Liens, subject only to Permitted Liens that are expressly allowed to have priority over Agent's Liens.

9.1.7 Financial Statements. The consolidated and consolidating balance sheets, and related statements of income, cash flow and shareholder's equity, of Parent and its Subsidiaries that have been and are hereafter delivered to Agent and Lenders, are prepared in accordance with GAAP, and fairly present the financial positions and results of operations of Parent and its Subsidiaries at the dates and for the periods indicated. All projections delivered from time to time to Agent and Lenders have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time. Since July 31, 2010, there has been no change in the condition, financial or otherwise, of Parent or any of its Subsidiaries (when taken as a whole) that could reasonably be expected to have a Material Adverse Effect. No financial statement delivered to Agent or Lenders at any time contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make such statement not materially misleading. Each Borrower and its Subsidiaries are Solvent.

9.1.8 Surety Obligations. Neither Parent nor any of its Subsidiaries are obligated as surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder.

9.1.9 Taxes. Parent and each of its Subsidiaries have filed all federal, state and local tax returns and other reports that it is required by law to file, and has paid, or made provision for the payment of, all Taxes upon it, its income and its Properties that are due and payable, except to the extent being Properly Contested. The provision for Taxes on the books of each Parent and its Subsidiaries is adequate for all years not closed by applicable statutes, and for its current Fiscal Year.

9.1.10 Brokers. There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents.

9.1.11 Intellectual Property. Each of Parent and its Subsidiaries own or has the lawful right to use all Intellectual Property necessary for the conduct of its business, without conflict with any rights of others except for any such conflict of infringement that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. There is no pending or, to Parent's or any Borrower's knowledge, threatened Intellectual Property Claim with respect to Parent, any of its Subsidiaries or any of their Property (including any Intellectual Property). Except as disclosed on **Schedule 9.1.11**, neither Parent nor its Subsidiaries pays or owes any Royalty or other compensation to any Person with respect to any Intellectual Property. All Intellectual Property owned, used or licensed by, or otherwise subject to any interests of, Parent or its Subsidiaries is shown on **Schedule 9.1.11**.

9.1.12 Governmental Approvals. Each of Parent and its Subsidiaries have, is in compliance with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties. To the best of each Borrowers' knowledge, all necessary import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect, and Parent and its Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.13 Compliance with Laws. Each of Parent and its Subsidiaries have duly complied, and its Properties and business operations are in compliance, in all material respects with all Applicable Law (including all consumer credit disclosure laws and regulations), except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to Parent or its Subsidiaries under any Applicable Law. To the best of Borrowers' knowledge no Inventory has been produced in violation of the FLSA.

9.1.14 Compliance with Environmental Laws. Except as disclosed on **Schedule 9.1.14**, neither Parent's nor its Subsidiary's past or present operations, Real Estate or other Properties are subject to any federal, state or local investigation to determine whether any remedial action is needed to address any environmental pollution, hazardous material or environmental clean-up. Neither Parent nor its Subsidiaries have received any Environmental Notice. Neither Parent nor its Subsidiaries have any contingent liability with respect to any Environmental Release, environmental pollution or hazardous material on any Real Estate now or previously owned, leased or operated by it.

9.1.15 Burdensome Contracts. Neither Parent nor its Subsidiaries are a party or subject to any contract, agreement or charter restriction that could reasonably be expected to have a Material Adverse Effect. Neither Parent nor its Subsidiaries are party or subject to any Restrictive Agreement, except as shown on **Schedule 9.1.15**. No such Restrictive Agreement prohibits the execution, delivery, or performance of any Loan Document by an Obligor.

9.1.16 Litigation. Except as shown on **Schedule 9.1.16**, there are no proceedings or investigations pending or, to Parent's or any Borrower's knowledge, threatened against Parent or its Subsidiaries, or any of their businesses, operations, Properties, prospects or conditions, that (a) relate to any Loan Documents or transactions contemplated thereby; or (b) could reasonably be expected to have a Material Adverse Effect if determined adversely to Parent or its Subsidiaries. Except as shown on such Schedule, no Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$100,000). Neither Parent nor its Subsidiaries are in default with respect to any order, injunction or judgment of any Governmental Authority.

9.1.17 No Defaults. No event or circumstance has occurred or exists that constitutes a Default or Event of Default. Neither Parent nor its Subsidiaries are in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default, under any Material Contract or in the payment of any Borrowed Money. There is no basis upon which any party (other than a Parent or its Subsidiaries) could terminate a Material Contract prior to its scheduled termination date.

9.1.18 ERISA. Except as disclosed on **Schedule 9.1.18**:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, and other federal and state laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Parent and Borrowers, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Obligor and ERISA Affiliate has made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of Parent and Borrowers, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted in or could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Obligor or ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Obligor or ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) no Obligor or ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) With respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities.

9.1.19 Trade Relations. There exists no actual or threatened termination, limitation or modification of any business relationship between Parent or its Subsidiaries and any customer or supplier, or any group of customers or suppliers, who individually or in the aggregate are material to the business of Parent or its Subsidiaries. There exists no condition or circumstance that could reasonably be expected to impair the ability of Parent or its Subsidiaries to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date.

9.1.20 Labor Relations. Except as described on **Schedule 9.1.20**, neither Parent nor its Subsidiaries are party to or bound by any collective bargaining agreement, management agreement or consulting agreement. There are no material grievances, disputes or controversies with any union or other organization of Parent or its Subsidiaries' employees, or, to any Borrower's knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

9.1.21 Payable Practices. Neither Parent nor its Subsidiaries shall make any change in its historical accounts payable practices from those in effect on the Closing Date other than any changes made in the Ordinary Course of Business.

9.1.22 Not a Regulated Entity. No Obligor is (a) an "investment company" or a "person directly or indirectly controlled by or acting on behalf of an investment company" within the meaning of the Investment Company Act of 1940; or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any public utilities code or any other Applicable Law regarding its authority to incur Debt.

9.1.23 Margin Stock. Neither Parent nor its Subsidiaries are engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No proceeds of the Term Loan will be used by Borrowers to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose in any manner that would result in a violation of Regulations T, U or X of the Board of Governors.

9.1.24 Excluded Subsidiaries. At all times after the consummation of the Intercompany Assignment Agreements the Excluded Subsidiaries shall conduct no business and have no material assets.

9.2 Complete Disclosure. No Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make the statements contained therein not materially misleading. There is no fact or circumstance that any Obligor has failed to disclose to Agent in writing that could reasonably be expected to have a Material Adverse Effect.

SECTION 10. COVENANTS AND CONTINUING AGREEMENTS

10.1 Affirmative Covenants. As long as any Obligations are outstanding, Parent and each Borrower shall, and shall cause each of their Subsidiaries to:

10.1.1 Inspections; Appraisals.

(a) Permit Agent from time to time, subject (except when a Default or Event of Default exists) to reasonable notice and normal business hours, to visit and inspect the Properties of any Parent or its Subsidiaries, inspect, audit and make extracts from Parent's or its Subsidiaries' books and records, and discuss with its officers, employees, agents, advisors and independent accountants Parent's or such Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither Agent nor any Lender shall have any duty to Parent or any Borrower to make any inspection, nor to share any results of any inspection, appraisal or report with Parent or any Borrower. Borrowers acknowledge that all inspections, appraisals and reports are prepared by Agent and Lenders for their purposes, and Parent and Borrowers shall not be entitled to rely upon them.

(b) Reimburse Agent for all charges, costs and expenses of Agent in connection with (i) commercial finance examinations of any Obligor's books and records or any other financial or Collateral matters as Agent deems appropriate, up to 2 times per Loan Year; (ii) appraisals of Inventory up to 3 times per Loan Year; (iii) appraisals of Contracts up to 4 times per Loan Year; (v) desk top appraisals of Contracts on a monthly basis (other than any month in which an appraisal is conducted pursuant to clause (iii) above); and (v) appraisals of Eligible Real Estate up to 2 times per Loan Year; provided, however, that if an examination or appraisal is initiated during an Increased Reporting Period, all charges, costs and expenses therefor shall be reimbursed by Borrowers without regard to such limits. Subject to and without limiting the foregoing, Parent and Borrowers specifically agree to pay Agent's then standard charges for each day that an employee of Agent or its Affiliates is engaged in any examination activities, and shall pay the standard charges of Agent's internal appraisal group. This Section shall not be construed to limit Agent's right to conduct examinations or to obtain appraisals at any time in its discretion, nor to use third parties for such purposes. Notwithstanding the foregoing or anything to the contrary contained herein, unless an Event of Default has occurred and is continuing, the Agent shall not undertake any appraisals of Inventory so long as the ABL Agent has undertaken at least three (3) such appraisals in each Loan Year using an appraiser and methodology reasonably acceptable to Agent, and has shared the results of such appraisals taken under the ABL Credit Agreement with the Agent; provided that, in the event that the ABL Agent has not undertaken such Inventory appraisals using an appraiser and methodology reasonably acceptable to Agent and/or has not shared such results with the Agent, the Agent may undertake an amount of Inventory appraisals equal to (i) three (3) minus (ii) such number of Inventory appraisals using an appraiser and methodology reasonably acceptable to Agent undertaken by the ABL Agent and shared with the Agent in such time period (unless an Event of Default has occurred and is continuing, in which case the Agent may take such Inventory appraisals as it determines in its discretion).

10.1.2 Financial and Other Information. Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Agent and Lenders (the documents required to be delivered pursuant to **clauses (a), (b) and (h)** below shall be deemed to have been delivered on the date on which such documents are posted on the Securities and Exchange Commission's website at www.sec.gov and Borrowers have given notice to Agent of such posting):

(a) as soon as available, and in any event no later than the earlier of (i) the date Parent files its 10K with the Securities and Exchange Commission, or (ii) 90 days after the close of each Fiscal Year, balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders' equity for such Fiscal Year, on a consolidated basis for Parent and its Subsidiaries, which consolidated statements shall be audited and certified (without qualification) by a firm of independent certified public accountants of recognized standing selected by Parent and acceptable to Agent, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information acceptable to Agent;

(b) as soon as available, and in any event no later than the earlier of (i) the date Parent files its 10Q with the Securities and Exchange Commission, or (ii) 45 days after the end of each Fiscal Quarter, unaudited balance sheets as of the end of such Fiscal Quarter and the related statements of income and cash flow for such Fiscal Quarter and for the portion of the Fiscal Year then elapsed, on a consolidated basis for Parent and its Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year, certified by the chief financial officer of Borrower Agent as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such Fiscal Quarter and period, s subject to normal year end adjustments and the absence of footnotes;

(c) as soon as available, and in any event within 30 days after the end of each month that is not the last month of a Fiscal Quarter, internal management financial statements (balance sheet, cash flow statement and statement of income) as of the end of such month, on a consolidated basis for Parent and its Subsidiaries, setting forth in comparative form corresponding figures for (i) the preceding Fiscal Year and (ii) such period set forth in the projections delivered pursuant to **Section 10.1.2(f) hereof**, in each case on a month-to-date and year-to-date basis with respect to profit and loss and cash flow statements, in each case certified by the chief financial officer of Borrower Agent as prepared in accordance with its normal internal, interim reporting practices;

(d) within the time frame specified for the delivery of financial statements under clauses (a)(ii), (b)(ii) and (c) above, or more frequently if requested by Agent while a Default or Event of Default exists, a Compliance Certificate executed by the chief financial officer or treasurer of Borrower Agent;

(e) not later than 30 days after receipt thereof by Borrowers, copies of all management letters (if any) and other material reports submitted to Borrowers by their accountants in connection with such financial statements, if any;

(f) not later than 30 days after the commencement of each Fiscal Year, preliminary projections of Parent's consolidated balance sheets, results of operations, cash flow and Availability for such Fiscal Year, month by month, and not later than 60 days after the commencement of each Fiscal Year, final projections of Parent's consolidated balance sheets, results of operations, cash flow and Availability for such Fiscal Year, month by month, approved by the Parent's board of directors or other governing body;

(g) at Agent's request, a listing of each Borrower's trade payables, specifying the trade creditor and balance due, and a detailed trade payable aging, all in form satisfactory to Agent;

(h) promptly after the sending or filing thereof, copies of any proxy statements, financial statements or reports that Parent or any Borrower has made generally available to its shareholders; copies of any regular, periodic and special reports or registration statements or prospectuses that Parent or any Borrower files with the Securities and Exchange Commission or any other Governmental Authority, or any securities exchange; and copies of any press releases or other statements made available by Parent or a Borrower to the public concerning material changes to or developments in the business of Parent or such Borrower;

(i) promptly after the sending or filing thereof, copies of any annual report to be filed in connection with each Plan or Foreign Plan;

(j) at the request of Agent, to the extent not delivered to the appraiser conducting an appraisal of Borrowers' Contracts, and in any event no later than 45 days after the end of each Fiscal Quarter, the Borrowers' "data tape" in form and substance reasonably satisfactory to the Agent and Required Lenders;

(k) copies of such other reports and information required to be delivered by the ABL Agent pursuant to the ABL Credit Agreement; and

(l) such other reports and information (financial or otherwise) as Agent may reasonably request (at its reasonable discretion or at the reasonable request of any Lender) from time to time in connection with any Collateral or any Borrower's, its Subsidiary's or other Obligor's financial condition or business.

10.1.3 Notices. Notify Agent and Lenders in writing, within ten (10) days after Parent or a Borrower's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the threat or commencement of any proceeding or investigation, whether or not covered by insurance, if an adverse determination could have a Material Adverse Effect; (b) any pending or threatened material labor dispute, strike or walkout, or the expiration of any material labor contract; (c) any default under or termination of a Material Contract; (d) the existence of any Default or Event of Default; (e) any judgment in an amount exceeding \$1,000,000; (f) the assertion of any Intellectual Property Claim, if an adverse resolution could have a Material Adverse Effect; (g) any violation or asserted violation of any Applicable Law (including ERISA, OSHA, FLSA, or any Environmental Laws), if an adverse resolution could have a Material Adverse Effect; (h) any Environmental Release by an Obligor or on any Property owned, leased or occupied by an Obligor; or receipt of any Environmental Notice; (i) the occurrence of any material ERISA Event; (j) the discharge of or any withdrawal or resignation by Borrowers' independent accountants; (k) any opening of a new office or place of business, at least 30 days prior to such opening; or (l) any default under the ABL Credit Agreement or the ABL Loan Documents.

10.1.4 Landlord and Storage Agreements. Upon request, provide Agent with copies of all existing agreements, and promptly after execution thereof provide Agent with copies of all future agreements, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

10.1.5 Compliance with Laws. Comply with all Applicable Laws, including ERISA, Environmental Laws, FLSA, OSHA, Anti-Terrorism Laws, and laws regarding collection and payment of Taxes, and maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any Environmental Release occurs at or on any Properties of Parent or its Subsidiaries, it shall act promptly and diligently to investigate and report to Agent and all appropriate Governmental Authorities the extent of, and to make appropriate remedial action to eliminate, such Environmental Release, whether or not directed to do so by any Governmental Authority.

10.1.6 Taxes. Pay and discharge all Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

10.1.7 Insurance. In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (with a Best Rating of at least A7, unless otherwise approved by Agent) satisfactory to Agent, with respect to the Properties and business of Borrowers and its Subsidiaries of such type (including product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated.

10.1.8 Licenses. Keep each License affecting any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material Property of Borrowers and its Subsidiaries in full force and effect; promptly notify Agent of any proposed modification to any such License, or entry into any new License, in each case at least 30 days prior to its effective date; pay all Royalties when due; and notify Agent of any default or breach asserted by any Person to have occurred under any License.

10.1.9 Future Subsidiaries. Promptly notify Agent upon any Person becoming a Subsidiary of Parent and, if such Person is neither a Foreign Subsidiary nor a Securitization Subsidiary, cause it to guaranty the Obligations in a manner satisfactory to Agent, and to execute and deliver such documents, instruments and agreements and to take such other actions as Agent shall require to evidence and perfect a Lien in favor of Agent (for the benefit of Secured Parties) on all assets of such Person, including delivery of such legal opinions, in form and substance satisfactory to Agent, as it shall deem appropriate.

10.1.10 [Reserved]

10.1.11 Service Maintenance Plans. To the extent that Borrowers finance so-called “service maintenance plans,” Borrowers shall ensure that the cost of such plans are disclosed to the Contract Debtors and such plans are in compliance with all applicable consumer credit laws, including any and all special insurance laws relating thereto.

10.1.12 Charge-Off Policy. Borrowers shall establish and implement, in a manner satisfactory to Agent, a policy for charging off the unpaid balance of its delinquent Contracts as set forth in the Credit and Collections Guidelines. Borrowers shall not in any way modify such policy as in effect on the Closing Date without providing 10 Business Days prior written notice to Agent of such modification and, if such modification is a material modification, obtaining Agent’s consent to such material modification, which consent will not be unreasonably withheld.

10.1.13 Loss Reserve. Borrowers shall maintain, on a consolidated basis, loss reserves at all times during the term of the Agreement in amounts required to be maintained under GAAP.

10.1.14 Prepayment of Revolver Loans. If at any time the aggregate outstanding principal amount of Revolver Loans (as defined in the ABL Credit Agreement), plus all Overadvances (as defined in the ABL Credit Agreement), plus the stated amount of outstanding Letters of Credit (as defined in the ABL Credit Agreement), plus all Bank Product Debt (as defined in the ABL Credit Agreement) (net of any Bank Product Debt which has been Cash Collateralized (as defined in the ABL Credit Agreement) in the amount of such Bank Product Debt), plus the principal outstanding amount of the Term Loan, exceeds the Term Loan Borrowing Base (calculated without giving effect to any reserves related to Bank Product Debt), the Borrowers shall immediately pay such excess amount to the ABL Agent for application to the Revolver Loans (or to be held as cash collateral therefor under the ABL Credit Agreement).

10.1.15 Dissolution of Excluded Subsidiaries. Within 15 days after the Closing Date, Parent and Borrowers shall file all of the necessary documents with the applicable Governmental Authority to cause each of the Excluded Subsidiaries to be dissolved and shall deliver evidence of such dissolution to Agent promptly after receipt thereof from such Governmental Authority. The Excluded Subsidiaries shall not hold any assets or conduct any business after the Closing Date.

10.2 Negative Covenants. As long as any Obligations are outstanding, Parent and each Borrower shall not, and shall not permit any of its Subsidiaries to:

10.2.1 Permitted Debt. Create, incur, guarantee or suffer to exist any Debt, except:

- (a) the Obligations;

(b) Subordinated Debt;

(c) Permitted Purchase Money Debt;

(d) Borrowed Money (other than the Obligations, the obligations under the ABL Loan Documents, Subordinated Debt and Permitted Purchase Money Debt), but only to the extent outstanding on the Closing Date;

(e) [Reserved];

(f) Debt that is in existence when a Person becomes a Subsidiary of Parent or that is secured by an asset when acquired by Parent or its Subsidiaries, as long as such Debt was not incurred in contemplation of such Person becoming a Subsidiary of Parent or such acquisition, and does not exceed \$15,000,000 in the aggregate at any time;

(g) Permitted Contingent Obligations;

(h) Debt owed to a Flooring Lender, provided that such Flooring Lender has entered into a Flooring Intercreditor Agreement with respect to such Debt;

(i) (x) Debt incurred for the acquisition of Real Estate by a Borrower so long as the purchase price of such Real Estate does not exceed the fair market value of the Real Estate at the time of its acquisition and the Debt incurred in connection therewith does not exceed 100% of the purchase price of such Real Estate, and (y) Debt secured solely by Real Estate owned by a Borrower as of the Closing Date incurred to refinance a portion of the Term Loan; provided that (i) the amount of net proceeds received by Borrowers with respect to such Debt shall be not less than the amount advanced by the Lenders under the Term Loan Borrowing Base with respect to any Eligible Real Estate being refinanced, (ii) the net proceeds received by the Borrowers with respect to such Debt to refinance any Eligible Real Estate shall be applied to prepay the Term Loan in accordance with Section 5.2.2 hereof (together with any prepayment fee then due under Section 5.2.3 hereof), and (iii) the Lien of the Mortgage held by the Agent on such Real Estate shall be subordinated to the Lien of the lender holding such Debt; and provided further that the aggregate outstanding Debt permitted under this subsection (i) does not at any time exceed (excluding any advances under the Term Loan against such Real Estate) (A) \$10,000,000 plus (B) such additional amount incurred so long as no Default or Event of Default has occurred and is continuing and Availability on a pro forma basis after giving effect to the incurrence of such Debt and on a projected basis for the six months following the incurrence of such Debt is not less than \$75,000,000, provided that the aggregate amount of Debt permitted under this subsection (i) shall in no event exceed \$25,000,000 outstanding at any time, excluding any advances under the Term Loan against such Real Estate;

(j) Debt incurred under the ABL Facility and the ABL Loan Documents;

(k) Refinancing Debt as long as each Refinancing Condition is satisfied;

(l) Debt incurred in connection with the purchase of Contracts and related assets by CCI from CCCI as evidence by the CCCI Originator Notes;

(m) Debt incurred in connection with the purchase of Contracts and related assets by CCI from CAI as evidence by the CCI Originator Notes;

(n) Permitted ABS Facility so long as prior to entering into such facility Agent and Required Lenders have approved the structure and documents related to such facility and the Permitted ABS Agent has entered into the Permitted ABS Intercreditor Agreement;

(o) Debt incurred under the Permitted ABS Originator Notes;

(p) Debt incurred in connection with the purchase of Contracts and related assets by CCI from an Excluded Subsidiary as evidenced by the CFII Originator Note; and

(q) Debt that is not included in any of the preceding clauses of this Section, is not secured by a Lien and does not exceed \$10,000,000 in the aggregate at any time.

