

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **March 10, 2016**

EVINE Live Inc.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation)

0-20243
(Commission File Number)

41-1673770
(IRS Employer Identification No.)

6740 Shady Oak Road
Eden Prairie, Minnesota 55344-3433
(Address of principal executive offices)

(952) 943-6000
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Sixth Amendment to PNC Revolving Credit, Term Loan and Security Agreement

On March 10, 2016, EVINE Live Inc. (the “Company”) entered into the Sixth Amendment (the “Sixth Amendment”) to the Revolving Credit, Term Loan and Security Agreement (the “PNC Credit Agreement”), among the Company, as lead borrower, and certain of its subsidiaries as borrowers, and PNC Bank, National Association (“PNC”), a member of The PNC Financial Services Group, Inc. (NYSE: PNC), as lender and agent, as previously amended. Among other things, the Sixth Amendment authorized the Company and certain of its subsidiaries to enter into the GACP Credit Agreement (as defined below).

The foregoing description of the Sixth Amendment does not purport to be complete and is qualified in its entirety by reference to the Sixth Amendment, which is filed as Exhibit 10.1 hereto and is incorporated by reference herein. A copy of the PNC Credit Agreement is filed as Exhibit 10.1 to the Company’s Form 8-K filed on February 10, 2012, a copy of the First Amendment to the PNC Credit Agreement is filed as Exhibit 10.1 to the Company’s Form 8-K filed on May 7, 2013, a copy of the Second Amendment to the PNC Credit Agreement is filed as Exhibit 10.1 to the Company’s Form 10-Q filed on September 6, 2013, a copy of the Third Amendment to the PNC Credit Agreement is filed as Exhibit 10.1 to the Company’s Form 8-K filed on February 5, 2014, a copy of the Fourth Amendment to the PNC Credit Agreement is filed as Exhibit 10.1 to the Company’s 8-K filed on March 9, 2015, and a copy of the Fifth Amendment to the PNC Credit Agreement is filed as Exhibit 10.1 to the Company’s Form 8-K filed on October 13, 2015, each of which is also incorporated by reference herein.

GACP Term Loan Credit and Security Agreement

On March 10, 2016, the Company, as lead borrower, and certain of its subsidiaries as borrowers (collectively, the “Borrowers”), entered into a term loan credit and security agreement (the “GACP Credit Agreement”), among the Borrowers, the lenders from time to time party thereto (collectively, the “GACP Lenders”) and GACP Finance Co., LLC (“GACP”), as agent for the GACP Lenders (GACP, in such capacity, the “GACP Agent”). The GACP Credit Agreement provides for term loans in an aggregate principal amount of \$17 million. The loans under the GACP Credit Agreement are secured on a first lien priority basis by the proceeds of any sale of each Borrower’s Federal Communications Commission licenses (including television broadcast licenses) (the “FCC Licenses”) and on a second lien priority basis by the Borrowers’ accounts receivable, equipment, inventory and certain real estate as well as other assets as described in the GACP Credit Agreement. Proceeds of borrowings shall be used to pay fees and expenses related to the transactions contemplated by the GACP Credit Agreement and to provide for working capital and general corporate purposes of the Company. The Company and the Company’s subsidiary, ValueVision Media Acquisitions, Inc., have also pledged the stock of certain of their respective subsidiaries to secure such obligations on a second lien priority basis.

The GACP Credit Agreement matures on March 9, 2021 (the “Term”). The Borrowers may select that borrowings under the GACP Credit Agreement bear interest at either (i) a fixed rate based on the Eurodollar Rate (as defined below) for interest periods of one, two or three months at the option of the Borrowers (the “Interest Period”), as determined on the date that is two business days prior to such Interest Period (the “Interest Rate Determination Date”), plus a margin of 11.0%, or (ii) a daily floating Alternate Base Rate (as defined below) plus a margin of 10.0%.

- The “Eurodollar Rate” for any Interest Rate Determination Date with respect to an Interest Period is equal to the greater of (i) (a) the offered rate for deposits in dollars with a term equivalent to the Interest Period appearing on the page of the Reuters Screen which displays an average of the London interbank offered rate administered by the ICE Benchmark Administration on the Interest Rate Determination Date (or, if the Reuters Screen is unavailable, certain other available sources) divided by (b) one minus the Applicable Reserve Requirement (as defined below) and (ii) 1.00%. The “Applicable Reserve Requirement” means the maximum rate, expressed as a decimal, required to be maintained against “Eurocurrency liabilities” (as defined in Regulation D of the Federal Reserve Board, as amended) established by the Board of Governors of the Federal Reserve.
- The “Alternate Base Rate” for any day is equal to the greatest of (i) the rate of interest quoted in *The Wall Street Journal*, Money Rates Section, as the “Prime Rate,” (ii) the weighted average overnight Federal funds rate, as published by the Federal Reserve Bank of New York plus ½ of 1.00%, (iii) the Eurodollar Rate (assuming a one-month interest period) plus 1.00% and (iv) 2.00%.