10.2.2 Permitted Liens. Create or suffer to exist any Lien upon any of its Property, except the following (collectively, "Permitted Liens"):

(a) Liens in favor of Agent;

(b) Purchase Money Liens securing Permitted Purchase Money Debt;

(c) Liens for Taxes not yet due or being Properly Contested;

(d) statutory Liens (other than Liens for Taxes or imposed under ERISA) arising in the Ordinary Course of Business, but only if (i) payment of the obligations secured thereby is not yet due or is being Properly Contested, and (ii) such Liens do not materially impair the value or use of the Property or materially impair operation of the business of Parent or its Subsidiaries;

(e) Liens incurred or deposits made in the Ordinary Course of Business to secure the performance of tenders, bids, leases, contracts (except those relating to Borrowed Money), statutory obligations and other similar obligations, or arising as a result of progress payments under government contracts, as long as such Liens are at all times junior to Agent's Liens;

(f) Liens arising in the Ordinary Course of Business that are subject to Lien Waivers;

(g) Liens arising by virtue of a judgment or judicial order against Parent or its Subsidiaries, or any Property of Parent or its Subsidiaries, as long as such Liens are (i) in existence for less than 20 consecutive days or being Properly Contested, and (ii) at all times junior to Agent's Liens;

(h) easements, rights-of-way, restrictions, covenants or other agreements of record, and other similar charges or encumbrances on Real Estate, that do not secure any monetary obligation and do not interfere with the Ordinary Course of Business;

(i) normal and customary rights of setoff upon deposits in favor of depository institutions, and Liens of a collecting bank on Payment Items in the course of collection;

(j) Liens in favor of a Flooring Lender to secure Debt permitted by **Section 10.2.1(h)** above so long as such Liens do not attach to any assets of a Borrower other than the Inventory floored by such Flooring Lender;

- (k) Liens securing only the Real Estate acquired by a Borrower after the Closing Date to secure Debt permitted under **Section 10.2.1(i)**;
- (l) existing Liens shown on **Schedule 10.2.2**;
- (m) Liens on the Equity Interests of Parent which are held by Parent, to the extent such Equity Interests are deemed to be Margin Stock;
- (n) Liens on the Securitized Contracts in favor of the Permitted ABS Agent and subject to the Permitted ABS Intercreditor Agreement;
- (o) Liens (subject to the Intercreditor Agreement) in favor of the ABL Agent securing the obligations under the ABL Loan Documents and any Refinancing Debt;

(p) rights of CCI in the Contracts purchased from CCCI pursuant to the CCI Receivables Purchase Agreement and evidenced by a UCC-1 Financing Statement naming CCI as a secured party and CCCI as debtor; provided, that such rights are an ownership right and not a Lien; and

(q) rights of CAI in the Contracts purchased from CCCI pursuant to the CAI Receivables Purchase Agreement and evidenced by a UCC-1 Financing Statement naming CAI as a secured party and CCCI as debtor; provided, that such rights are an ownership right and not a Lien.

10.2.3 Capital Expenditures. Make Capital Expenditures (net of any net proceeds from the sale of any Borrower's fixed assets) in excess of \$22,000,000 in the aggregate during any 12-month period, measured as at the end of each Fiscal Quarter.

10.2.4 Distributions; Upstream Payments. Declare or make any Distributions, except Upstream Payments and Permitted Distributions; or create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary of Parent to make any Upstream Payment, except for restrictions under the Loan Documents, the ABL Loan Documents, under Applicable Law or in effect on the Closing Date as shown on **Schedule 9.1.15**.

10.2.5 Restricted Investments. Make any Restricted Investment.

10.2.6 Disposition of Assets. Make any Asset Disposition, except a Permitted Asset Disposition, a disposition of Equipment under **Section 8.4.2**, a transfer of Property by an Obligor of its Subsidiary to a Borrower, or a disposition of Margin Stock by Parent.

10.2.7 Loans. Make any loans or other advances of money to any Person, except (a) advances to an officer or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (b) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (c) deposits with financial institutions permitted hereunder; (d) as long as no Default or Event of Default exists, intercompany loans by a Borrower to another Borrower; (e) loans made by a Borrower to a Contract Debtor pursuant to a Contract; (f) loans made under the CCI Originator Notes and CCCI Originator Notes, and (g) loans made under the ABS Originator Notes.

10.2.8 Restrictions on Payment of Certain Debt. Make any payments (whether voluntary or mandatory, or a prepayment, redemption, repurchase, retirement, defeasance or acquisition) with respect to (a) any Subordinated Debt, except regularly scheduled payments of principal, interest and fees, but only to the extent permitted under any subordination agreement relating to such Debt (and a Senior Officer of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all conditions under such agreement have been satisfied); or (b) any Borrowed Money (other than the Obligations and obligations under the ABL Loan Documents) prior to its due date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Agent and Required Lenders), unless, in each case, immediately prior to and after giving effect to any such payment, redemption, repurchase, retirement, defeasance or acquisition (x) no Event of Default exists and (y) Availability exceeds \$80,000,000.

10.2.9 Fundamental Changes. Merge, combine or consolidate with any Person, or liquidate, wind up its affairs or dissolve itself, in each case whether in a single transaction or in a series of related transactions, except for (x) mergers or consolidations of a wholly-owned Subsidiary with another wholly-owned Subsidiary or into a Borrower and (y) dissolution of the Excluded Subsidiaries; change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; or change its form or state of organization.

10.2.10 Subsidiaries. Form or acquire any Subsidiary after the Closing Date, except in accordance with **Sections 10.1.9 and 10.2.5**; or permit any existing Subsidiary to issue any additional Equity Interests except director's qualifying shares.

10.2.11 Organic Documents. Amend, modify or otherwise change any of its Organic Documents as in effect on the Closing Date except in the Ordinary Course of Business and in a manner not adverse to Agent or Lenders.

10.2.12 Tax Consolidation. File or consent to the filing of any consolidated income tax return with any Person other than Borrowers and its Subsidiaries.

10.2.13 Accounting Changes. Make any material change in accounting treatment or reporting practices, except as required by GAAP and in accordance with **Section 1.2**; or change its Fiscal Year.

10.2.14 Restrictive Agreements. Become a party to any Restrictive Agreement, except a Restrictive Agreement (a) in effect on the Closing Date; (b) relating to secured Debt permitted hereunder, as long as the restrictions apply only to collateral for such Debt; or (c) constituting customary restrictions on assignment in leases and other contracts.

10.2.15 Hedging Agreements. Enter into any Hedging Agreement, except to hedge risks arising in the Ordinary Course of Business and not for speculative purposes.

10.2.16 Conduct of Business. Engage in any business, other than its business as conducted on the Closing Date and any activities incidental thereto.

10.2.17 Affiliate Transactions. Enter into or be party to any transaction with an Affiliate, except (a) transactions contemplated by the Loan Documents; (b) payment of reasonable compensation to officers and employees for services actually rendered, and loans and advances permitted by **Section 10.2.7**; (c) payment of customary directors' fees and indemnities; (d) transactions solely among Borrowers; (e) transactions with Affiliates that were consummated prior to the Closing Date, as shown on **Schedule 10.2.17**; (f) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms fully disclosed to Agent and no less favorable than would be obtained in a comparable arm's-length transaction with a non-Affiliate; and (g) entry into the Permitted ABS Purchase Agreement, the Contract Allocation Agreement and Permitted ABS Originator Notes and all transactions contemplated thereunder.

10.2.18 Plans. Become party to any Multiemployer Plan or Foreign Plan, other than any in existence on the Closing Date.

10.2.19 Amendments to Subordinated Debt/ABL Loan Documents/Permitted ABS Documents.

(a) Amend, supplement or otherwise modify any document, instrument or agreement relating to any Subordinated Debt, if, in each case, such modification (a) increases the principal balance of such Debt, or increases any required payment of principal or interest; (b) accelerates the date on which any installment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (c) shortens the final maturity date or otherwise accelerates amortization; (d) increases the interest rate; (e) increases or adds any fees or charges; (f) modifies any covenant in a manner or adds any representation, covenant or default that is more onerous or restrictive in any material respect for Parent or its Subsidiaries, or that is otherwise materially adverse to Parent, any of its Subsidiaries or Lenders; or (g) results in the Obligations not being fully benefited by the subordination provisions thereof.

(b) Amend, supplement or otherwise modify any ABL Loan Document except as set forth in the Intercreditor Agreement.

(c) Permit any amendment, modification or other change in the Permitted ABS Documents or any related instrument or agreement, if it results in any covenants, terms or conditions that are more restrictive or burdensome for the Borrowers than those in effect as of the date of this Agreement. Borrowers shall promptly provide written notice of any such amendments to the Agent.

10.2.20 Credit Card Agreements. No Borrower shall enter into any Credit Card Agreements other than the ones expressly contemplated in **Section 8.6.1**.

10.3 Financial Covenants. As long as any Obligations are outstanding, Parent shall, on a consolidated basis with its Subsidiaries:

10.3.1 Minimum Fixed Charge Coverage Ratio. Maintain a Fixed Charge Coverage Ratio at least equal to 1.10:1.00, measured on the last day of each Fiscal Month on a trailing twelve month basis.

10.3.2 Maximum Leverage Ratio. Maintain a Leverage Ratio not greater than 2.00:1.00 for each Fiscal Quarter, measured as of the last day of each Fiscal Quarter.

10.3.3 Minimum Availability. Maintain Availability under the Borrowing Base of not less than \$25,000,000 at all times.

10.4 Curative Equity.

10.4.1 Subject to the limitations set forth in **Section 10.4.6**, Borrowers may cure an Event of Default arising out of a breach of any of the financial covenants set forth in **Sections 10.3.1** and **10.3.2** (the “Specified Financial Covenants”) (as the case may be) by way of an investment of Curative Equity prior to the date on which the Compliance Certificate is delivered to Agent pursuant to **Section 10.1.2(d)** in respect of the month or Fiscal Quarter, as applicable, with respect to which any such breach occurred; provided, that Borrowers’ right to so cure an Event of Default shall be contingent on the timely delivery of such Compliance Certificate as required under **Section 10.1.2(d)**.

10.4.2 Borrowers shall promptly notify Agent of their receipt of any proceeds of Curative Equity and shall immediately apply the same to the payment of the Obligations in the manner specified in **Section 5.3** (unless such proceeds have been applied to the payment of the obligations under the ABL Credit Agreement in accordance with the terms thereof and the Intercreditor Agreement).

10.4.3 Subject to the limitations set forth in **Section 10.4.6**, any investment of Curative Equity shall be in an amount that is sufficient to cause Parent and its Subsidiaries to be in compliance with all of the Specified Financial Covenants as at the last day of the most recently ended month or Fiscal Quarter, as applicable, calculated for such purpose as if such amount were additional EBITDAR and increase in Tangible Net Worth, and a decrease in Total Liabilities, as necessary, of Parent and its Subsidiaries as at such date and had been included in the financial calculations of Parent and its Subsidiaries on such date.

10.4.4 In the Compliance Certificate delivered pursuant to **Section 10.1.2(d)** in respect of the month end or Fiscal Quarter end, as applicable, on which Curative Equity is used to cure any breach of the Specified Financial Covenants, Borrowers shall (i) include evidence of its receipt of Curative Equity proceeds, and (ii) set forth a calculation of the financial results and balance sheet of Parent and its Subsidiaries as at such month end or Fiscal Quarter end, as applicable, (including for such purposes the proceeds of such Curative Equity as either deemed EBITDAR for such month end or Fiscal Quarter end, as applicable, and the three following Fiscal Quarter ends or twelve month ends, as applicable, or increased Tangible Net Worth and decreased Total Liabilities for such month end or Fiscal Quarter end, as applicable, as if received on such date), which shall confirm that on a pro forma basis taking into account the application of Curative Equity proceeds, Parent and its Subsidiaries would have been in compliance with the Specified Financial Covenants (as at such date).

10.4.5 Upon delivery of a Compliance Certificate pursuant to **Section 10.1.2(d)** conforming to the requirements of this Section, any Event of Default that is continuing from a breach of any of the Specified Financial Covenants shall be deemed cured with no further action required by the Lenders. In the event Borrowers do not cure all financial covenant violations as provided in this **Section 10.4**, the existing Event of Default shall continue unless waived by the Required Lenders in writing.

10.4.6 Notwithstanding the foregoing, Borrowers' rights under this **Section 10.4** may (i) be exercised not more than one time during the term of this Agreement, (ii) not be exercised in an amount less than \$1,000,000 or greater than \$5,000,000, and (iii) shall be on terms acceptable to Agent.

10.5 Contract Forms. Borrowers shall not use or acquire in their business Contracts which are not on the printed forms previously approved in writing by Agent and Borrowers shall not change or vary the printed forms of such Contracts without Agent's prior written consent, unless such change or variation is required by any Requirement of Law. Agent may reasonably withhold its consent until Agent receives a satisfactory opinion of Borrowers' counsel regarding compliance of the revised form of Contract with any Requirement of Law.

10.6 Credit and Collection Guidelines. Borrowers shall not make any material changes in its Credit and Collection Guidelines (a copy of which has been previously furnished by Borrowers to Agent) without Agent's prior written consent, which Agent may withhold in its sole and absolute discretion. Borrower shall not enter into or otherwise acquire Contracts which do not comply with the Credit and Collection Guidelines.

10.7 Minimum Cash Recovery Percent. As long as any Obligations are outstanding, Parent shall, on a consolidated basis with its Subsidiaries maintain a Cash Recovery Percent in a percentage not equal to or less than 4.74% for each month, measured monthly as of the last day of each month.

SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT

11.1 Events of Default. Each of the following shall be an "Event of Default" hereunder, if the same shall occur for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

- (a) A Borrower fails to pay any Obligations when due (whether at stated maturity, on demand, upon acceleration or otherwise);
- (b) Any representation, warranty or other written statement of an Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given;
- (c) A Borrower breaches or fail to perform any covenant contained in **Section 7.2, 7.3, 7.4, 7.6, 7.8.2, 8.1, 8.2.1, 8.2.4, 8.2.5, 8.4.2, 10.1.1, 10.1.2, 10.1.3, 10.1.7** (only with respect to a failure to maintain insurance at the required coverage amount), **10.1.12** (only with respect to a failure to provide Agent with prior notice of a material modification and to obtain Agent's consent to such material modification), **10.1.14, 10.2, 10.3 or 10.7**;
- (d) An Obligor breaches or fails to perform any other covenant contained in any Loan Documents, and such breach or failure is not cured within 15 days after a Senior Officer of such Obligor has knowledge thereof or receives notice thereof from Agent, whichever is sooner; provided, however, that such notice and opportunity to cure shall not apply if the breach or failure to perform is not capable of being cured within such period or is a willful breach by an Obligor;

(e) A Guarantor repudiates, revokes or attempts to revoke its Guaranty; an Obligor denies or contests the validity or enforceability of any Loan Documents or Obligations, or the perfection or priority of any Lien granted to Agent; or any Loan Document ceases to be in full force or effect for any reason (other than a waiver or release by Agent and Lenders);

(f) Any breach or default of an Obligor occurs under any document, instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Debt (other than the Obligations) in excess of \$5,000,000 (including the documents related to the ABL Facility and the Permitted ABS Documents), if the maturity of or any payment with respect to such Debt may be accelerated or demanded due to such breach;

(g) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, individually or cumulatively with all unsatisfied judgments or orders against all Obligors, \$5,000,000 (net of any insurance coverage therefor acknowledged in writing by the insurer), unless a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise;

(h) A loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds \$5,000,000;

(i) An Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any material part of its business; an Obligor suffers the loss, revocation or termination of any material license, permit, lease or agreement necessary to its business; there is a cessation of any material part of an Obligor's business for a material period of time; any material Collateral or Property of an Obligor is taken or impaired through condemnation; an Obligor agrees to or commences any liquidation, dissolution or winding up of its affairs; or an Obligor is not Solvent;

(j) An Insolvency Proceeding is commenced by an Obligor; an Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally; a trustee is appointed to take possession of any substantial Property of or to operate any of the business of an Obligor; or an Insolvency Proceeding is commenced against an Obligor and: the Obligor consents to institution of the proceeding, the petition commencing the proceeding is not timely contested by the Obligor, the petition is not dismissed within 45 days after filing, or an order for relief is entered in the proceeding;

(k) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of an Obligor to a Pension Plan, Multiemployer Plan or PBGC, or that constitutes grounds for appointment of a trustee for or termination by the PBGC of any Pension Plan or Multiemployer Plan; an Obligor or ERISA Affiliate fails to pay when due any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan;

(l) An Obligor or any of its Senior Officers is criminally indicted or convicted for (i) a felony committed in the conduct of the Obligor's business, or (ii) violating any state or federal law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) that could lead to forfeiture of any material Property or any Collateral;

- (m) A Change of Control occurs; or any event occurs or condition exists that has a Material Adverse Effect; or
- (n) Any default or event of default occurs under the ABL Credit Agreement or any other ABL Loan Documents.

11.2 Remedies upon Default. If an Event of Default described in **Section 11.1(j)** occurs with respect to any Borrower, then to the extent permitted by Applicable Law, all Obligations shall become automatically due and payable, without any action by Agent or notice of any kind. In addition, or if any other Event of Default exists, Agent may in its sole discretion (and shall upon written direction of Required Lenders) do any one or more of the following from time to time:

- (a) declare any Obligations immediately due and payable, whereupon they shall be due and payable without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Borrowers to the fullest extent permitted by law;
- (b) make any adjustment to the Term Loan Borrowing Base;
- (c) require Obligors to Cash Collateralize Obligations that are contingent or not yet due and payable, and, if Obligors fail promptly to deposit such Cash Collateral, Agent may (and shall upon the direction of Required Lenders) advance the required Cash Collateral as Protective Advances; and
- (d) exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Borrowers to assemble Collateral, at Borrowers' expense, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by a Borrower, Borrowers agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its sole discretion, deems advisable. Each Borrower agrees that 10 days notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable. Agent shall have the right to conduct such sales on any Obligor's premises, without charge, and such sales may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may credit bid and set off the amount of such price against the Obligations.

11.3 License. Except as is prohibited by an existing and enforceable anti-assignment provision (other than to the extent that any such term would be rendered ineffective pursuant to the UCC or any other applicable law or principles of equity), Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person) any or all Intellectual Property of Borrowers, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. Each Borrower's rights and interests under Intellectual Property shall inure to Agent's benefit.

11.4 Setoff. At any time during an Event of Default, Agent, Lenders, and any of their Affiliates are authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by Agent, such Lender or such Affiliate to or for the credit or the account of an Obligor against any Obligations, irrespective of whether or not Agent, such Lender or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or are owed to a branch or office of Agent, such Lender or such Affiliate different from the branch or office holding such deposit or obligated on such indebtedness. The rights of Agent, each Lender and each such Affiliate under this Section are in addition to other rights and remedies (including other rights of setoff) that such Person may have.

11.5 Remedies Cumulative; No Waiver.

11.5.1 Cumulative Rights. All agreements, warranties, guaranties, indemnities and other undertakings of Borrowers under the Loan Documents are cumulative and not in derogation of each other. The rights and remedies of Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies available by agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

11.5.2 Waivers. No waiver or course of dealing shall be established by (a) the failure or delay of Agent or any Lender to require strict performance by Borrowers with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise; (b) the making of Protective Advance during a Default, Event of Default, or other failure to satisfy any conditions precedent; or (c) acceptance by Agent or any Lender of any payment or performance by an Obligor under any Loan Documents in a manner other than that specified therein. It is expressly acknowledged by Borrowers that any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

SECTION 12. AGENT

12.1 Appointment, Authority and Duties of Agent.

12.1.1 Appointment and Authority. Each Secured Party appoints and designates GA Capital, LLC as Agent under all Loan Documents. Agent may, and each Secured Party authorizes Agent to, enter into all Loan Documents to which Agent is intended to be a party and accept all Security Documents, for Agent's benefit and the benefit of Secured Parties. Each Secured Party agrees that any action taken by Agent or Required Lenders in accordance with the provisions of the Loan Documents, and the exercise by Agent or Required Lenders of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Agent each Loan Document, including any intercreditor or subordination agreement, and accept delivery of each Loan Document from any Obligor or other Person; (c) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; (d) manage, supervise or otherwise deal with Collateral; and (e) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral under the Loan Documents, Applicable Law or otherwise. The duties of Agent shall be ministerial and administrative in nature, and Agent shall not have a fiduciary relationship with any Lender, Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto. Agent alone shall be authorized to determine whether any Contract or Inventory constitute Eligible Contracts or Eligible Inventory, whether any Real Estate constitutes Eligible Real Estate, or whether to impose or release any reserve, which determinations and judgments, if exercised in good faith, shall exonerate Agent from liability to any Lender or other Person for any error in judgment.

12.1.2 Duties. Agent shall not have any duties except those expressly set forth in the Loan Documents. The conferral upon Agent of any right shall not imply a duty on Agent's part to exercise such right, unless instructed to do so by Required Lenders in accordance with this Agreement.

12.1.3 Agent Professionals. Agent may perform its duties through agents and employees. Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

12.1.4 Instructions of Required Lenders. The rights and remedies conferred upon Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. Agent may request instructions from Required Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents, and may seek assurances to its satisfaction from Secured Parties of their indemnification obligations against all Claims that could be incurred by Agent in connection with any act. Agent shall be entitled to refrain from any act until it has received such instructions or assurances, and Agent shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting in accordance with the instructions of Required Lenders. Notwithstanding the foregoing, instructions by and consent of all Lenders or Secured Parties shall be required in the circumstances described in **Section 14.1.1**, and in no event shall Required Lenders, without the prior written consent of each Lender, direct Agent to accelerate and demand payment of any portion of the Term Loan held by one Lender without accelerating and demanding payment of the entire Term Loan. In no event shall Agent be required to take any action that, in its opinion, is contrary to Applicable Law or any Loan Documents or could subject a ny Agent Indemnitee to personal liability.

12.2 Agreements Regarding Collateral and Field Examination Reports.

12.2.1 Lien Releases; Care of Collateral. Secured Parties authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations; (b) that is the subject of an Asset Disposition which Borrowers certify in writing to Agent is a Permitted Asset Disposition or a Lien which Borrowers certify is a Permitted Lien entitled to priority over Agent's Liens (and Agent may rely conclusively on any such certificate without further inquiry); (c) that does not constitute Collateral with a book value greater than \$5,000,000 in the aggregate released during any 6 month period (other than with respect to owned Real Estate); or (d) with the written consent of all Lenders. Secured Parties authorize Agent to subordinate their Liens to any Purchase Money Lien permitted hereunder. Agent shall have no obligation to assure that any Collateral exists or is owned by a Borrower, or is cared for, protected or insured, nor to assure that Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

12.2.2 Possession of Collateral. Agent and Secured Parties appoint each Lender as agent (for the benefit of Secured Parties) for the purpose of perfecting Liens in any Collateral held or controlled by such Lender, to the extent such Liens are perfected by possession or control. If any Lender obtains possession or control of any Collateral, it shall notify Agent thereof and, promptly upon Agent's request, deliver such Collateral to Agent or otherwise deal with it in accordance with Agent's instructions.

12.2.3 Reports. Agent shall promptly forward to each Lender, when complete, copies of any field audit, examination or appraisal prepared by or for Agent with respect to any Obligor or Collateral ("Report"). Each Lender agrees (a) that neither GA Capital, LLC nor Agent makes any representation or warranty as to the accuracy or completeness of any Report, and shall not be liable for any information contained in or omitted from any Report; (b) that the Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing any audit or examination will inspect only specific information regarding Obligations or the Collateral and will rely significantly upon Borrowers' books and records as well as upon representations of Borrowers' officers and employees; and (c) to keep all Reports confidential and strictly for such Lender's internal use, and not to distribute any Report (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants) or use any Report in any manner other than administration of the Obligations. Each Lender shall indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Report, as well as from any Claims arising as a direct or indirect result of Agent furnishing a Report to such Lender.

12.3 Reliance By Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and upon the advice and statements of Agent Professionals.

12.4 Action Upon Default. Agent shall not be deemed to have knowledge of any Default or Event of Default unless it has received written notice from a Lender or Borrower specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default or Event of Default, it shall promptly notify Agent and the other Lenders thereof in writing. Each Lender agrees that, except as otherwise provided in any Loan Documents or with the written consent of Agent and Required Lenders, it will not take any Enforcement Action, accelerate Obligations or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC sales or other similar dispositions of Collateral. Notwithstanding the foregoing, however, a Secured Party may take action to preserve or enforce its rights against an Obligor where a deadline or limitation period is applicable that would, absent such action, bar enforcement of Obligations held by such Secured Party, including the filing of proofs of claim in an Insolvency Proceeding.

12.5 Ratable Sharing. If any Lender shall obtain any payment or reduction of any Obligation, whether through set-off or otherwise, in excess of its share of such Obligation, determined in accordance with **Section 5.2.4** or **Section 5.6.1** with respect to its Pro Rata Share of the Term Loan FIFO Tranche or Term Loan FILO Tranche, as applicable, such Lender shall forthwith purchase from Agent and the other Lenders such participations in the affected Obligation as are necessary to cause the purchasing Lender to share the excess payment or reduction on a Pro Rata basis or in accordance with **Section 5.6.1**, as applicable. If any of such payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. No Lender shall set off against any Dominion Account without the prior consent of Agent.

12.6 Indemnification of Agent Indemnitees. **EACH LENDER SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY OBLIGORS (BUT WITHOUT LIMITING THE INDEMNIFICATION OBLIGATIONS OF OBLIGORS UNDER ANY LOAN DOCUMENTS), ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY AGENT INDEMNITEE, PROVIDED THE CLAIM RELATES TO OR ARISES FROM AN AGENT INDEMNITEE ACTING AS OR FOR AGENT (IN ITS CAPACITY AS AGENT).** In Agent's sole discretion, it may reserve for any such Claims made against an Agent Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to Secured Parties. If Agent is sued by any receiver, bankruptcy trustee, debtor-in-possession or other Person for any alleged preference or fraudulent transfer, then any monies paid by Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Agent by each Lender to the extent of its Pro Rata share. In no event shall any Lender have any obligation hereunder to indemnify or hold harmless any Agent Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Agent Indemnitee.

12.7 Limitation on Responsibilities of Agent. Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Agent's gross negligence or willful misconduct. Agent does not assume any responsibility for any failure or delay in performance or any breach by any Obligor, Lender or other Secured Party of any obligations under the Loan Documents. Agent does not make to Secured Parties any express or implied warranty, representation or guarantee with respect to any Obligations, Collateral, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Secured Parties for any recitals, statements, information, representations or warranties contained in any Loan Documents; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectibility, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectibility of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Contract Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance or performance by any Obligor of any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

12.8 Successor Agent and Co-Agents.

12.8.1 Resignation; Successor Agent. Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving at least 30 days written notice thereof to Lenders and Borrowers. In addition, the Required Lenders may remove GA Capital, LLC as Agent hereunder if any bankruptcy or insolvency case or proceeding is commenced by GA Capital, LLC under any state or federal law and an order has been entered for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law in favor of GA Capital, LLC. Upon receipt of such notice or upon such removal, Required Lenders shall have the right to appoint a successor Agent which shall be (a) a Lender or an Affiliate of a Lender; or (b) a Person is organized under the laws of the United States or any state or district thereof and (provided no Default or Event of Default exists) is reasonably acceptable to Borrowers. If no successor agent is appointed prior to the effective date of the resignation or removal, as applicable, of Agent, then Agent may appoint a successor agent from among Lenders, or if no Lender accepts such role, Agent may appoint Required Lenders as successor agent. Upon acceptance by a successor Agent of an appointment to serve as Agent hereunder, or upon appointment of Required Lenders as successor Agent, such successor Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Agent without further act, and the retiring Agent shall be discharged from its duties and obligations hereunder but shall continue to have the benefits of the indemnification set forth in **Sections 12.6** and **14.2**. Notwithstanding any Agent's resignation, the provisions of this **Section 12** shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while Agent. Any successor to GA Capital, LLC by merger or acquisition of stock or this loan shall continue to be Agent hereunder without further act on the part of the parties hereto, unless such successor resigns or is removed as provided above.

12.8.2 Separate Collateral Agent. It is the intent of the parties that there shall be no violation of any Applicable Law denying or restricting the right of financial institutions to transact business in any jurisdiction. If Agent believes that it may be limited in the exercise of any rights or remedies under the Loan Documents due to any Applicable Law, Agent may appoint an additional Person who is not so limited, as a separate collateral agent or co-collateral agent. If Agent so appoints a collateral agent or co-collateral agent, each right and remedy intended to be available to Agent under the Loan Documents shall also be vested in such separate agent. Every covenant and obligation necessary to the exercise thereof by such agent shall run to and be enforceable by it as well as Agent. Lenders shall execute and deliver such documents as Agent deems appropriate to vest any rights or remedies in such agent. If any collateral agent or co-collateral agent shall die or dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of such agent, to the extent permitted by Applicable Law, shall vest in and be exercised by Agent until appointment of a new agent.

12.9 Due Diligence and Non-Reliance. Each Lender acknowledges and agrees that it has, independently and without reliance upon Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to make its portion of the Term Loan hereunder. Each Secured Party has made such inquiries concerning the Loan Documents, the Collateral and each Obligor as such Secured Party feels necessary. Each Secured Party further acknowledges and agrees that the other Secured Parties and Agent have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Secured Party will, independently and without reliance upon the other Secured Parties or Agent, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in taking or refraining from any action under any Loan Documents. Except for notices, reports and other information expressly requested by a Lender, Agent shall have no duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Agent or any of Agent's Affiliates.

12.10 Replacement of Certain Lenders. If a Lender fails, within 10 days after request by Borrowers, to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, then, in addition to any other rights and remedies that any Person may have, Agent may, by notice to such Lender within 120 days after such event, require such Lender to assign all of its rights and obligations under the Loan Documents to Eligible Assignee(s) specified by Agent, pursuant to appropriate Assignment and Acceptance(s) and within 20 days after Agent's notice. Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute same. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents, including all principal, interest and fees through the date of assignment (but excluding any prepayment charge).

12.11 Remittance of Payments and Collections.

12.11.1 Remittances Generally. All payments by any Secured Party to Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Agent and request for payment is made by Agent by 11:00 a.m. on a Business Day, payment shall be made by such Secured Party not later than 2:00 p.m. on such day, and if request is made after 11:00 a.m., then payment shall be made by 11:00 a.m. on the next Business Day. Payment by Agent to any Secured Party shall be made by wire transfer, in the type of funds received by Agent. Any such payment shall be subject to Agent's right of offset for any amounts due from such payee under the Loan Documents.

12.11.2 Failure to Pay. If any Secured Party fails to pay any amount when due by it to Agent pursuant to the terms hereof, such amount shall bear interest from the due date until paid at the rate determined by Agent as customary in the banking industry for interbank compensation. In no event shall Borrowers be entitled to receive credit for any interest paid by a Secured Party to Agent.

12.11.3 **Recovery of Payments.** If Agent pays any amount to a Secured Party in the expectation that a related payment will be received by Agent from an Obligor and such related payment is not received, then Agent may recover such amount from each Secured Party that received it. If Agent determines at any time that an amount received under any Loan Document must be returned to an Obligor or paid to any other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, Agent shall not be required to distribute such amount to any Lender. If any amounts received and applied by Agent to any Obligations are later required to be returned by Agent pursuant to Applicable Law, each Secured Party shall pay to Agent, **on demand**, such Secured Party's pro rata share of the amounts required to be returned.

12.12 No Third Party Beneficiaries. This **Section 12** is an agreement solely among Lenders and Agent, and shall survive Full Payment of the Obligations. This **Section 12** does not confer any rights or benefits upon Borrowers or any other Person. As between Borrowers and Agent, any action that Agent may take under any Loan Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by Lenders.

12.13 Agent Titles. Each Lender that is designated (on the cover page of this Agreement or otherwise) by GA Capital, LLC as an "Agent" or "Syndication Agent" or any other agent of any type shall not have any right, power, responsibility or duty under any Loan Documents other than those applicable to all Lenders, and shall in no event be deemed to have any fiduciary relationship with any other Lenders.

SECTION 13. BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS

13.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers, Agent, Lenders, Secured Parties and their respective successors and assigns, except that (a) no Borrower shall have the right to assign its rights or delegate its obligations under any Loan Documents; and (b) any assignment by a Lender must be made in compliance with **Section 13.3**. Agent may treat the Person which made any portion of the Term Loan as the owner of such portion of the Term Loan for all purposes until such Person makes an assignment in accordance with **Section 13.3**. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

13.2 Participations.

13.2.1 **Permitted Participants; Effect.** Any Lender may, in the ordinary course of its business and in accordance with Applicable Law, at any time sell to a financial institution ("Participant") a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for performance of such obligations, such Lender shall remain the holder of its portion of the Term Loan for all purposes, all amounts payable by Borrowers shall be determined as if such Lender had not sold such participating interests, and Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of **Section 5.9** unless Borrowers agree otherwise in writing.

13.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of any Loan Documents other than that which forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to the Term Loan in which such Participant has an interest, postpones the Termination Date or any date fixed for any regularly scheduled payment of principal, interest or fees on the Term Loan, or releases any Borrower, Guarantor or substantial portion of the Collateral.

13.2.3 Benefit of Set-Off. Borrowers agree that each Participant shall have a right of set-off in respect of its participating interest to the same extent as if such interest were owing directly to a Lender, and each Lender shall also retain the right of set-off with respect to any participating interests sold by it. By exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with **Section 12.5** as if such Participant were a Lender.

13.3 Assignments

13.3.1 Permitted Assignments. A Lender may assign to an Eligible Assignee any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount (other than with respect to any assignment to an Affiliate of a Lender) of \$2,500,000 (unless otherwise agreed by Agent in its discretion) and integral multiples of \$1,000,000 in excess of that amount; and (b) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to secure obligations of such Lender, including any pledge or assignment to secure obligations to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors and any Operating Circular issued by such Federal Reserve Bank, or counterparties to swap agreements relating to any portion of the Term Loan; provided, however, that any payment by Borrowers to the assigning Lender in respect of any Obligations assigned as described in this sentence shall satisfy Borrowers' obligations hereunder to the extent of such payment, and no such assignment shall release the assigning Lender from its obligations hereunder.

13.3.2 Effect; Effective Date. Upon delivery to Agent of an assignment notice in the form of **Exhibit C** and a processing fee of \$5,000 (unless otherwise agreed by Agent in its discretion), the assignment shall become effective as specified in the notice, if it complies with this **Section 13.3**. From such effective date, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Agent and Borrowers shall make appropriate arrangements for issuance of replacement and/or new Notes, as applicable. The transferee Lender shall comply with **Section 5.10** and deliver, upon request, an administrative questionnaire satisfactory to Agent.

SECTION 14. MISCELLANEOUS

14.1 Consents, Amendments and Waivers.

14.1.1 Amendment. No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Agent (with the consent of Required Lenders) and each Obligor party to such Loan Document; provided, however, that

(a) without the prior written consent of Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of Agent;

(b) without the prior written consent of each affected Lender, no modification shall be effective that would reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender;

(c) without the prior written consent of all Lenders, no modification shall be effective that would (i) extend the Termination Date; (ii) alter **Section 5.2.2, 5.2.4, 5.6, 7.1** (except to add Collateral), **10.3.3** or **14.1.1**; (iii) amend the definitions of Term Loan FIFO Tranche, Term Loan FIFO Lender, Pro Rata, Required Lenders or Term Loan Borrowing Base (or any defined terms used in such definitions) (provided that the Agent shall be able to establish new Reserves after the Closing Date in its discretion and thereafter shall be able to modify and/or remove such Reserves in its discretion); (iv) increase any advance rate; (v) release Collateral except as currently contemplated by the Loan Documents; or (vii) release any Obligor from liability for any Obligations, if such Obligor has material assets at the time of the release; and

(d) without the prior written consent of all Lenders, no modification shall be effective that would amend the definition of Permitted Distributions.

14.1.2 Limitations. The agreement of Borrowers shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Lenders and/or Agent as among themselves. Only the consent of the parties to the Fee Letter or the Intercreditor Agreement shall be required for any modification of such agreement, as applicable. Any waiver or consent granted by Agent or Lenders hereunder shall be effective only if in writing, and only for the matter specified.

14.1.3 Payment for Consents. No Borrower will, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender (in its capacity as a Lender hereunder) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

14.2 Indemnity. EACH BORROWER SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE BY ANY OBLIGOR OR OTHER PERSON, INCLUDING CLAIMS ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE. In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

14.3 Notices and Communications.

14.3.1 Notice Address. All notices and other communications by or to a party hereto shall be in writing and shall be given to any Borrower, at Borrower Agent's address shown on the signature pages hereof, and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this **Section 14.3**. Each such notice or other communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the U.S. mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Any written notice or other communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Borrower Agent shall be deemed received by all Borrowers.

14.3.2 Electronic Communications; Voice Mail. Electronic mail and internet websites may be used only for routine communications, such as financial statements, Borrowing Base Certificates and other information required by **Section 10.1.2**, administrative matters, and distribution of Loan Documents for execution. Agent and Lenders make no assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

14.3.3 Non-Conforming Communications. Agent and Lenders may rely upon any notices purportedly given by or on behalf of any Borrower even if such notices were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Borrower shall indemnify and hold harmless each Indemnitee from any liabilities, losses, costs and expenses arising from any telephonic communication purportedly given by or on behalf of a Borrower.

14.4 Performance of Borrowers' Obligations. Agent may, in its sole discretion at any time and from time to time, at Borrowers' expense, pay any amount or do any act required of a Borrower under any Loan Documents or otherwise lawfully requested by Agent to (a) enforce any Loan Documents or collect any Obligations; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity or priority of Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Agent under this Section shall be reimbursed to Agent by Borrowers, **on demand**, with interest from the date incurred to the date of payment thereof at the Default Rate. Any payment made or action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

14.5 Credit Inquiries. Each Borrower hereby authorizes Agent and Lenders (but they shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Borrower or its Subsidiary.

14.6 Severability. Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

14.7 Cumulative Effect; Conflict of Terms. The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations, tests or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

14.8 Counterparts. Any Loan Document may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of any Loan Document by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of such agreement.