Subject to certain conditions, from time to time, the Borrowers may elect to convert outstanding Alternate Base Rate loans to Eurodollar Rate loans and vice-versa. The Borrowers are required to repay the principal amount of the loans in consecutive monthly installments of \$70,833.34 each, commencing on April 1, 2016, with a final installment due at the end of the Term equal to the aggregate principal amount of all loans outstanding on such date. Interest on the loans is payable (i) with respect to loans that bear interest equal to the Alternate Base Rate, in arrears on the first business day of each month and (ii) with respect to Eurodollar Rate loans, at the earlier of (a) in arrears on the first business day of each month or (b) the end of the Interest Period. The Borrowers are also required to pay certain customary fees to the GACP Agent.

The loans are subject to mandatory prepayment under certain circumstances, with customary exceptions, including, without limitation, from the proceeds of the sale of assets, from a percentage of annual excess cash flow, from certain insurance and condemnation proceeds, and from certain tax refunds. However, for so long as the loans under the PNC Credit Agreement are outstanding, the Company has the right to prepay amounts outstanding under the PNC Credit Agreement and then immediately redraw such amounts rather than prepay the loan under the GACP Credit Agreement. The loans may be prepaid voluntarily at any time. Voluntary prepayments of loans will be subject to the following prepayment penalties: (i) if voluntary prepayments are made prior to the first anniversary of the closing date, a prepayment fee of 3.0% of the amount prepaid; (ii) if voluntary prepayments are made after the first anniversary of the closing date but on or before the second anniversary of the closing date, a prepayment fee of 2.0% of the amount prepaid; (iii) if voluntary prepayments are made after the second anniversary of the closing date but on or before the third anniversary of the closing date, a prepayment fee of 1.0% of the amount prepaid; and (iv) if voluntary prepayments are made after the third anniversary of the closing date, there will be no prepayment penalty.

Except as provided in the PNC Credit Agreement, as amended (subject to the terms of the intercreditor agreement, dated March 10, 2016, by and among PNC, as agent for itself and the lenders under the PNC Credit Agreement, the GACP Agent and the Company and certain of its subsidiaries), proceeds of collateral, including account receivable collections, are paid directly to a lockbox account and, upon the GACP Agent giving notice of an event of default, funds on deposit in the lockbox account shall be applied to pay down the outstanding obligations under the GACP Credit Agreement.

The GACP Credit Agreement contains customary representations and warranties and financial and other covenants and conditions, including, among other things, minimum EBITDA, and if the threshold for minimum EBITDA has not been met, minimum fixed charge coverage ratio, minimum undrawn availability and annual capital expenditure limits. In addition, the GACP Credit Agreement places certain restrictions on the Borrowers’ ability to incur additional indebtedness or prepay existing indebtedness, to create liens or other encumbrances, to sell or otherwise dispose of assets, to merge or consolidate with other entities, and to make certain restricted payments, including payments of dividends to shareholders.

The GACP Credit Agreement also contains certain customary events of default, including, without limitation, (i) nonpayment of principal, interest or other amounts, (ii) incorrectness of representations and warranties in any material respect, (iii) noncompliance with certain covenants, (iv) the issuance of certain judgments against the Borrowers, (v) certain bankruptcy events of the Borrowers or their subsidiaries, (vi) the inability of any Borrower to pay its debts as they become due, a breach of any agreement entered into in connection with the GACP Credit Agreement and (vii) a change of control. The occurrence of these events of default would allow the GACP Lenders to accelerate all outstanding loans under the GACP Credit Agreement. Certain of these events of default allow for certain grace periods.

The foregoing description of the GACP Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the GACP Credit Agreement, which is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

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

The information set forth under Item 1.01 above is incorporated by reference into this Item 2.03.

Item 8.01 Other Events.

On March 10, 2016, the Company issued a press release announcing the GACP Credit Agreement. A copy of the press release is filed as Exhibit 99.1 hereto and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are being filed with this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Sixth Amendment to Revolving Credit, Term Loan and Security Agreement, dated March 10, 2016, among EVINE Live Inc., as the lead borrower, certain of its subsidiaries party thereto as borrowers, and PNC Bank National Association, as a lender and agent.
10.2	Term Loan and Credit Facility, dated March 10, 2016, among EVINE Live Inc., as the lead borrower, certain of its subsidiaries party thereto as borrowers, the lenders from time to time party thereto and GACP Finance Co., LLC, as agent.
99.1	Press Release, dated March 10, 2016.