14.9 Entire Agreement. Time is of the essence of the Loan Documents. The Loan Documents constitute the entire contract among the parties relating to the subject matter hereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

14.10 Relationship with Lenders. The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt. It shall not be necessary for Agent or any other Lender to be joined as an additional party in any proceeding for such purposes. Nothing in this Agreement and no action of Agent, Lenders or any other Secured Party pursuant to the Loan Documents or otherwise shall be deemed to constitute Agent and Lenders to be a partnership, association, joint venture or any other kind of entity, nor to constitute control of any Borrower.

14.11 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated by any Loan Document, Borrowers acknowledge and agree that (a)(i) this credit facility and any related arranging or other services by Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Borrowers and such Person; (ii) Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Borrowers are capable of evaluating and understanding, and do understand and accept, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) each of Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal in connection with this credit facility, is not the financial advisor, agent or fiduciary for Borrowers, any of their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Loan Documents except as expressly set forth therein; and (c) Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Borrowers and their Affiliates, and have no obligation to disclose any of such interests to Borrowers or their Affiliates. To the fullest extent permitted by Applicable Law, each Borrower hereby waives and releases any claims that it may have against Agent, Lenders, their Affiliates and any arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated by a Loan Document.

14.12 Confidentiality. Each of Agent and Lenders agrees to maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, and to its and their partners, directors, officers, employees, agents, advisors and representatives (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process; (d) to any other party hereto; (e) in connection with any action or proceeding, or other exercise of rights or remedies, relating to any Loan Documents or Obligations; (f) subject to an agreement containing provisions substantially the same as this Section, to any Transferee; (g) with the consent of Borrower Agent; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) is available to Agent, any Lender or any of their Affiliates on a nonconfidential basis from a source other than Borrowers. Notwithstanding the foregoing, Agent and Lenders may publish or disseminate general information describing this credit facility, including the names and addresses of Borrowers and a general description of Borrowers' businesses, and may use Borrowers' logos, or trademarks in advertising materials. As used herein, "Information" means all information received from an Obligor or Subsidiary relating to it or its business that is identified as confidential when delivered. Any Person required to maintain the confidentiality of Information pursuant to this Section shall be deemed to have complied if it exercises the same degree of care that it accords its own confidential information. Each of Agent, Lenders and Issuing Bank acknowledges that (i) Information may include material non-public information concerning an Obligor or Subsidiary; (ii) it has developed compliance procedures regarding the use of material non-public information; and (iii) it will handle such material non-public information in accordance with Applicable Law, including federal and state securities laws.

14.13 Intentionally Omitted.

14.14 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES.

14.15 Consent to Forum; WAIVER OF JURY TRIAL.

14.15.1 **Forum.** EACH BORROWER HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER NEW YORK, NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH BORROWER IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.3.1. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

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

14.16 Waivers by Borrowers. To the fullest extent permitted by Applicable Law, each Borrower waives (a) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, documents, instruments, chattel paper and guaranties at any time held by Agent on which a Borrower may in any way be liable, and hereby ratifies anything Agent may do in this regard; (b) notice prior to taking possession or control of any Collateral; (c) any bond or security that might be required by a court prior to allowing Agent to exercise any rights or remedies; (d) the benefit of all valuation, appraisal and exemption laws; (e) any claim against Agent or any Lender, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (f) notice of acceptance hereof. Each Borrower acknowledges that the foregoing waivers are a material inducement to Agent and Lenders entering into this Agreement and that Agent and Lenders are relying upon the foregoing in their dealings with Borrowers. Each Borrower has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

14.17 Patriot Act Notice. Agent and Lenders hereby notify Borrowers that pursuant to the requirements of the Patriot Act, Agent and Lenders are required to obtain, verify and record information that identifies each Borrower, including its legal name, address, tax ID number and other information that will allow Agent and Lenders to identify it in accordance with the Patriot Act. Agent and Lenders will also require information regarding each personal guarantor, if any, and may require information regarding Borrowers' management and owners, such as legal name, address, social security number and date of birth.

14.19 Intercreditor Agreement. Each Lender hereby irrevocably appoints, designates and authorizes Agent to enter into and become bound by the Intercreditor Agreement on its behalf and to take such action on its behalf under the provisions thereof. Each Lender further agrees to be bound by the terms and conditions of the Intercreditor Agreement and agrees that it shall not take any action that is prohibited by the terms of the Intercreditor Agreement. No further consent or approval on the part of any Lender is or will be required in connection with the performance by the Agent of the Intercreditor Agreement. The Parent, the Borrowers, Agent and Lenders acknowledge that the exercise of certain of Agents' rights and remedies hereunder are subject to, and restricted by, the provisions of the Intercreditor Agreement. Except as specified herein, nothing contained in the Intercreditor Agreement shall be deemed to modify any of the provisions of this Agreement and the other Loan Documents, which, as among the Parent, the Borrowers, Agent and Lenders shall remain in full force and effect.

[Remainder of page intentionally left blank; signatures begin on following page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date set forth above.

PARENT:

CONN'S, INC.

By: /s/ Michael J. Poppe

Name: Michael J. Poppe

Title: Executive Vice President and Chief Financial Officer

Address:

3295 College Street

Beaumont, Texas 77701

Attn: _____

Telecopy: _____

BORROWERS:

CONN APPLIANCES, INC.,

a Texas corporation

By: /s/ Michael J. Poppe

Name: Michael J. Poppe

Title: Chief Financial Officer

Address:

3295 College Street

Beaumont, Texas 77701

Attn: _____

Telecopy: _____

CONN CREDIT I, LP,
a Texas limited partnership

By: Conn Credit Corporation, Inc.,
a Texas corporation,
its sole general partner

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address: 3295 College Street
Beaumont, Texas 77701
Attn: _____
Telecopy: _____

CONN CREDIT CORPORATION, INC.,
a Texas corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address: 3295 College Street
Beaumont, Texas 77701
Attn: _____
Telecopy: _____

AGENT AND LENDERS:

GA CAPITAL, LLC,
as Agent

By: /s/ David Storer

Name: David Storer

Title: Director

Address:

One Post Office Square, Suite 3765

Boston, Massachusetts 02109

Attn: Daniel Platt

Telecopy: (617) 692-8301

WELLS FARGO CREDIT, INC., as Term Loan FIFO Lender

By: /s/ Adam D. Salter

Name: Adam D. Salter

Title: Director

Address:

Wells Fargo Capital Finance

Junior Capital Division

One Boston Place, 19th Floor

Boston, Massachusetts 02108

Attn: Adam D. Salter

Telecopy: 877-774-7409

1903 ONSHORE FUNDING, LLC, as a Term Loan FILO Lender

By: GB Merchant Partners, LLC
Its Investment Manager

By: /s/ Wendy Landon

Name: Wendy Landon

Title: Managing Director

Address:

GB Merchant Partners, LLC

101 Huntington Avenue, 10th Floor

Boston, Massachusetts 02199

Attn: Lisa Galeota

Telecopy: 617-210-7141

**SPECIAL VALUE OPPORTUNITIES FUND, LLC
SPECIAL VALUE CONTINUATION PARTNERS, LP
TENNENBAUM OPPORTUNITIES PARTNERS V, LP
TENNENBAUM OPPORTUNITIES FUND VI, LLC**

On behalf of each of the above-listed entities:

By: Tennenbaum Capital Partners, LLC

Its: Investment Manager

By: /s/ Hugh Steven Wilson

Name: Hugh Steven Wilson

Title: Managing Partner

Address:

Tennenbaum Capital Partners, LLC

2951 28th Street, Suite 1000

Santa Monica, CA 90405

Attn: Asher Finci

Telecopy: 310-899-4934

EXHIBIT A

to

Term

Loan and Security Agreement

TERM NOTE

November 30, 2010

\$ _____

CONN APPLIANCES, INC., a Texas corporation, **CONN CREDIT I, LP**, a Texas limited partnership, and **CONN CREDIT CORPORATION, INC.**, a Texas corporation (collectively, "**Borrowers**"), for value received, hereby unconditionally promise to pay, on a joint and several basis, to the order of _____ ("**Lender**"), the principal sum of _____ DOLLARS (\$_____), representing such amount advanced by Lender as a portion of the Term Loan under the Loan Agreement described below, together with all accrued and unpaid interest thereon. Terms are used herein as defined in the Term Loan and Security Agreement dated as of November 30, 2010, among Borrowers, GA Capital, LLC, as Agent, and the Lenders party thereto, as such agreement may be amended, modified, renewed or extended from time to time ("**Loan Agreement**").

Principal of and interest on this Note from time to time outstanding shall be due and payable as provided in the Loan Agreement. This Note is issued pursuant to and evidences a portion of the Term Loan under the Loan Agreement, to which reference is made for a statement of the rights and obligations of Lender and the duties and obligations of Borrowers. The Loan Agreement contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events, and for the borrowing, prepayment and reborrowing of amounts upon specified terms and conditions.

The holder of this Note is hereby authorized by Borrowers to record on a schedule annexed to this Note (or on a supplemental schedule) the amounts owing with respect to such portion of the Term Loan, and the payment thereof. Failure to make any notation, however, shall not affect the rights of the holder of this Note or any obligations of Borrowers hereunder or under any other Loan Documents.

Time is of the essence of this Note. Each Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment for payment, protest, notice of protest, notice of intention to accelerate the maturity of this Note, diligence in collecting, the bringing of any suit against any party, and any notice of or defense on account of any extensions, renewals, partial payments, or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity. Borrowers jointly and severally agree to pay, and to save the holder of this Note harmless against, any liability for the payment of all costs and expenses (including without limitation reasonable attorneys' fees) if this Note is collected by or through an attorney-at-law.

Exhibit A

In no contingency or event whatsoever shall the amount paid or agreed to be paid to the holder of this Note for the use, forbearance or detention of money advanced hereunder exceed the highest lawful rate permitted under Applicable Law. If any such excess amount is inadvertently paid by Borrowers or inadvertently received by the holder of this Note, such excess shall be returned to Borrowers or credited as a payment of principal, in accordance with the Loan Agreement. It is the intent hereof that Borrowers not pay or contract to pay, and that holder of this Note not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by Borrowers under Applicable Law.

This Note shall be governed by the laws of the State of New York, without giving effect to any conflict of law principles.

IN WITNESS WHEREOF, this Term Note is executed as of the date set forth above.

Attest:

CONN APPLIANCES, INC.,
a Texas corporation

Secretary

By: _____
Name: _____
Title: _____

Attest:

CONN CREDIT I, LP,
a Texas limited partnership

Secretary

By: Conn Credit Corporation, Inc.,
a Texas corporation,
its General Partner

By: _____
Name: _____
Title: _____

Attest:

CONN CREDIT CORPORATION, INC.,
a Texas corporation

Secretary

By: _____
Name: _____
Title: _____

EXHIBIT B

to

Term

Loan and Security Agreement

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Term Loan and Security Agreement dated as of November 30, 2010, as amended ("Loan Agreement"), among **CONN APPLIANCES, INC.**, a Texas corporation, **CONN CREDIT I, LP**, a Texas limited partnership, and **CONN CREDIT CORPORATION, INC.**, a Texas corporation (collectively, "Borrowers"), **GA CAPITAL, LLC**, as agent ("Agent") for the financial institutions from time to time party to the Loan Agreement ("Lenders"), and such Lenders. Terms are used herein as defined in the Loan Agreement.

_____ ("Assignor") and _____ ("Assignee") agree as follows:

1. Assignor hereby assigns to Assignee and Assignee hereby purchases and assumes from Assignor a principal amount of \$_____ of Assignor's outstanding portion of the Term Loan (the "Assigned Interest"), together with an interest in the Loan Documents corresponding to the Assigned Interest. This Agreement shall be effective as of the date ("Effective Date") indicated in the corresponding Assignment Notice delivered to Agent, provided such Assignment Notice is executed by Assignor, Assignee, Agent and Borrower Agent, if applicable. From and after the Effective Date, Assignee hereby expressly assumes, and undertakes to perform, all of Assignor's obligations in respect of the Assigned Interest, and all principal, interest, fees and other amounts which would otherwise be payable to or for Assignor's account in respect of the Assigned Interest shall be payable to or for Assignee's account, to the extent such amounts accrue on or after the Effective Date.

2. Assignor (a) represents that as of the date hereof, prior to giving effect to this assignment, the outstanding balance of the portion of the Term Loan owing to the Assignor is \$_____; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other instrument or document furnished pursuant thereto, other than that Assignor is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance by Borrowers of their obligations under the Loan Documents. [*Assignor is attaching the Note[s] held by it and requests that Agent exchange such Note[s] for new Notes payable to Assignee [and Assignor].*]

Exhibit B

3. Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received copies of the Loan Agreement and such other Loan Documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it shall, independently and without reliance upon Assignor and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (d) confirms that it is an Eligible Assignee; (e) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to Agent by the terms thereof, together with such powers as are incidental thereto; (f) agrees that it will observe and perform all obligations that are required to be performed by it as a “Lender” under the Loan Documents; and (g) represents and warrants that the assignment evidenced hereby will not result in a non-exempt “prohibited transaction” under Section 406 of ERISA.

4. This Agreement shall be governed by the laws of the State of New York. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of this Agreement shall remain in full force and effect.

5. Each notice or other communication hereunder shall be in writing, shall be sent by messenger, by telecopy or facsimile transmission, or by first-class mail, shall be deemed given when sent and shall be sent as follows:

(a) If to Assignee, to the following address (or to such other address as Assignee may designate from time to time):

(b) If to Assignor, to the following address (or to such other address as Assignor may designate from time to time):

Payments hereunder shall be made by wire transfer of immediately available Dollars as follows:

If to Assignee, to the following account (or to such other account as Assignee may designate from time to time):

ABA No. _____

Account No. _____

Reference: _____

If to Assignor, to the following account (or to such other account as Assignor may designate from time to time):

ABA No. _____

Account No. _____

Reference: _____

IN WITNESS WHEREOF, this Assignment and Acceptance is executed as of _____.

_____ & #160; _____
("Assignee")

By _____
Title:

("Assignor")

By _____
Title:

EXHIBIT C

to

Term

Loan and Security Agreement

ASSIGNMENT NOTICE

Reference is made to (1) the Term Loan and Security Agreement dated as of November 30, 2010, as amended ("Loan Agreement"), among **CONN APPLIANCES, INC.**, a Texas corporation, **CONN CREDIT I, LP**, a Texas limited partnership, and **CONN CREDIT CORPORATION, INC.**, a Texas corporation (collectively, "Borrowers"), GA CAPITAL, LLC, as agent ("Agent") for the financial institutions from time to time party to the Loan Agreement ("Lenders"), and such Lenders; and (2) the Assignment and Acceptance dated as of _____, 20__ ("Assignment Agreement"), between _____ ("Assignor") and _____ ("Assignee"). Terms are used herein as defined in the Loan Agreement.

Assignor hereby notifies Borrowers and Agent of Assignor's intent to assign to Assignee pursuant to the Assignment Agreement a principal amount of \$ _____ of Assignor's outstanding portion of the Term Loan (the "Assigned Interest"), together with an interest in the Loan Documents corresponding to the Assigned Interest. This Agreement shall be effective as of the date ("Effective Date") indicated below, provided this Assignment Notice is executed by Assignor, Assignee, Agent and Borrower Agent, if applicable. Pursuant to the Assignment Agreement, Assignee has expressly assumed all of Assignor's obligations under the Loan Agreement to the extent of the Assigned Interest, as of the Effective Date.

The address of Assignee to which notices and information are to be sent under the terms of the Loan Agreement is:

The address of Assignee to which payments are to be sent under the terms of the Loan Agreement is shown in the Assignment and Acceptance.

This Notice is being delivered to Borrowers and Agent pursuant to **Section 13.3** of the Loan Agreement. Please acknowledge your acceptance of this Notice by executing and returning to Assignee and Assignor a copy of this Notice.

IN WITNESS WHEREOF, this Assignment Notice is executed as of _____.

& #160;_____
("Assignee")

By _____
Title:

("Assignor")

By _____
Title:

ACKNOWLEDGED AND AGREED,
AS OF THE DATE SET FORTH ABOVE:

BORROWER AGENT:*

CONN APPLIANCES, INC.,

a Texas corporation

By _____
Title:

* No signature required if Assignee is a Lender, U.S.-based Affiliate of a Lender or Approved Fund, or if an Event of Default exists.

GA CAPITAL, LLC, as Agent

By _____
Title:

SCHEDULE 1.1

to

Term

Loan and Security Agreement

TERM LOAN COMMITMENTS OF LENDERS

Lender	Term Loan FIFO Tranche Commitment	Term Loan FILO Tranche Commitment	Term Loan Commitment
Wells Fargo Credit, Inc.	\$10,000,000	\$0	\$10,000,000
1903 Onshore Funding, LLC	\$0	\$20,000,000	\$20,000,000
Special Value Continuation Partners, LP	\$0	\$11,504,622	\$11,504,622
Special Value Opportunities Fund, LLC	\$0	\$16,119,925	\$16,119,925
Tennebaum Opportunities Partners V, LP	\$0	\$32,375,453	\$32,375,453
Tennebaum Opportunities Fund VI, LLC	\$0	\$10,000,000	\$10,000,000
Total Term Loan Commitments	\$10,000,000	\$90,000,000	\$100,000,000

SCHEDULE 5.1

to

Term

Loan and Security Agreement

AGENT'S ADDRESS AND ACCOUNT FOR PAYMENTS

SCHEDULE 7.1(j)

to

**Term
Loan and Security Agreement**

EQUITY INTERESTS

Conn Appliances, Inc.

(i) Name	(ii) Percentage Interest Owned
CAI Holding Co.	100%, as its sole shareholder
CAI Credit Insurance Agency, Inc.	100%, by CAI Holding Co.
Conn Credit Corporation, Inc.	100%, by CAI Holding Co.
CAIAIR, Inc.	100%, as its sole shareholder
Conn Funding II GP, LLC	100%, as its sole member (to be dissolved following closing)
Conn Funding II, L.P.	1%, by Conn Funding II GP, LLC (to be dissolved following closing); 99%, by Conn Appliances, LLC (to be dissolved following closing)
Conn Appliances, LLC	100%, as its sole member (to be dissolved following closing)

Conn Credit Corporation, Inc.

<u>Name</u>	<u>Percentage Interest Owned</u>
Conn Lending, LLC	100%, as its sole member
Conn Credit I, LP	1%, as its sole general partner

Conn Credit I, LP

NONE

SCHEDULE 7.3

to

Term

Loan and Security Agreement

ELIGIBLE REAL ESTATE

8201 South Gessner Houston, TX 77036

8317 N. Tenth Street McAllen, TX 78504

2021 Town East Blvd, Suites 1049 and 1050, Mesquite, TX 75149

SCHEDULE 8.1

to

Term

Loan and Security Agreement

REPORTING

[See Attached]

SCHEDULE 8.5

to

Term

Loan and Security Agreement

DEPOSIT ACCOUNTS

Conn Appliances, Inc.

<u>Depository Bank</u>	<u>Type of Account</u>	
BANK OF AMERICA	Store Deposit Account	
BANK OF AMERICA	Letter of Credit Deposit Account	
BANK OF AMERICA	LC Disbursement Account	
CAPITALONE	Controlled Disbursement Account	
CAPITALONE	General Operating Account	
CAPITALONE	Payroll Account	
CAPITALONE	Payment Center Account	
CAPITALONE	Credit Card Settlement Account	
CAPITALONE	Louisiana Store Depository Account	
COMMUNITY BANK OF TEXAS	Store Deposit Account	
JPMORGAN CHASE	Depository Account	
JPMORGAN CHASE	General Operating Account	
SUNTRUST	General Corporate Account	
BBVA COMPASS BANK	Store Deposit Account	
WELLS FARGO BANK	Store Deposit Account	
WOODFOREST	Store Deposit Account	

Conn Credit Corporation, Inc.

NONE.

Conn Credit I, LP

NONE.

SCHEDULE 8.6.1

to

Term

Loan and Security Agreement

CREDIT CARD AGREEMENTS

1. Card Acceptance Agreement for Participating Appliance/Electronic Industry Dealers by and between GE Money Bank and Conn Appliances, Inc.
2. Merchant Agreement by and between Bank of America, N.A. and Conn Appliances, Inc.
3. Merchant Services Agreement by and between DFS Services LLC and Conn Appliances, Inc.
4. PayPal User Agreement by and between PayPal and Conn Appliances, Inc.
5. Agreement for American Express Card Acceptance by and between American Express Travel Related Services Company, Inc. and Conn Appliances, Inc.
6. Merchant Agreement by and between Phoenix Payment Systems, Inc. dba Electronic Payment Exchange (EPX) and Conn Appliances, Inc.

SCHEDULE 8.7.1

to

Term

Loan and Security Agreement

BUSINESS LOCATIONS

1. Borrowers currently have the following business locations, and no others:

Chief Executive Office:

Conn Appliances, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Credit Corporation, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Credit I, LP: 3295 College Street, Beaumont, Texas 77701.

Other Locations: See Addendum 8.7.1 attached hereto.

2. In the five years preceding the Closing Date, Borrowers have had no office or place of business located in any county other than as set forth above, except:

NONE.

3. Each of Subsidiary of Borrower currently has the following business locations, and no others:

Chief Executive
Office:

CAI Holding Co.: 3295 College Street, Beaumont, Texas 77701.

CAIAIR, Inc.: 3295 College Street, Beaumont, Texas 77701.

CAI Credit Insurance
Agency, Inc.: 3295 College Street, Beaumont, Texas 77701.

Conn Lending, LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.

Conn Funding II GP,
L.L.C.: 3295 College Street, Beaumont, Texas 77701.

Conn Appliances,
LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.

Conn Funding II, L.P.: 3295 College Street, Beaumont, Texas 77701.

Other Locations: **NONE.**

4. The following bailees, warehouseman, similar parties and consignees hold inventory of a Borrower or its Subsidiary:

NONE.

Addendum 8.7.1

Business Locations

<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
Gateway	108 Gateway Shopping Center	Beaumont	TX	77701
Port Arthur	7855 Memorial Blvd.	Port Arthur	TX	77642
Lake Charles	3129 Highway 14	Lake Charles	LA	70601
New Iberia	820 H East Admiral Doyle	New Iberia	LA	70560
Willow Street	221 B. West Willow Street	Lafayette	LA	70501
Airline	8888 Airline Highway	Baton Rouge	LA	70815
Ambassador Caffrey	3559 Ambassador Caffrey	Lafayette	LA	70506
Parkdale	4326 Dowlen Road	Beaumont	TX	77706
Orange	180 Strickland Drive	Orange	TX	77630
N. Freeway	9700 North Freeway	Houston	TX	77037
Gessner	8201 South Gessner	Houston	TX	77036
Gulf Freeway	10900 I-H 45 South	Houston	TX	77075
Fry Rd	20051 Katy Freeway	Katy	TX	77450
Katy Frwy	9960 Katy Freeway	Houston	TX	77055
59 @ 1960	19633 A Highway 59	Humble	TX	77338
Willowbrook	7911 C FM 1960	Houston	TX	77070
Uvalde	13337 1-H 10 East	Houston	TX	77015
Northline Mall	4446 N. Freeway	Houston	TX	77022
Siegen Lane	6835 Siegen Lane	Baton Rouge	LA	70806
Nasa Rd	1101 W. Nasa Road 1	Wesbster	TX	77598
Stella Link	9335 Stella Link	Houston	TX	77025
Mesquite Clearance	2021 Town East Blvd.	Mesquite	TX	75149
San Antonio Call Center	5776 Stemmons Drive	San Antonio	TX	78238
McAllen	724 East Expressway 83	McAllen	TX	78501
Harlingen	706 S. Dixieland Road	Harlingen	TX	78550
Brownsville	4465 N. Expressway 77/83	Brownsville	TX	78520
Lakeline	11101 Pecan Park Blvd.	Cedar Park	TX	78613
Anderson Ln	2531 West Anderson Lane	Austin	TX	78757
Bandera	11751 Bandera Road	San Antonio	TX	78249
Corpus	4818 S. Padre Island Drive	Corpus Christi	TX	78411
Round Rock	1601 South 1-H 35	Round Rock	TX	78664
SW Military	2514 SW Military Drive	San Antonio	TX	78221
N Loop 410	4999 NW Loop 410	San Antonio	TX	78229
West Commerce	4022 West Commerce	San Antonio	TX	78207
The Vineyards	1211 N Loop 1604 W	San Antonio	TX	78258
S. Brook	6425 S. 1-H 35	Austin	TX	78744
Capital Plaza	5441 1-H 35 North	Austin	TX	78723
Windsor Park	7730 I-H 35 North	San Antonio	TX	78218
DeZavala Crossing	5219 DeZavala	San Antonio	TX	78249
Gulf Freeway	6888 Gulf Freeway	Houston	TX	77087
Northwest Freeway	11051 Northwest Freeway	Houston	TX	77092
Pinoak	5505 W. Loop South	Houston	TX	77401
Conroe	1420 W Loop 336 N	Conroe	TX	77304
The Woodlands	19075 I-H 45 N	Shenandoah	TX	77385
SE Military	3143 SE Military Drive	San Antonio	TX	78223

Sugarland	15235 SW Freeway	Sugarland	TX	77478
Garth Rd	5010 Garth Road	Baytown	TX	77521
West Oaks	2665 South Highway 6	Houston	TX	77082
Lufkin	3045 S. John Redditt Road	Lufkin	TX	75901
Royal Ln	11250 North Central Expressway	Dallas	TX	75243
Richardson	1300 East Beltline Road	Richardson	TX	75081
Lewisville	2422 S. Stemmons Freeway	Lewisville	TX	75067
Mesquite	2021 Town East Blvd.	Mesquite	TX	75149
Ridgemare	1705 S. Cherry Lane	White Settlement	TX	76108
Plano	1021 North Central Expressway	Plano	TX	75075
Cedar Hill	229 E FM Road 1382	Cedar Hill	TX	75104
Hurst	747 N. Loop 820	Hurst	TX	76053
Wheatland	2984 W. Wheatland Road	Dallas	TX	75237
Addison	5515 Arapaho Road	Dallas	TX	75248
Euless	1201 W. Airport Freeway	Euless	TX	76040
Hulen	4617 S. Hulen Street	Fort Worth	TX	76132
Arlington	137 Merchants Row	Arlington	TX	76015
Pavilions	25 NE Loop 410	San Antonio	TX	78216
Pinnacle Pt	4351 DFW Turnpike	Dallas	TX	75211
Pearland	2800 E. Broadway	Pearland	TX	77581
Grapevine	1217 West Hwy 114	Grapevine	TX	76051
N. Irving	2800 Ranch Trail Drive	Irving	TX	75063
Pasadena	3931 Fairway Plaza Drive	Pasadena	TX	77505
N. McAllen	8317 North 10th Street	McAllen	TX	78504
Denton	2315 Colorado Boulevard	Denton	TX	76205
Eastchase	8400 East Freeway	Fort Worth	TX	76120
Burleson	12850 South Freeway	Fort Worth	TX	76028
Midland	3315 NW Expressway	Oklahoma City	OK	73112
Cypresswood	19746 Interstate 45	Spring	TX	77373
Rosenberg	23835 Brazos Town Crossing	Rosenberg	TX	77469
Edmond	28 SE 15 th Street	Edmond	OK	73013
Walnut Square	7301 S. Pennsylvania Avenue	Oklahoma City	OK	73159
Houston WH	8550-A Market Street	Houston	TX	77029
San Antonio WH	4810 Eisenhaur	San Antonio	TX	78218
Dallas WH	1132 Valwood Parkway	Carrollton	TX	75006
Corporate Office	3295 College Street	Beaumont	TX	77701
Harlingen Crossdock	710 S Dixieland Road	Harlingen	TX	78550
Austin Crossdock	2900 Oak Springs Road	Austin	TX	78702
Corpus Christi Crossdock	4818 S. Padre Island Drive	Corpus Christi	TX	78411
Beaumont Service	2686 Laurel	Beaumont	TX	77702
Houston Service	2425 Turning Basin	Houston	TX	77029
San Antonio Serv	4810 Eisenhaur	San Antonio	TX	78218
Dallas Serv	4610-12 McEwen Road	Dallas	TX	75244

SCHEDULE 9.1.4

to

Term

Loan and Security Agreement

NAMES AND CAPITAL STRUCTURE

1. The corporate names, jurisdictions of incorporation, and authorized and issued Equity Interests of each Borrower and its Subsidiary are as follows:

<u>Name</u>	<u>Jurisdiction</u>	<u>Number and Class of Authorized Shares</u>	<u>Number and Class of Issued Shares</u>	<u>Record Owner</u>
Conn Appliances, Inc., as a Borrower	Texas	35,000,000 Common Shares. 300,000 Senior Preferred Shares.	Stock Certificate #158; 1,000 Shares.	Conn's, Inc.
Conn Credit Corporation, Inc., as a Borrower	Texas	4,000,000 Common Shares.	Stock Certificate #1016; 56,500 Shares..	CAI Holding Co.
Conn Credit I, LP, as a Borrower	Texas	N/A	N/A	1% Conn Credit Corporation, Inc.; 99% Conn Lending, LLC.
CAI Holding Co.	Delaware	10,000 Common Shares.	Stock Certificate #1; 8,000 Shares.	Conn Appliances, Inc.
CAIAIR, Inc.	Delaware	1,000,000 Common Shares.	Stock Certificate #1; 1,000 Shares.	Conn Appliances, Inc.
CAI Credit Insurance Agency, Inc.	Louisiana	100,000 Common Shares.	Stock Certificate #3; 1,000 Shares.	CAI Holding Co.
Conn Lending, LLC	Delaware	N/A	N/A	Conn Credit Corporation, Inc.
Conn Funding II GP, L.L.C.	Texas	N/A	N/A	Conn Appliances, Inc.
Conn Appliances, LLC	Delaware	N/A	N/A	Conn Appliances, Inc.
Conn Funding II, L.P.	Texas	N/A	N/A	1% Conn Funding GP II, L.L.C.; 99% Conn Appliances, LLC.

2. All agreements binding on holders of Equity Interests of Borrowers and its Subsidiaries with respect to such interests are as follows:

NONE.

SCHEDULE 9.1.5

to

Term

Loan and Security Agreement

FORMER NAMES AND COMPANIES

1. Each Parent's, Borrowers' and its Subsidiary's correct corporate name, as registered with the Secretary of State of its state of incorporation, is shown on Schedule 9.1.4.

2. In the conduct of their businesses during five years preceding the Closing Date, Parent, Borrowers and their Subsidiaries have used the following names:

<u>Entity</u>	<u>Fictitious, Trade or Other Name</u>
Conn's, Inc., as Parent	None
Conn Appliances, Inc., as a Borrower	Conn Appliances Conn's
Conn Credit Corporation, Inc., as a Borrower	Conn Credit Conn Credit Corp.
Conn Credit I, LP, as a Borrower	None
CAI Holding Co., as a Subsidiary	None
CAIAIR, Inc., as a Subsidiary	None
CAI Credit Insurance Agency, Inc., as a Subsidiary	None
Conn Lending, LLC, as a Subsidiary	None
Conn Funding II GP, L.L.C., as a Subsidiary	None
Conn Appliances, LLC, as a Subsidiary	None
Conn Funding II, L.P., as a Subsidiary	None

3. In the five years preceding the Closing Date, no Borrower or its Subsidiary has been the surviving corporation of a merger or combination, except:

Merger of CAI, L.P., a Texas limited partnership, with and into Conn Appliances, Inc., a Texas corporation, as surviving corporation, effective as of June 28, 2007.

Merger of CAI Credit, L.L.C., a Delaware limited liability company, with and into CAI Credit Insurance Agency, Inc., a Louisiana corporation, as surviving corporation, effective as of June 28, 2007.

Merger of Conn CC, L.P., a Texas limited partnership, and Conn Credit, L.L.C., a Delaware limited liability company, with and into Conn Credit Corporation, Inc., a Texas corporation, as surviving corporation, effective as of June 28, 2007.

4. In the five years preceding the Closing Date, no Borrower or its Subsidiary has acquired any substantial part of the assets of any Person, except:

NONE.

SCHEDULE 9.1.11

to

Term

Loan and Security Agreement

PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

1. Borrowers' and its Subsidiaries' patents:

NONE.

2. Borrowers' and its Subsidiaries' trademarks:

<u>Trademark</u>	<u>Owner</u>	<u>Status in Trademark Office</u>	<u>Federal Registration No.</u>	<u>Registration Date</u>
CONN'S AWARD WINNING SERVICE SINCE 1890	Conn's, Inc.	Registered	2,758,779	September 2, 2003
CONN'S	Conn's, Inc.	Registered	2,824,660	March 23, 2004

3. Borrowers' and its Subsidiaries' copyrights:

NONE.

4. Borrowers' and its Subsidiaries' licenses (other than routine business licenses, authorizing them to transact business in local jurisdictions):

NONE.

SCHEDULE 9.1.14

to

Term

Loan and Security Agreement

ENVIRONMENTAL MATTERS

NONE

SCHEDULE 9.1.15

to

Term

Loan and Security Agreement

RESTRICTIVE AGREEMENTS

NONE

SCHEDULE 9.1.16

to

Term

Loan and Security Agreement

LITIGATION

1. Proceedings and investigations pending against Borrowers or its Subsidiaries:
NONE.

2. Threatened proceedings or investigations of which any Borrower or its Subsidiary is aware:
NONE.

3. Pending Commercial Tort Claim of any Obligor:
NONE.

SCHEDULE 9.1.18

to

Term

Loan and Security Agreement

PENSION PLAN DISCLOSURES

NONE

SCHEDULE 9.1.20

to

Term

Loan and Security Agreement

LABOR CONTRACTS

Borrowers and its Subsidiaries are party to the following collective bargaining agreements, management agreements and consulting agreements:

NONE.

SCHEDULE 10.2.2

to

Term Loan and Security Agreement

EXISTING LIENS

<u>Initial Type of Filing</u>	<u>Debtor</u>	<u>Secured Party</u>	<u>Initial Filing No. and Date</u>	<u>Jurisdiction</u>
UCC-1	Conn Appliances, Inc.	General Electric Capital Corporation	9600056267 on March 22, 1996	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	GE Commercial Distribution Finance Corporation	9800115926 on June 5, 1998	Texas Secretary of State
UCC-1	Conn Appliances, Inc. Conn's, Inc.	Electrolux Home Products	020007278288 on October 23, 2001	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	GE Commercial Distribution Finance Corporation	020020382714 on February 25, 2002	Texas Secretary of State
UCC-1* ¹	Conn Appliances, Inc.	Wells Fargo Bank, National Association	030001275725 on September 13, 2002	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Husqvarna Outdoor Products, Inc.	060008742178 on March 17, 2006	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Textron Financial Corporation	070026787360 on August 7, 2007	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Daimler Trust	070040807501 on December 3, 2007	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Daimler Trust	070043216619 on December 26, 2007	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Crown Credit Company	080002453325 on January 22, 2008	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Crown Credit Company	080028513300 on August 26, 2008	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	GE Money Bank	090014992620 on May 27, 2009	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	IBM Credit LLC	090015569883 on June 2, 2009	Texas Secretary of State

*¹ UCC to be terminated upon execution of Amended and Restated Loan and Security Agreement.

UCC-1	Conn Appliances, Inc.	TCF Inventory Finance, Inc.	090032612376 on November 24, 2009	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Red Iron Acceptance, LLC	100003641025 on February 8, 2010	Texas Secretary of State
UCC-1	Conn Appliances, Inc.	Ikon Financial Services	100012127842 on April 29, 2010	Texas Secretary of State
UCC-1	CAIAIR, Inc.	CSF Air, LLC	20154033 on December 17, 2010	Delaware Secretary of State

SCHEDULE 10.2.17

to

Term

Loan and Security Agreement

EXISTING AFFILIATE TRANSACTIONS

1. Contract Receivables Purchase Agreement dated as of even date herewith between Conn Credit I, LP and Conn Appliances, Inc.
2. Contract Receivables Purchase Agreement dated as of even date herewith between Conn Credit I, LP and Conn Credit Corporation, Inc.
3. Servicing Agreement dated as of even date herewith between Conn Credit I, LP and Conn Appliances, Inc.
4. Contract Originator Note dated as of even date herewith made by Conn Credit I, LP and payable to Conn Appliances, Inc.
5. Contract Originator Note dated as of even date herewith made by Conn Credit I, LP and payable to Conn Credit Corporation, Inc.
6. Merchant Agreement between Conn Credit Corporation, Inc. and Conn Appliances, Inc.
7. Purchase Agreement dated as of even date herewith between Conn Appliances, Inc. and Conn Credit Corporation, Inc.

Schedule 10.2.17 to Term Loan and Security Agreement
Existing Affiliate Transactions

CONTINUING GUARANTY

This CONTINUING GUARANTY (as amended from time to time, this "Guaranty"), dated as of November 30, 2010, is executed by **CONN'S, INC.**, a Delaware corporation ("Parent"), **CAI HOLDING CO.**, a Delaware corporation ("CAIH"), **CAI CREDIT INSURANCE AGENCY, INC.**, a Louisiana corporation ("CAIC"), **CONN LENDING, LLC**, a Delaware limited liability company ("CLL"), and **CAIAIR, INC.**, a Delaware corporation ("CAIAIR"); together with Parent, CAIH, CAIC, and CLL, each a "Guarantor" and, collectively, the "Guarantors") in favor of **GA CAPITAL, LLC**, in its capacity as agent for Lenders (as hereinafter defined) (in such capacity, "Agent"), in light of the following facts:

RECITALS:

WHEREAS, reference is made to that certain Term Loan and Security Agreement dated as of the date hereof (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), by and among Parent, Conn Appliances, Inc., a Texas corporation ("CAI"), Conn Credit I, LP, a Texas limited partnership ("CCI"), and Conn Credit Corporation, Inc. ("CCCI" #8221; and together with CAI and CCI, collectively, "Borrowers"), the financial institutions from time to time party thereto as lenders (collectively, "Lenders"), and Agent, as administrative agent and collateral agent for the Lenders;

WHEREAS, the Lenders have agreed to make the Term Loan to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Loan Agreement;

WHEREAS, each Guarantor acknowledges that it will receive direct and indirect benefits from the Term Loan to be provided by the Lenders under the terms of the Loan Agreement; and

WHEREAS, the obligations of the Lenders to make the Term Loan are conditioned upon, among other things, the execution and delivery by the Guarantors of a guaranty in the form hereof.

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

1. **Defined Terms.** All capitalized terms used which are not defined herein have the meanings given to them in the Loan Agreement.

2. **Guaranty.** Each Guarantor hereby jointly, severally, absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees indemnities, damages, costs, expenses or otherwise, of Borrowers to Agent or any Lender arising under the Loan Agreement and any instruments, agreements or Loan Documents of any kind or nature now or hereafter executed in connection with the Loan Agreement (including the Obligations and all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys' fees and expenses incurred by Agent or any Lender in connection with the collection or enforcement of any of the foregoing), and whether recovery upon such indebtedness and liabilities may be or hereafter becomes unenforceable or shall be an allowed or disallowed claim under any case or proceeding commenced by or against any other Guarantor or any Borrower under any state, federal or foreign law for, or any agreement of such other Guarantor or Borrower to, (a) the entry of an order for relief under the Bankruptcy Code (Title 11, United States Code), or any other insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such other Guarantor or Borrower or any part of its properties; or (c) an assignment or trust mortgage for the benefit of creditors (collectively, "Insolvency Proceeding"), and including interest that accrues after the commencement by or against any Borrower of any proceeding under any Insolvency Proceeding (collectively, the "Guaranteed Obligations"). Agent's books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the Guarantors and conclusive for the purpose of establishing the amount of the Guaranteed Obligations absent manifest error. As to each Guarantor, this Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations against any Borrower or any other Guarantor or other obligor, or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense of any Borrower or any other Guarantor or other obligor, to the obligations of the Guarantors under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing. Anything contained herein to the contrary notwithstanding, the obligations of each Guarantor hereunder at any time shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of the Bankruptcy Code (Title 11, United States Code) or any comparable provisions of any similar federal or state law.

3. **No Setoff or Deductions; Taxes; Payments.** Each Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein. If any such obligation (other than one arising with respect to taxes based on or measured by the income or profits of the Lender) is imposed upon such Guarantor with respect to any amount payable by it hereunder, each Guarantor will pay to the Lender, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable Agent and Lenders to receive the same net amount which Agent and Lenders would have received on such due date had no such obligation been imposed upon such Guarantor. Each Guarantor will deliver promptly to Agent certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Guarantors hereunder. The obligations of the Guarantors under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

4. Rights of Lenders. Each Guarantor consents and agrees that Agent and Lenders may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as Agent or Lenders in their sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantors under this Guaranty or which, but for this provision, might operate as a discharge of any Guarantor.

5. Certain Waivers. Each Guarantor waives (a) any defense arising by reason of any disability or other defense of any Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of Agent or any Lender) of the liability of such Borrower; (b) any defense based on any claim that such Guarantors' obligations exceed or are more burdensome than those of the Borrowers; (c) the benefit of any statute of limitations affecting the Guarantors' liability hereunder; (d) any right to require Agent to proceed against any Borrower, proceed against or exhaust any security for the Guaranteed Obligations, or pursue any other remedy in Agent's or any Lender's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by Agent or any Lender; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of non-payment or non-performance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

6. Obligations Independent. The obligations of each Guarantor hereunder are those of a primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other guarantor, and a separate action may be brought against each Guarantor to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party.

7. Subrogation. No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and any commitments of Agent and Lenders or facilities provided by Agent or Lenders with respect to the Guaranteed Obligations are terminated. If any amounts are paid to any Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of Agent and Lenders and shall forthwith be paid to Agent to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

8. Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are indefeasibly paid in full in cash and any commitments of Agent and Lenders or facilities provided by Agent or Lenders with respect to the Guaranteed Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of any Borrower or any Guarantor is made, or Agent or any Lender exercises its right of setoff, in respect of the Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent or any Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Insolvency Proceeding or otherwise, all as if such payment had not been made or such setoff had not occurred and whether Agent or any Lender is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of each Guarantor under this paragraph shall survive termination of this Guaranty.

9. Subordination. Each Guarantor hereby subordinates the payment of all obligations and indebtedness of Borrowers owing to such Guarantor, whether now existing or hereafter arising, including but not limited to any obligation of any Borrower to any Guarantor as subrogee of Agent or any Lender or resulting from such Guarantor's performance under this Guaranty, to the indefeasible satisfaction of all Guaranteed Obligations, and the termination of any commitments by Lenders under the Loan Agreement. If Agent or any Lender so requests, any such obligation or indebtedness of any Borrower to any Guarantor shall be enforced and performance received by such Guarantor as trustee for Agent and Lenders and the proceeds thereof shall be paid over to Agent on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of any Guarantor under this Guaranty. Notwithstanding the foregoing, a Guarantor may demand and accept repayments of indebtedness of a Borrower owing to such Guarantor as such repayment is expressly permitted under the Loan Agreement.

10. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against any Guarantor or any Borrower under any Insolvency Proceeding, or otherwise, all such amounts shall nonetheless be payable by the Guarantors immediately upon demand by Agent.

11. Expenses. Each Guarantor shall pay on demand all out-of-pocket expenses in any way relating to the enforcement or protection of Agent's or any Lender's rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any "workout" or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of Agent or any Lenders in any Insolvency Proceeding. The obligations of each Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

12. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by Agent and each Guarantor. No failure by Agent or any Lender to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein. Unless otherwise agreed by Agent and the Guarantors in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by any Guarantor for the benefit of Agent or any Lender or any term or provision thereof.

13. Condition of Borrowers. Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from each Borrower and any other guarantor such information concerning the financial condition, business and operations of such Borrower and any such other guarantor as the Guarantor requires, and that Agent and Lenders have no duty, and no Guarantor is relying on Agent or any Lender at any time, to disclose to such Guarantor any information relating to the business, operations or financial condition of any Borrower or any other guarantor (the guarantor waiving any duty on the part of the Lender to disclose such information and any defense relating to the failure to provide the same).

14. Setoff. If and to the extent any payment is not made when due hereunder, Agent and any Lender may setoff and charge from time to time any amount so due against any or all of any Guarantor's accounts or deposits with Agent or any Lender.

15. Representations and Warranties. Each Guarantor represents and warrants that (a) it is duly organized and in good standing under the laws of the jurisdiction of its organization and has full capacity and right to make and perform this Guaranty, and all necessary authority has been obtained; (b) this Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms; (c) the making and performance of this Guaranty does not and will not violate the provisions of any applicable law, regulation or order, and does not and will not result in the breach of, or constitute a default or require any consent under, any material agreement, instrument, or document to which it is a party or by which it or any of its property may be bound or affected; and (d) all consents, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect.

16. Indemnification and Survival. Without limitation on any other obligations of the Guarantors or remedies of Agent or any Lender under this Guaranty, each Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless Agent and each Lender from and against, and shall pay on demand, any and all damages, losses, liabilities and expenses (including attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) that may be suffered or incurred by Agent or any Lender in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of any Borrower enforceable against the Borrowers in accordance with their terms. The obligations of each Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

17. Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) **THIS GUARANTY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES.**

(b) **EACH GUARANTOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER NEW YORK COUNTY, NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO THIS GUARANTY, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH GUARANTOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM.** Service of process by Agent in connection with an action or proceeding regarding this Guaranty shall be binding on each Guarantor if sent to such Guarantor by registered or certified mail at its address specified below or such other address as from time to time notified by such Guarantor. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Guarantor in any other court, nor limit the right of any party to serve process in any other manner permitted by applicable law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

(c) EACH OF THE GUARANTORS AND THE AGENT, FOR ITSELF AND ON BEHALF OF THE LENDERS, BY ITS ACCEPTANCE HEREOF, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE GUARANTORS AND THE AGENT, FOR ITSELF AND ON BEHALF OF THE LENDERS, BY ITS ACCEPTANCE HEREOF, (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 17.

18. Assignment. This Guaranty shall (a) bind each Guarantor and its successors and assigns, provided that no Guarantor may assign its rights or obligations under this Guaranty without the prior written consent of Agent (and any attempted assignment without such consent shall be void), and (b) inure to the benefit of Agent, Lender and their successors and assigns and any Lender may, without notice to the Guarantors and without affecting the Guarantors' obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. Each Guarantor agrees that Agent and Lender s may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations of all or part of the Guaranteed Obligations any and all information in Agent's or Lender's possession concerning any Guarantor, this Guaranty and any security for this Guaranty.

19. Notices and Communications.

(a) Notice Address. All notices and other communications by or to a party hereto shall be in writing and shall be given to any party, at such party's address shown on the signature pages hereof. Each such notice or other communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the U.S. mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Any written notice or other communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party.

(b) Electronic Communications; Voice Mail. Electronic and voice mail may not be used as effective notice under this Guaranty.

(c) **Non-Conforming Communications.** Agent and Lenders may rely upon any notices purportedly given by or on behalf of any Guarantor even if such notices were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Guarantor shall indemnify and hold harmless each of Agent, each Lender, and their respective officers, directors, employees, affiliates, agents and attorneys from any liabilities, losses, costs and expenses arising from any telephonic communication purportedly given by or on behalf of a Guarantor.

20. Additional Guarantor Waivers and Agreements.

(a) Each Guarantor understands and acknowledges that if Agent forecloses judicially or non-judicially against any real property security for the Guaranteed Obligations, that foreclosure could impair or destroy any ability that such Guarantor may have to seek reimbursement, contribution, or indemnification from Borrowers or others based on any right such Guarantor may have of subrogation, reimbursement, contribution, or indemnification for any amounts paid by such Guarantor under this Guaranty.

(b) Each Guarantor waives all rights and defenses that such Guarantor may have because of any of the Guaranteed Obligations is secured by real property. This means, among other things: (i) Agent may collect from the Guarantors without first foreclosing on any real or personal property collateral pledged by any Borrower; and (ii) if Agent forecloses on any real property collateral pledged by any Borrower: (A) the amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (B) Agent may collect from the Guarantors even if Agent, by foreclosing on the real property collateral, has destroyed any right the Guarantors may have to collect from the Borrowers. This is an unconditional and irrevocable waiver of any rights and defenses any Guarantor may have because any of the Guaranteed Obligations is secured by real property.

(c) Each Guarantor waives any right or defense it may have at law or equity to a fair market value hearing or action to determine a deficiency judgment after a foreclosure.

21. Obligations Secured. The obligations of Guarantors hereunder are secured by that certain Security Agreement entered into by Guarantors and Agent as of even date herewith, as may be amended, restated or otherwise modified from time to time.

[Signature pages to follow]

CONN'S, INC.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Executive Vice President and Chief Financial Officer
Address:
3295 College Street
Beaumont, Texas 77701

CAI CREDIT INSURANCE AGENCY, INC.,
a Louisiana corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer
Address:
3295 College Street
Beaumont, Texas 77701

CAI HOLDING CO.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer
Address:
3295 College Street
Beaumont, Texas 77701

CONN LENDING, LLC,
a Delaware limited liability company

By: /s/ Mary S. Stawikey
Name: Mary S. Stawikey
Title: President and Secretary
Address:
3295 College Street
Beaumont, Texas 77701

CAIAIR, INC.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer
Address:
3295 College Street
Beaumont, Texas 77701

SECURITY AGREEMENT

This SECURITY AGREEMENT (as amended from time to time, this "Security Agreement"), dated as of November 30, 2010, is entered into and executed by CONN'S, INC., a Delaware corporation ("Parent"), CAI HOLDING CO., a Delaware corporation ("CAIH"), CAI CREDIT INSURANCE AGENCY, INC., a Louisiana corporation ("CAIC"), C ONN LENDING, LLC, a Delaware limited liability company ("CLL"), and CAIAIR, INC., a Delaware corporation ("CAIAIR"; together with Parent, CAIH, CAIC, and CLL, each a "Grantor" and, collectively, the "Grantors"), collectively, on one hand, and GA CAPITAL, LLC, in its capacity as agent for Lenders (as hereinafter defined) (in such capacity, "Agent"), on the other hand, in light of the following facts:

RECITALS:

WHEREAS, reference is made to that certain Term Loan and Security Agreement dated as of the date hereof (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), by and among Parent, Conn Appliances, Inc., a Texas corporation ("CAI"), Conn Credit I, LP, a Texas limited partnership ("CCI"), and Conn Credit Corporation, Inc., a Texas corporation ("CCCI"), and together with CAI and CCI, collectively, "Borrowers"), the financial institutions from time to time party thereto as lenders (collectively, "Lenders"), and Agent, as administrative agent and collateral agent for the Lenders;

WHEREAS, reference is also made to that certain Continuing Guaranty dated as of the date hereof (as from time to time amended, restated, supplemented or otherwise modified, the "Guaranty"), executed by the Grantors in favor of the Agent pursuant to which each Grantor guarantees the payment and performance of the Guaranteed Obligations (as defined in the Guaranty);

WHEREAS, the Lenders have agreed to make the Term Loan to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Loan Agreement;

WHEREAS, each Grantor acknowledges that it will receive direct and indirect benefits from the Term Loan to be provided by the Lenders under the terms of the Loan Agreement; and

WHEREAS, the obligations of the Lenders to make the Term Loan are conditioned upon, among other things, the execution and delivery by the Grantors of an agreement in the form hereof.

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

1. **DEFINED TERMS.** The following terms shall have the following respective meanings:

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

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Collateral: has the meaning set forth in **Section 2**.

GA Capital Indemnitees: GA Capital, LLC and its officers, directors, employees, Affiliates, and agents.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether associated with the United States, a state, district or territory thereof, or a foreign entity or government.

Indemnitees: Lender Indemnitees, and GA Capital Indemnitees.

Intellectual Property: all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Lender Indemnitees: Lenders and their officers, directors, employees, Affiliates, and agents.

Lien: any Person's interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, security interests, pledges, hypothecations, statutory trusts, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver: an agreement, in form and substance satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral subject to a licensor's Intellectual Property rights, the licensor grants to Agent the right, vis-à-vis such licensor, to enforce Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable license.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Secured Obligations: all indebtedness, liabilities and other obligations of each Grantor arising under the Guaranty, including, without limitation, the “Guaranteed Obligations” (as defined in the Guaranty), whether for principal, interest, reasonable fees, or reasonable out-of-pocket expenses or otherwise, and all obligations of any Grantor now or hereafter existing under this Security Agreement.

UCC: the Uniform Commercial Code as in effect in the State of New York or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

All other capitalized terms used but not otherwise defined herein have the meanings given to them in the Loan Agreement. All other undefined terms contained in this Security Agreement, unless the context indicates otherwise, have the meanings provided for by the UCC to the extent the same are used or defined therein, including: “Account,” “Chattel Paper,” “Commercial Tort Claim,” “Deposit Account,” “Document,” “Equipment,” “General Intangibles,” “Goods,” “Instrument,” “Inventory,” “Investment Property,” “Letter-of-Credit Right” and “Supporting Obligation.”

2. **GRANT OF LIEN.** As security for all Secured Obligations, each Grantor hereby grants to Agent, for the benefit of Agent and the Lenders, a continuing security interest in, Lien on, assignment of and right of set-off against, such Grantor’s right, title, and interest in and to all of the following Property and assets of such Grantor, whether now owned or existing or hereafter acquired or arising, regardless of where located (the “Collateral”):

- (a) all Accounts;
- (b) all Chattel Paper, including electronic chattel paper;
- (c) all Commercial Tort Claims;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all General Intangibles, including Intellectual Property;
- (g) all Goods, including Inventory, Equipment and fixtures;
- (h) all Instruments;
- (i) all Investment Property;
- (j) all Letter-of-Credit Rights;
- (k) all Supporting Obligations;
- (l) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a Lender;
- (m) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and

(n) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

3. **PERFECTION AND PROTECTION OF SECURITY INTEREST.**

(a) Each Grantor shall, at its expense, perform all steps requested by Agent at any time to perfect, maintain, protect, and enforce Agent's Liens, including: (i) executing, delivering and/or filing and recording of the any agreements and filing financing or continuation statements, and amendments thereof, in form and substance satisfactory to Agent; and (ii) delivering to Agent or Agent's designee (including the ABL Agent as agent for the Agent under the Intercreditor Agreement) the originals of all Instruments, Documents, and tangible Chattel Paper, and all other Collateral in such Grantor's possession of which Agent determines it should have physical possession in order to perfect or protect Agent's Lien therein, duly pledged, endorsed, or assigned to Agent or Agent's designee (including the ABL Agent as agent for the Agent under the Intercreditor Agreement) without restriction.

(b) Each Grantor shall hold all Collateral consisting of negotiable Documents, certificated securities (accompanied by stock papers executed in blank), Chattel Paper and Instruments as a custodian for the benefit of Agent.

(c) Upon request by Agent, each Grantor shall obtain or use its commercially reasonable efforts to obtain Lien Waivers with respect to the Collateral.

(d) Each Grantor shall obtain authenticated control agreements from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for such Grantor.

(e) Each Grantor shall take all steps necessary to grant Agent control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in the Uniform Electronic Transactions Act.

(f) Promptly upon request, Grantors shall deliver to Agent or Agent's designee (including the ABL Agent as agent for the Agent under the Intercreditor Agreement) such instruments, assignments, title certificates, or other documents or agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Security Agreement. Each Grantor authorizes Agent to file any financing statement that indicates the Collateral as "all assets" or "all personal property" of such Grantor, or words to similar effect, and ratifies any action taken by Agent before the Closing Date (as defined in the Loan Agreement) to effect or perfect its Lien on any Collateral.

(g) Grantors shall promptly notify Agent in writing if any Grantor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than \$500,000) and, upon Agent's request, shall promptly take such actions as Agent deems appropriate to confer upon Agent (for the benefit of the Lenders) a duly perfected second-priority Lien (subject only to the first-priority lien of the ABL Agent) upon such claim.

(h) So long as the Guaranty is in effect and until all Secured Obligations have been fully satisfied, Agent's Liens shall continue in full force and effect in all Collateral.

(i) Except as set forth in the Loan Agreement, no Grantor shall merge, combine or consolidate with any Person, or liquidate, wind up its affairs or dissolve itself, in each case whether in a single transaction or in a series of related transactions, except for mergers or consolidations into a Borrower; change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; or change its form or state of organization.

4. **LOCATION OF COLLATERAL.**

(a) Each Grantor represents and warrants to Agent and the Lenders that **Schedule 4** is a correct and complete list of the location of such Grantor's chief executive office, the location of its books and records, the locations of the Collateral, and the locations of all of its other places of business; and

(b) Each Grantor covenants and agrees that it:

(i) shall at all times keep the Collateral at its business locations set forth in **Schedule 4**, except that Grantors may move Collateral to another location in the United States, upon 30 days prior written notice to Agent;

(ii) will not otherwise change or add to any of such locations, except as otherwise expressly permitted in this Security Agreement or in the Loan Agreement; or

(iii) will not change the location of its chief executive office from the location identified in **Schedule 4**, unless it gives Agent at least 30 days' prior written notice thereof.

5. **CORPORATE NAMES; JURISDICTION OF ORGANIZATION.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that: (a) each Grantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) each Grantor is duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect; and (c) except as listed on Schedule 5, during the 5 years preceding the Closing Date, no Grantor has been known as or used any corporate, fictitious or trade names, has been the surviving corporation of a merger or combination, or has acquired any substantial part of the assets of any Person.

6. **TITLE TO, LIENS ON, AND SALE AND USE OF COLLATERAL.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that: (a) each Grantor has good and indefeasible title to (or valid leasehold interests in) all of its Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except Permitted Liens and minor defects in title to its real estate that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purpose; (b) each Grantor has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens; (c) all Liens of Agent in the Collateral are perfected Liens, subject in priority only to the Lien of the ABL Agent and Permitted Liens having priority by operation of law; and (d) no Grantor shall sell, transfer or otherwise dispose of any of its real or personal Property except as necessary in the ordinary course of any Grantor's business.

7. **ACCESS AND EXAMINATION.** Subject to the limitations set forth in the Loan Agreement, Agent may at all reasonable times during regular business hours have access to, examine, make extracts from or copies of and inspect any or all of each Grantor's records, files, and books of account and the Collateral, and discuss each Grantor's affairs with such Grantor's officers and management. Each Grantor will deliver to Agent any instrument necessary for Agent to obtain records from any service bureau maintaining records for such Grantor. Agent may, without expense to Agent, use such of the Grantors' respective personnel, supplies, and real estate as may be reasonably necessary for maintaining or enforcing Agent's Liens. Agent shall have the right, at any time, in Agent's name or in the name of a nominee of Agent, to verify the validity, amount or any other matter relating to the Accounts, Inventory, or other Collateral, by mail, telephone, or otherwise.

8. **ACCOUNTS.** Each Grantor hereby represents and warrants to Agent and the Lenders, with respect to such Grantor's Accounts, that each existing Account represents, and each future Account will represent, a bona fide obligation of the account debtor with respect thereto and is and will be for a liquidated amount payable by the account debtor thereon.

9. **COLLECTION OF ACCOUNTS; PAYMENTS.**

(a) Grantors shall make collection of all Accounts and other Collateral for Agent, shall receive all payments as Agent's trustee, and shall immediately deliver all payments in their original form duly endorsed in blank into a Dominion Account. Agent or Agent's designee may, at any time after the occurrence of an Event of Default, notify Account Debtors that the Accounts have been assigned to Agent and of Agent's Lien therein, and may collect them directly and apply the proceeds thereof to the repayment of the Secured Obligations.

(b) If sales of any Grantor's Inventory are made or services are rendered for cash, the Grantors shall immediately deposit into a Dominion Account the cash which such Grantor receives.

(c) Subject to the terms of the Intercreditor Agreement, all payments including immediately available funds received by Agent at a bank account designated by it, will be Agent's sole property for its benefit and the benefit of the Lenders.

10. **INVENTORY.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that all of the Inventory owned by such Grantor is and will be held for sale or lease, or to be furnished in connection with the rendition of services, in the ordinary course of such Grantor's business, and is and will be fit for such purposes subject to ordinary wear and tear. Each Grantor will keep its Inventory in good and marketable condition, except for damaged or defective goods arising in the ordinary course of such Grantor's business.

11. **EQUIPMENT.** Each Grantor represents and warrants to Agent and the Lenders and agrees with Agent and the Lenders that all of the Equipment owned by such Grantor is and will be used or held for use in such Grantor's business, and is and will be fit for such purposes subject to ordinary wear and tear. Each Grantor shall keep and maintain its Equipment in good operating condition and repair (ordinary wear and tear excepted) and shall make all necessary replacements thereof. No Grantor will, without Agent's prior written consent, alter or remove any identifying symbol or number on any of such Grantor's Equipment constituting Collateral.

12. **DOCUMENTS, INSTRUMENTS, AND CHATTEL PAPER.** Each Grantor represents and warrants to Agent and the Lenders that (a) all Documents, Instruments, and Chattel Paper describing, evidencing, or constituting Collateral, and all signatures and endorsements thereon, are and will be complete, valid, and genuine, and (b) all goods evidenced by such Documents, Instruments, Letter of Credit Rights and Chattel Paper are and will be owned by such Grantor, free and clear of all Liens other than Permitted Liens. If any Grantor retains possession of any Chattel Paper or Instruments with Agent's consent, such Chattel Paper and Instruments shall be marked with the following legend: "This instrument or agreement is assigned as collateral to GA Capital, LLC."

13. **RIGHT TO CURE.** Agent may, in its discretion, pay any amount or do any act required of any Grantor hereunder in order to preserve, protect, maintain or enforce the Secured Obligations, the Collateral or Agent's Liens therein, and which such Grantor fails to pay or do, including payment of any judgment against such Grantor, any insurance premium, any warehouse charge, any finishing or processing charge, any landlord's or bailee's claim, and any other Lien upon or with respect to the Collateral. Any payment made or other action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed thereafter as herein provided.

14. **POWER OF ATTORNEY.** Each Grantor hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Grantor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or a Grantor's name, but at the cost and expense of Grantor, during the existence of an Event of Default:

(a) Endorse a Grantor's name on any payment item or other proceeds of Collateral (including proceeds of insurance) that come into Agent's possession or control; and

(b) (i) notify any account debtors of the assignment of their Accounts, demand and enforce payments on Accounts, by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii) settle, adjust, modify, compromise, discharge or release any claims with respect to amounts due on Accounts or other Collateral, or any legal proceedings brought to collect on Accounts or other Collateral; (iii) sell or assign any Account and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) take control, in any manner, of any proceeds of Collateral; (v) prepare, file and sign a Grantor's name to a proof of claim or other document in a bankruptcy of an account debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to a Grantor, and notify postal authorities to change the address for delivery thereof to such address as Agent may designate; (vii) endorse any Chattel Paper, Document, Instrument, invoice, freight bill, bill of lading, or similar document or agreement relating to any Account, Inventory or other Collateral; (viii) use a Grantor's stationery and sign its name to verifications of Accounts and notices to account debtors; (ix) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to any Collateral; (x) make and adjust claims under policies of insurance; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit or banker's acceptance for which a Grantor is a beneficiary; and (xii) take all other actions as Agent deems appropriate to fulfill any Grantor's obligations hereunder or under the Guaranty.

15. **AGENT'S AND LENDERS' RIGHTS, DUTIES AND LIABILITIES.**

(a) Each Grantor assumes all responsibility and liability arising from or relating to the use, sale, license or other disposition of the Collateral. The Secured Obligations shall not be affected by any failure of Agent or any Lender to take any steps to perfect Agent's Liens or to collect or realize upon the Collateral, nor shall loss of or damage to the Collateral release any Grantor from any of the Secured Obligations. Following the occurrence and during the continuation of an Event of Default, Agent may (but shall not be required to), without notice to or consent from any Grantor, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any Person liable directly or indirectly in connection with any of the foregoing, without discharging or otherwise affecting the liability of any Grantor for the Secured Obligations or under the Guaranty or any other agreement now or hereafter existing between Agent and/or any Lender and any Grantor.

(b) It is expressly agreed by each Grantor that, anything herein to the contrary notwithstanding, such Grantor shall remain liable under each of its contracts and each of its licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Except as required by Applicable Law, neither Agent nor any Lender shall have any obligation or liability under any contract or license by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Agent or any Lender of any payment relating to any contract or license pursuant hereto. Neither Agent nor any Lender shall be required or obligated in any manner to perform or fulfill any of the obligations of any Grantor under or pursuant to any contract or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contract or license, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) Agent may at any time after a Default or an Event of Default has occurred and is continuing (or if any rights of set-off (other than set-offs against an Account arising under the contract giving rise to the same Account) or contra accounts may be asserted with respect to the following), without prior notice to Grantors, notify account debtors, and other Persons obligated on the Collateral that Agent has a Lien therein, and that payments shall be made directly to Agent, for itself and the benefit of Lenders. Upon the request of Agent, Grantor shall so notify account debtors and other Persons obligated on Collateral. Once any such notice has been given to any account debtor or other Person obligated on the Collateral, no Grantor shall give any contrary instructions to such account debtor or other Person without Agent's prior written consent.

(d) Agent may at any time in Agent's own name or in the name of any Grantor communicate with such Grantor's account debtors, parties to such Grantor's contracts and obligors in respect of such Grantor's Instruments to verify with such Persons, to Agent's satisfaction, the existence, amount and terms of such Grantor's Accounts, payment intangibles, Instruments or Chattel Paper. If a Default or Event of Default shall have occurred and be continuing, each Grantor, at its own expense, shall cause the independent certified public accountants then engaged by such Grantor to prepare and deliver to Agent and each Lender at any time and from time to time promptly upon Agent's request the following reports with respect to such Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Agent may request. Each Grantor, at its own expense, shall deliver to Agent the results of each physical verification, if any, which such Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

16. **PATENT, TRADEMARK AND COPYRIGHT COLLATERAL.** Each Grantor owns or has the lawful right to use all Intellectual Property necessary for the conduct of its business, without conflict with any rights of others except for any such conflict of infringement that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. There is no pending or, to any Grantor's knowledge, threatened claim against the Intellectual Property with respect to such Grantor or any of such Grantor's Property (including any Intellectual Property). No Grantor pays or owes any royalty or other compensation to any Person with respect to any Intellectual Property. All Intellectual Property owned, used or licensed by, or otherwise subject to any interests of, Parent or its Subsidiaries is shown on Schedule 16.

17. **INDEMNIFICATION. EACH GRANTOR SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE.** In no event shall any party hereto have any obligation hereunder to indemnify or hold harmless an Indemnitee with respect to a claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

18. **LIMITATION ON LIENS ON COLLATERAL.** No Grantor will create, permit or suffer to exist, and will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens, and will defend the right, title and interest of Agent and Lenders in and to any of such Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.

19. **NOTICE REGARDING COLLATERAL.** Each Grantor will advise Agent promptly, in reasonable detail, (i) of any Lien (other than Permitted Liens) or claim made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a Material Adverse Effect.

20. **REMEDIES; RIGHTS UPON DEFAULT.**

(a) If any Event of Default shall have occurred and be continuing, Agent may exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Grantors to assemble Collateral, at Grantors' expense, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by a Grantor, Grantors agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its sole discretion, deems advisable. Each Grantor agrees that 10 days notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable. Agent shall have the right to conduct such sales on any Grantor's premises, without charge, and such sales may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may set off the amount of such price against the Secured Obligations.

(b) Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(c) All covenants, conditions, provisions, warranties, guaranties, indemnities and other undertakings of Grantors contained in this Security Agreement or any other the Loan Documents are cumulative and not in derogation or substitution of each other. In particular, the rights and remedies of Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and shall not be exclusive of any other rights or remedies that Agent and Lenders may have, whether under any agreement, by law, at equity or otherwise.

(d) The failure or delay of Agent or any Lender to require strict performance by Grantors with any terms of this Security Agreement or the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise, shall not operate as a waiver thereof nor as establishment of a course of dealing. All rights and remedies shall continue in full force and effect until Full Payment of all Secured Obligations.

21. **GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY.** Except as is prohibited by an existing and enforceable anti-assignment provision (other than to the extent that any such term would be rendered ineffective pursuant to the UCC or any other applicable law or principles of equity), and without limiting the Agent's rights as the holder of a Lien in such Intellectual Property, Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person) any or all Intellectual Property of Grantors, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. Each Grantor's rights and interests under Intellectual Property shall inure to Agent's benefit.

22. **LIMITATION ON AGENT'S AND LENDERS' DUTY IN RESPECT OF COLLATERAL.** Agent and each Lender shall use reasonable care with respect to the Collateral in its possession or under its control. Neither Agent nor any Lender shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Agent or such Lender, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

23. **MISCELLANEOUS.**

(a) **Reinstatement.** This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of such Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(b) **Notices.** Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Guaranty.

(c) **Severability.** Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of this Security Agreement shall remain in full force and effect.

(d) **Termination of this Security Agreement.**

(i) Except for those provisions which expressly survive the termination thereof, this Agreement and the Lien granted herein shall terminate when all of the Secured Obligations (other than contingent indemnification obligations for which claims have not yet been asserted) have indefeasibly been paid in full in cash or otherwise satisfied, at which time the Agent shall execute and deliver to the Grantors, at the Grantors' expense, all UCC termination statements, releases and similar documents that the Grantors shall reasonably request to evidence such termination; provided, however, that this Agreement and the Lien granted herein shall be re instated if at any time payment, or any part thereof, of any Secured Obligation is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of any Grantor; provided, further, that in connection with the termination of this Agreement and the Lien granted herein, the Agent may require such indemnities as it shall reasonably deem necessary or appropriate to protect the Lenders against (x) loss on account of credits previously applied to the Secured Obligations that may subsequently be reversed or revoked, (y) any Secured Obligations that may thereafter arise under Section 14.2 of the Loan Agreement, and (z) any other obligations that may thereafter arise, or any unknown obligations that may exist, under any Loan Document.

(ii) The Collateral shall be released from the Lien granted in this Agreement in accordance with the provisions of the Loan Agreement. Upon termination hereof or any release of Collateral in accordance with the provisions of the Loan Agreement, the Agent shall, upon the request and at the sole cost and expense of the Grantors, assign, transfer and deliver to the Grantors, against receipt and without recourse to or warranty by the Agent, such of the Collateral to be released (in the case of a release) or all of the Collateral (in the case of termination of this Security Agreement) as may be in possession of the Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including UCC-3 termination statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

(e) **Successors and Assigns.** This Security Agreement shall be binding upon and inure to the benefit of Grantors, Agent, Lenders, and their respective successors and assigns, except that (a) no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement; and (b) any assignment by a Lender must be made in compliance with **Section 13.3** of the Loan Agreement.

(f) **Counterparts.** This Security Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Security Agreement shall become effective when Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of this Security Agreement by telecopy shall be effective as delivery of a manually executed counterpart of such agreement.

(g) **Governing Law.** THIS SECURITY AGREEMENT, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES.

(h) **Consent to Forum; Waiver of Jury Trial.**

(i) **Forum.** EACH GRANTOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER NEW YORK COUNTY, NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH GRANTOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Grantor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Security Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

(ii) **Jury Trial Waiver.** EACH OF THE GRANTORS AND THE AGENT, FOR ITSELF AND ON BEHALF OF THE LENDERS, BY ITS ACCEPTANCE HEREOF, HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE GRANTORS AND THE AGENT, FOR ITSELF AND ON BEHALF OF THE LENDERS, BY ITS ACCEPTANCE HEREOF, (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 23(h).

(i) **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 23(b).

(j) **Section Titles.** Section titles appear as a matter of convenience only and shall not affect the interpretation of this Security Agreement.

24. **Intercreditor Agreement.** Notwithstanding anything herein to the contrary, the Lien granted to the Agent pursuant to this Agreement and the exercise of any right or remedy by the Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern and control.

[Signature pages to follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

CONN'S, INC.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Executive Vice President and Chief Financial Officer

CAI CREDIT INSURANCE AGENCY, INC.,
a Louisiana corporation

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

CAI HOLDING CO.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer
Address:

CONN LENDING, LLC,
a Delaware limited liability company

By: /s/ Mary S. Stawikey
Name: Mary S. Stawikey
Title: President and Secretary

CAIAIR, INC.,
a Delaware corporation

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Chief Financial Officer and Treasurer

GA CAPITAL, LLC,
as Agent

By: /s/ David Storer
Name: David Storer
Title: Director

S-2
Security Agreement (Guarantors)

SCHEDULE 4
To
AMENDED AND RESTATED SECURITY AGREEMENT
LOCATION OF COLLATERAL

A. Location of Chief Executive Office

Conn's, Inc.: 3295 College Street, Beaumont, Texas 77701.
CAI Holding Co.: 3295 College Street, Beaumont, Texas 77701.
CAI Credit Insurance Agency, Inc.: 3295 College Street, Beaumont, Texas 77701.
Conn Lending, LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.
CAIAIR, Inc.: 2711 Centerville Rd., Ste. 400, Wilmington, DE 19808.

B. Location of Books and Records

Conn's, Inc.: 3295 College Street, Beaumont, Texas 77701.
CAI Holding Co.: 3295 College Street, Beaumont, Texas 77701.
CAI Credit Insurance Agency, Inc.: 3295 College Street, Beaumont, Texas 77701.
Conn Lending, LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.
CAIAIR, Inc.: 3295 College Street, Beaumont, Texas 77701.

C. Location of Collateral

Conn's, Inc.: 3295 College Street, Beaumont, Texas 77701.
CAI Holding Co.: 3295 College Street, Beaumont, Texas 77701.
CAI Credit Insurance Agency, Inc.: 3295 College Street, Beaumont, Texas 77701.
Conn Lending, LLC: 103 Foulk Rd., Ste. 202, Wilmington, DE 19803.
CAIAIR, Inc.: 3295 College Street, Beaumont, Texas 77701.

D. Location of all other places of business

NONE.

E. Location of leased facilities and name of lessor/sublessor

NONE.

SCHEDULE 5
To
AMENDED AND RESTATED SECURITY AGREEMENT
CORPORATE NAMES

1. In the conduct of their businesses during five years preceding the Closing Date, each Grantor has used the following names:

<u>Entity</u>	<u>Fictitious, Trade or Other Name</u>
Conn's, Inc.	None
CAI Holding Co.	None
CAI Credit Insurance Agency, Inc.	None
Conn Lending, LLC, as a Subsidiary	None
CAIAIR, Inc.	None

2. In the five years preceding the Closing Date, no Grantor has been the surviving corporation of a merger or combination, except:

NONE.

3. In the five years preceding the Closing Date, no Grantor has acquired any substantial part of the assets of any Person, except:


NONE.

SCHEDULE 16
 To
 AMENDED AND RESTATED SECURITY AGREEMENT
PATENTS, TRADEMARKS AND COPYRIGHTS

1. Parent's and its Subsidiaries' patents:

NONE.

2. Parent's and its Subsidiaries' trademarks:

<u>Trademark</u>	<u>Owner</u>	<u>Status in Trademark Office</u>	<u>Federal Registration No.</u>	<u>Registration Date</u>
CONN'S AWARD WINNING SERVICE SINCE 1890 	Conn's, Inc.	Registered	2,758,779	September 2, 2003
CONN'S	Conn's, Inc.	Registered	2,824,660	March 23, 2004

3. Parent's and its Subsidiaries' copyrights:

NONE.

RECEIVABLES PURCHASE AGREEMENT dated as of November 30, 2010, by and between CONN FUNDING II, L.P., a Texas limited partnership (the "Seller"), and CONN CREDIT I, LP, a Texas limited partnership (the "Purchaser").

WHEREAS, the Seller currently owns certain retail installment contract receivables and revolving charge account receivables arising from the sale of consumer merchandise, related credit insurance and service repair agreements by Conn Appliances, Inc., which receivables were sold and assigned by Conn Appliances, Inc. to Seller (as more particularly defined herein below, the "Receivables");

WHEREAS, the Seller desires to sell to the Purchaser, and the Purchaser desires to Purchase from the Seller, all of the Receivables of the Seller and related rights and assets upon the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the foregoing, other good and valuable consideration, and the mutual terms and covenants contained herein, the parties hereto agree as follows:

ARTICLE I
CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall, unless the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms of the terms defined):

"Agreement" means, collectively, this Receivables Purchase Agreement and the Assignment.

"Assignment" means the assignment dated the Closing Date by the Seller to the Purchaser, relating to the purchase of the Receivables and the other Transferred Property by the Purchaser from the Seller pursuant to this Agreement, which shall be in substantially the form attached hereto as Exhibit A.

"Contract" means any Installment Contract or Revolving Charge Account Agreement.

"Closing Date" means November 30, 2010 or such other date agreed to among the Seller and the Purchaser.

"Installment Contract" means any retail installment sale contract executed by an Obligor in connection with a sale of Merchandise and all amounts due thereunder from time to time.

"Merchandise" means (i) home appliances, electronic goods, computers, telephones and other goods and merchandise of the type sold by Conn Appliances, Inc. from time to time in the ordinary course of business, which in each case constitute "consumer goods" under and as defined in Article 9 of the UCC of all applicable jurisdictions, (ii) service repair contracts and services in respect of any goods or merchandise referred to in clause (i) above, and (iii) credit insurance (including life, disability, property and involuntary unemployment) in respect of any goods or merchandise referred to in clause (i) above or any Obligor's payment obligations in respect of a Receivable.

“Obligor(s)” means, with respect to any Receivable, the person or persons obligated to make payments with respect to such Receivable, including any guarantor thereof.

“Originator” means Conn Appliances, Inc., as “Originator” under the RPA.

“Purchaser” means Conn Credit I, LP, a Texas limited partnership, and its successors and assigns.

“Receivable” means the indebtedness of any Obligor under a Contract, whether constituting an account, chattel paper, an instrument, a general intangible, payment intangible, promissory note or otherwise, and shall include (i) the right to payment of such indebtedness and any interest or finance charges and other obligations of such Obligor with respect thereto (including, without limitation, the principal amount of such indebtedness, periodic finance charges, late fees and returned check fees), and (ii) all proceeds of, and payments or collections on, under or in respect of any of the foregoing.

“Receivable File” means with respect to a Receivable, (i) the Installment Contract or Revolving Charge Account Agreement related to such Receivable, (ii) each UCC financing statement related thereto, if any, and (iii) the application, if any, of the related Obligor to obtain the financing extended by such Receivable.

“Receivables Purchase Price” means \$406,182,294.57.

“Related Security” means, with respect to any Receivable, all guaranties, indemnities, insurance and other agreements or arrangement and other collateral of whatever character from time to time supporting or securing payment of such Receivable or otherwise relating to such Receivable.

“Revolving Charge Account Agreement” means any retail revolving charge account agreement between the Originator and an Obligor pursuant to which such Obligor is obligated to pay for Merchandise purchased under a credit plan and permits such Obligor to purchase such Merchandise on credit.

“RPA” means that Receivables Purchase Agreement dated September 1, 2002, by and between the Seller, as purchaser, and Conn Appliances, Inc. (for itself and as successor by merger to CAI, L.P.), as originator and seller.

“Seller” means Conn Funding II, L.P., a Texas limited partnership, in its capacity as seller of the Receivables and the other Transferred Property relating thereto, and its successors and assigns.

“Transferred Property” shall have the meaning specified in Section 2.1(a).

“UCC” means the Uniform Commercial Code, as in effect from time to time in the relevant jurisdictions.

ARTICLE II
PURCHASE AND SALE OF RECEIVABLES

2.1 Purchase and Sale of Receivables.

(a) Transfer of Receivables. On the Closing Date, the Seller shall sell, transfer, assign, grant, set over and otherwise convey to the Purchaser, without recourse, all right, title and interest of the Seller, in, to and under (i) all Receivables and all payment and enforcement rights (but not any obligations) to, in and under the related Installment Contracts and Revolving Charge Account Agreements, all Related Security and Receivable Files, (ii) all monies due or to become due with respect to the foregoing received on or after the date hereof, including any Finance Charges arising in respect thereto, and all collateral security therefor, (iii) all proceeds of the foregoing, including, without limitation, insurance proceeds relating thereto, (iv) all Recoveries, (v) all “ chattel paper,” “accounts” and “payment intangibles” (as each such term is defined in Chapter 9 of the Texas Uniform Commercial Code) and (vi) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing (collectively, the “Transferred Property”).

(b) Receivables Purchase Price. In consideration for the Receivables and other Transferred Property described in Section 2.1(a), the Purchaser shall, on the Closing Date, pay to or at the direction of the Seller the Receivables Purchase Price, which shall consist of (i) \$287,889,101.78 in cash paid by federal wire transfer of same-day funds and (ii) a promissory note made by the Purchaser to the Seller as payee in the principal amount of \$118,293,192.79.

2.2 The Closing. The sale and purchase of the Receivables shall take place at a closing (the “Closing”) at the offices of Andrews & Kurth L.L.P., 1717 Main Street, Suite 3700, Dallas, Texas 75201, or at such other location as Seller and Buyer shall agree, on the Closing Date.

2.3 Fair Value. The parties hereto hereby agree that the Receivables Purchase Price represents both fair and reasonably equivalent value, in each case, with respect to the Transferred Property conveyed hereunder.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Seller as of the date hereof and as of the Closing Date:

(a) Organization and Good Standing. The Purchaser has been duly organized and is validly existing as a limited partnership in good standing under the laws of the State of Texas, with power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted, and had at all relevant times, and shall have, power, authority and legal right to acquire and own the Receivables and the other Transferred Property.

(b) Power and Authority. The Purchaser has the power and authority to execute and deliver this Agreement and to carry out its terms and the execution, delivery and performance of this Agreement has been duly authorized by the Purchaser by all necessary corporate action.

(c) Binding Obligation. This Agreement shall constitute a legal, valid and binding obligation of the Purchaser enforceable in accordance with its terms.

(d) No Violation. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof do not conflict with, result in a breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the Purchaser, or any indenture, agreement, mortgage, deed of trust, or other instrument to which the Purchaser is a party or by which it is bound or to which any of its properties are subject; nor result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any indenture, agreement, mortgage, deed of trust, or other instrument; nor violate any law, order, rule or regulation applicable to the Purchaser of any court or of any Federal or State regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Purchaser or its properties.

(e) No Proceedings. There are no proceedings or investigations pending, or to the Purchaser's best knowledge, threatened, before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Purchaser or its properties: (A) asserting the invalidity of this Agreement; (B) seeking to prevent the consummation of the transactions contemplated hereby; or (C) seeking any determination or ruling that might materially and adversely affect the performance by the Purchaser of its obligations under, or the validity or enforceability of, this Agreement.

(f) No Consents. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required to be obtained by the Purchaser for the consummation of the other transactions contemplated hereby, except such as have been duly made or obtained.

3.2 Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser as of the date hereof and as of the Closing Date:

(a) Organization and Good Standing. The Seller has been duly organized and is validly existing as a limited partnership in good standing under the laws of the State of Texas, with power and authority to own its properties and to conduct its business as such properties shall be currently owned and such business is presently conducted and had at all relevant times the power, authority and legal right to acquire, own and sell the Receivables.

(b) Power and Authority. The Seller has the power and authority to execute and deliver this Agreement and to carry out its terms; the Seller has full power and authority to sell and assign the property sold and assigned to the Purchaser and has duly authorized such sale and assignment to the Purchaser by all necessary corporate action; and the execution, delivery and performance of this Agreement have been duly authorized by the Seller by all necessary entity action.

(c) Valid Sale; Binding Obligation. This Agreement effects a valid sale, transfer and assignment of the Receivables and the other Transferred Property conveyed to the Purchaser pursuant to Section 2.1, enforceable against creditors of and purchasers from the Seller; and this Agreement shall constitute a legal, valid and binding obligation of the Seller enforceable in accordance with its terms.

(d) No Violation. The execution, delivery and performance by the Seller of this Agreement and the consummation of the transactions contemplated hereby and the fulfillment of the terms hereof and thereof do not conflict with, result in any breach of any of the terms and provisions of, nor constitute (with or without notice or lapse of time) a default under, the organizational documents of the Seller, or any indenture, agreement, mortgage, deed of trust, or other instrument to which the Seller is a party or by which it is bound or to which any of its properties are subject; nor result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust, or other instrument; nor violate any law, order, rule or regulation applicable to the Seller of any court or of any Federal or State regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Seller or its properties.

(e) No Proceedings. There are no proceedings or investigations pending, or to the Seller's best knowledge, threatened, before any court, regulatory body, administrative agency, or other governmental instrumentality having jurisdiction over the Seller or its properties: (A) asserting the invalidity of this Agreement; (B) seeking to prevent the consummation of the transactions contemplated hereby; or (C) seeking any determination or ruling that might materially and adversely affect the performance by the Seller of its obligations under, or the validity or enforceability of, this Agreement.

(f) No Consents. No consent, approval, authorization or order of or declaration or filing with any governmental authority is required for the consummation of the transactions contemplated hereby, except such as have been duly made or obtained.

(g) Title to Receivables. Immediately prior to the transfer and assignment herein contemplated, the Seller had good title to each Receivable and the other Transferred Property and was the sole owner thereof, free and clear of all liens, claims, encumbrances, security interests, and rights of others, and, immediately upon the transfer thereof, the Purchaser shall have good title to each such Receivable and will be the sole owner thereof, free and clear of all liens, encumbrances, security interests, and rights of others.

3.3 Non-Recourse Sale. The representations and warranties contained in this Agreement shall not be construed as a warranty or guaranty by the Seller as to the future payments by any Obligor. The sale of the Receivables and the other Transferred Property pursuant to this Agreement shall be “without recourse” except for the representations, warranties and covenants made by the Seller in this Agreement. The Purchaser acknowledges that it is accepting the Receivables in their “as is” condition without any representation or warranty as to their collectability, merchantability or future performance.

ARTICLE IV CONDITIONS

4.1 Conditions to Obligation of the Purchaser. The obligation of the Purchaser to purchase the related Receivables is subject to the satisfaction of the following conditions on or prior to the Closing Date:

(a) Representations and Warranties True. The representations and warranties of the Seller hereunder shall be true and correct on the Closing Date with the same effect as if then made, and the Seller shall have performed all obligations to be performed by it hereunder on or prior to the Closing Date.

(b) The Assignment. On the Closing Date, the Seller will execute and deliver the Assignment to the Purchaser. The Assignment shall be substantially in the form of Exhibit A hereto.

4.2 Conditions to Obligation of the Seller. The obligation of the Seller to sell the Receivables to the Purchaser is subject to the satisfaction of the following conditions on or prior to the Closing Date:

(a) Representations and Warranties True. The representations and warranties of the Purchaser hereunder shall be true and correct on the Closing Date, with the same effect as if then made, and the Seller shall have performed all obligations to be performed by it hereunder on or prior to the Closing Date.

(b) Receivables Purchase Price. On the Closing Date, the Purchaser will deliver to the Seller the Receivables Purchase Price as provided in Section 2.1(b). The Seller hereby directs the Purchaser to wire such purchase price pursuant to wire instructions to be delivered to the Purchaser on or prior to the Closing Date.

ARTICLE V
MISCELLANEOUS PROVISIONS

5.1 Notices. All communications and notices pursuant hereto to either party shall be in writing or by telegraph or telex and addressed or delivered to it at its address (or in case of telex, at its telex number at such address) shown in the opening portion of this Agreement or at such other address as may be designated by it by notice to the other party and, if mailed or sent by telegraph or telex, shall be deemed given when mailed, communicated to the telegraph office or transmitted by telex.

5.2 Delivery of Transferred Property. Upon the sale of the Transferred Property contemplated hereby, the Seller shall deliver the Transferred Property, including, without limitation, any Receivables Files to or as directed by the Purchaser.

5.3 Costs and Expenses. Each of the Seller and the Purchaser shall bear its own costs and expenses in connection with the consummation of the transactions contemplated hereby.

5.4 Headings and Cross-References. The various headings in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to Section names or numbers are to such Sections of this Agreement.

5.5 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

5.6 Counterparts. This Agreement may be executed in two or more counterparts and by different parties on separate counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

5.7 Fair Value. The parties hereto hereby agree that the Receivables Purchase Price represents fair and reasonably equivalent value with respect to the Transferred Property conveyed hereunder.

5.8 Non-Petition. Notwithstanding any prior termination of this Agreement, the Purchaser shall not, prior to the date which is one year and one day after the date hereof, acquiesce, petition or otherwise invoke or cause the Seller to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Seller under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Seller or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Seller.

[Rest of page intentionally left blank.]

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

CONN FUNDING II, L.P.

By: Conn Funding II GP, L.L.C.,
its general partner

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Vice President and Chief Financial Officer

CONN CREDIT I, LP

By: Conn Credit Corporation, Inc.,
its general partner

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

Receivables Purchase Agreement - Signature Page

EXHIBIT A

ASSIGNMENT

For value received, on this 30th day of November 2010, in accordance with the Receivables Purchase Agreement dated as of November 30, 2010 (the "Agreement"), between the undersigned (the "Seller") and Conn Credit I, LP (the "Purchaser"), the Seller does hereby sell, transfer, assign, grant, set over and otherwise convey to the Purchaser, without recourse, all right, title and interest of the Seller, in, to and under (i) all Receivables and all payment and enforcement rights (but not any obligations) to, in and under the related Installment Contracts and Revolving Charge Account Agreements, all Related Security and Receivable Files, (ii) all monies due or to become due with respect to the foregoing received on or after the date hereof, including any Finance Charges arising in respect thereto, and all collateral security therefor, (iii) all proceeds of the foregoing, including, without limitation, insurance proceeds relating thereto, (iv) all Recoveries, (v) all "chattel paper," "accounts" and "payment intangibles" (as each such term is defined in Chapter 9 of the Texas Uniform Commercial Code) and (vi) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing. The foregoing sale does not constitute and is not intended to result in any assumption by the Purchaser of any obligation of the undersigned to the Obligors, insurers or any other Person in connection with the Receivables, the related Receivable Files, any insurance policies or any agreement or instrument relating to any of them.

This Assignment is made pursuant to and upon the representations, warranties and agreements on the part of the Seller contained in the Agreement and is to be governed by the Agreement.

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Base Indenture dated as of September 1, 2002, between Seller and Wells Fargo Bank, National Association, as trustee, and, if not defined therein, the Receivables Purchase Agreement dated as of September 1, 2002, by and among the Seller, as purchaser, Conn Appliances, Inc., as originator and seller, and Conn Funding I, L.P., as initial seller.

THIS ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be duly executed as of the day and year first above written.

CONN FUNDING II, L.P.

By: Conn Funding II GP, L.L.C.,
its general partner

By: _____

Name: _____

Title: _____

TRUSTEE ACKNOWLEDGEMENT

November 30, 2010

Reference is made to that Base Indenture dated as of September 1, 2002 (the "Base Indenture"), between the Conn Funding II, L.P. (the "Issuer") and the undersigned, as trustee (in such capacity, the "Trustee"), as supplemented by (i) the First Supplemental Indenture dated as of October 29, 2004 (the "First Supplemental Indenture"), (ii) the Second Supplemental Indenture dated as of June 1, 2006 (the "Second Supplemental Indenture"), (iii) the Third Supplemental Indenture dated as of June 28, 2007 (the "Third Supplemental Indenture"), (iv) the Fourth Supplemental Indenture dated as of August 14, 2008 (the "Fourth Supplemental Indenture"), (v) the Fifth Supplemental Indenture dated as of July 2, 2010 (the "Fifth Supplemental Indenture"), (vi) the Sixth Supplemental Indenture dated as of the date hereof (the "Sixth Supplemental Indenture"), (vi) the Amended and Restated Series 2002-A Supplement dated as of September 10, 2007 (as amended, the "2002-A Supplement"), as amended by (a) Supplement No. 1 to Series 2002-A Supplement dated as of August 14, 2008 ("Supplement No. 1"), and (b) Supplement No. 2 to Series 2002-A Supplement dated as of March 16, 2010 ("Supplement No. 2"), pursuant to which the Issuer's Series 2002-A Notes (the "Series 2002-A Notes") were issued, and (vii) the Series 2006-A Series Supplement dated as of August 1, 2006 (the "2006-A Supplement" and, together with the Base Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture and the 2002-A Supplement, the "Indenture"), pursuant to which the Issuer's Series 2006-A Notes were issued (the "Series 2006-A Notes", and together with the Series 2002-A Notes, the "Notes").

Pursuant to Section 12.1 of the Base Indenture, the Trustee hereby acknowledges that the Issuer's obligations under the Indenture have been discharged except for those surviving obligations specified in Section 12.1 of the Base Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date first written above.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: /s/ Kristen L. Puttin

Name: Kristen L. Puttin

Title: Vice President

**Trustee Acknowledgment - Section 12.1 Base Indenture
Conn Funding II, L.P. - Signature Page**

ASSIGNMENT

(Conn Funding II, L.P. to Conn Credit I, LP)

For value received, on this 30th day of November 2010, in accordance with the Receivables Purchase Agreement dated as of November 30, 2010 (the "Agreement"), between the undersigned (the "Seller") and Conn Credit I, LP (the "Purchaser"), the Seller does hereby sell, transfer, assign, grant, set over and otherwise convey to the Purchaser, without recourse, all right, title and interest of the Seller, in, to and under (i) all Receivables and all payment and enforcement rights (but not any obligations) to, in and under the related Installment Contracts and Revolving Charge Account Agreements, all Related Security and Receivable Files, (ii) all monies due or to become due with respect to the foregoing received on or after the date hereof, including any Finance Charges arising in respect thereto, and all collateral security therefor, (iii) all proceeds of the foregoing, including, without limitation, insurance proceeds relating thereto, (iv) all Recoveries, (v) all "chattel paper," "accounts" and "payment intangibles" (as each such term is defined in Chapter 9 of the Texas Uniform Commercial Code) and (vi) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing. The foregoing sale does not constitute and is not intended to result in any assumption by the Purchaser of any obligation of the undersigned to the Obligors, insurers or any other Person in connection with the Receivables, the related Receivable Files, any insurance policies or any agreement or instrument relating to any of them.

This Assignment is made pursuant to and upon the representations, warranties and agreements on the part of the Seller contained in the Agreement and is to be governed by the Agreement.

Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Base Indenture dated as of September 1, 2002, between Seller and Wells Fargo Bank, National Association, as trustee, and, if not defined therein, the Receivables Purchase Agreement dated as of September 1, 2002, by and among the Seller, as purchaser, Conn Appliances, Inc., as originator and seller, and Conn Funding I, L.P., as initial seller.

THIS ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be duly executed as of the day and year first above written.

CONN FUNDING II, L.P.

By: Conn Funding II GP, LLC,
its general partner

By: /s/ Michael J. Poppe
Name: Michael J. Poppe
Title: Vice President and Chief Financial Officer

Statement of Computation of Ratio of Earnings to Fixed Charges
(Dollars in thousands)

	Nine Months Ended October 31,	
	2009	2010
Income before income taxes	\$ 7,225	\$ 4,063
Fixed charges	26,474	29,760
Capitalized interest	(59)	(18)
Total earnings	<u>\$ 33,640</u>	<u>\$ 33,805</u>
Interest expense (including capitalized interest)	\$ 15,700	\$ 17,493
Amortized premiums and expenses	1,052	2,759
Estimated interest within rent expense	9,722	9,508
Total fixed charges	<u>\$ 26,474</u>	<u>\$ 29,760</u>
Ratio of earnings to fixed charges	1.27	1.14

**RULE 13a-14(a)/15d-14(a) CERTIFICATION
(CHIEF EXECUTIVE OFFICER)**

I, Timothy L. Frank, certify that:

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

/s/ Timothy Frank

Timothy L. Frank

Chief Executive Officer and President

Date: December 2, 2010

**RULE 13a-14(a)/15d-14(a) CERTIFICATION
(CHIEF FINANCIAL OFFICER)**

I, Michael J. Poppe, certify that:

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

/s/ Michael J. Poppe

Michael J. Poppe

Executive Vice President and Chief Financial Officer

Date: December 2, 2010

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

In connection with the Quarterly Report of Conn's, Inc. (the "**Company**") on Form 10-Q for the period ended October 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), we, Timothy L. Frank, Chief Executive Officer and President of the Company and Michael J. Poppe, Chief Financial Officer of the Company, 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 our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy L. Frank
Timothy L. Frank
Chief Executive Officer and President

/s/ Michael J. Poppe
Michael J. Poppe
Executive Vice President and Chief Financial Officer

Date: December 2, 2010

A signed original of this written statement required by Section 906 has been provided to Conn's, Inc. and will be retained by Conn's, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

**SUBCERTIFICATION OF CHAIRMAN OF THE BOARD IN SUPPORT OF
RULE 13a-14(a)/15d-14(a) CERTIFICATION (CHIEF EXECUTIVE OFFICER)**

I, William C. Nylin Jr., certify that:

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

/s/ William C. Nylin, Jr.

William C. Nylin, Jr.

Chairman of the Board

Date: December 2, 2010

**SUBCERTIFICATION OF PRESIDENT – RETAIL DIVISION IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
CERTIFICATION (CHIEF EXECUTIVE OFFICER)**

I, David W. Trahan, certify that:

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

/s/ David W. Trahan

David W. Trahan

President – Retail Division

Date: December 2, 2010

**SUBCERTIFICATION OF PRESIDENT – CREDIT DIVISION IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
CERTIFICATION (CHIEF EXECUTIVE OFFICER)**

I, Reymundo de la Fuente, Jr., certify that:

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

/s/ Reymundo de la Fuente, Jr.

Reymundo de la Fuente, Jr.
President – Credit Division

Date: December 2, 2010

**SUBCERTIFICATION OF SENIOR VICE-PRESIDENT OF FINANCE IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
CERTIFICATION (CHIEF FINANCIAL OFFICER)**

I, Hoby B. Dillon, certify that:

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

/s/ Hoby B. Dillon

Hoby B. Dillon

Senior Vice President of Finance

Date: December 2, 2010

**SUBCERTIFICATION OF TREASURER IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
CERTIFICATION (CHIEF FINANCIAL OFFICER)**

I, David R. Atnip, certify that:

6. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;
7. 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;
8. 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;
9. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
10. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David R. Atnip

David R. Atnip

Senior Vice President and Treasurer

Date: December 2, 2010

**SUBCERTIFICATION OF SECRETARY IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
CERTIFICATION (CHIEF EXECUTIVE OFFICER)**

I, Sydney K. Boone, Jr., certify that:

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

/s/ Sydney K. Boone, Jr.

Sydney K. Boone, Jr.

Corporate General Counsel and Secretary

Date: December 2, 2010

**SUBCERTIFICATION OF CHAIRMAN OF THE BOARD,
PRESIDENTS, TREASURER AND SECRETARY IN SUPPORT OF
18 U.S.C. SECTION 1350 CERTIFICATION,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Conn's, Inc. (the "**Company**") on Form 10-Q for the period ended October 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), we, William C. Nylin, Jr., Chairman of the Board, David W. Trahan, President – Retail Division, Reymundo de la Fuente, Jr., President – Credit Division, David R. Atnip, Senior Vice President and Treasurer of the Company, and Sydney K. Boone, Jr., Corporate General Counsel and Secretary of the Company, 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 our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Nylin, Jr.

William C. Nylin, Jr.

Chairman of the Board

/s/ David W. Trahan

David W. Trahan

President - Retail Division

/s/ Reymundo de la Fuente, Jr.

Reymundo de la Fuente, Jr.

President - Credit Division

/s/ Hoby B. Dillon

Hoby B. Dillon

Senior Vice President - Finance

/s/ David R. Atnip

David R. Atnip

Senior Vice President and President

/s/ Sydney K. Boone, Jr.

Sydney K. Boone, Jr.

Corporate General Counsel and Secretary

Dated: December 2, 2010

A signed original of this written statement has been provided to Conn's, Inc. and will be retained by Conn's, Inc. The foregoing certification is being furnished solely to support certifications pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