SIGNATURES

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

Date: March 10, 2016

EVINE Live Inc.

By: /s/ Damon Schramm

Damon Schramm

Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

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99.1	Press Release, dated March 10, 2016.

SIXTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN**AND SECURITY AGREEMENT**

This Sixth Amendment to Revolving Credit, Term Loan and Security Agreement (the “Amendment”) is made this 10th day of March, 2016 by and among **EVINE LIVE INC.**, a Minnesota corporation (“Evine”); **VALUEVISION INTERACTIVE, INC.**, a Minnesota corporation; **VVI FULFILLMENT CENTER, INC.**, a Minnesota corporation; **VALUEVISION MEDIA ACQUISITIONS, INC.**, a Delaware corporation; **VALUEVISION RETAIL, INC.**, a Delaware corporation, and **NORWELL TELEVISION, LLC**, a Delaware limited liability company (each a “Borrower”, and collectively “Borrowers”); the financial institutions which are now or which hereafter become a party thereto as lenders (the “Lenders”) and **PNC BANK, NATIONAL ASSOCIATION** (“PNC”), as agent for Lenders (PNC, in such capacity, the “Agent”).

BACKGROUND

A. On February 9, 2012, Borrowers, Lenders and Agent entered into, inter alia, that certain Revolving Credit, Term Loan and Security Agreement (as same has been or may be amended, modified, renewed, extended, replaced or substituted from time to time, the “Loan Agreement”) to reflect certain financing arrangements between the parties thereto. The Loan Agreement and all other documents executed in connection therewith to the date hereof are collectively referred to as the “Existing Financing Agreements.” All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. The Borrowers have informed the Agent and the Lenders of their intention to enter into a Term Loan Credit and Security Agreement with GACP Finance Co., LLC, as agent, and each lender party thereto (collectively, the “GACP Term Loan Lender”) in an amount not to exceed \$17,000,000 and to grant GACP Term Loan Lenders a security interest in certain Collateral of the Borrowers (the “GACP Term Loan Debt”).

C. The Borrowers have requested and the Agent and the Lenders have agreed to amend certain terms and provisions contained in the Loan Agreement and to consent to the Term Loan Debt, subject to the terms and conditions of this Amendment.

NOW, THEREFORE, with the foregoing background hereinafter deemed incorporated by reference herein and made part hereof, the parties hereto, intending to be legally bound, promise and agree as follows:

1. Consent to Term Loan Debt. Notwithstanding anything to the contrary in the Loan Agreement, including Sections 7.2 and 7.8 thereof, Agent and Lenders hereby consent to the Term Loan Debt and the granting of a security interest in certain Collateral of the Borrowers; provided, however, that Agent shall have received (i) each material Term Loan Debt document in form and substance reasonably satisfactory to Agent and (ii) entered into an intercreditor agreement with GACP Term Loan Lenders in form and substance reasonably satisfactory to Agent.

2. Amendment. Upon the Effective Date, the Loan Agreement shall be amended as follows:

(a) Section 1.2 of the Loan Agreement shall be amended by adding the following defined terms in their appropriate alphabetical order:

“GACP Agent” shall mean GACP Finance Co., LLC, as Agent, and each of the Lenders (as defined in the GACP Loan Documents).

“GACP Loan Documents” shall mean the Term Loan Credit and Security Agreement (“GACP Loan Agreement”) by and among Borrowers and the GACP Term Loan Lenders, dated as of March 10, 2016 and the Other Documents (as defined in the GACP Loan Agreement), in each case, as amended, modified, supplemented, restated, replaced, refinanced, renewed, extended or otherwise changed in accordance with the Intercreditor Agreement.

“GACP Term Loan Lender” shall mean GACP Agent, and each of the Lenders (as defined in the GACP Loan Documents) and any other holder of the GACP Term Loan under the GACP Loan Documents.

“GACP Term Loan” shall mean the loan and Indebtedness evidenced by the GACP Loan Documents.

“Intercreditor Agreement” shall mean the Intercreditor Agreement dated as of March 10, 2016 among Agent, Borrowers and GACP Agent, as further amended in accordance with its terms and the terms of this Agreement.

“PNC Credit Priority Collateral” shall have the meaning assigned to it in the Intercreditor Agreement.

“Revolving Applicable Margin” shall mean (a) prior to the Revolving Adjustment Date (as defined below) an amount equal to three percent (3%) for Revolving Advances consisting of Domestic Rate Loans and an amount equal to four percent (4%) for Revolving Advances consisting of Eurodollar Rate Loans, and (b) on and after the first Revolving Adjustment Date, (i) for the fiscal quarters April 30, 2016, July 31, 2016, October 31, 2016 and January 31, 2017, upon receipt of the quarterly financial statements of Borrowers on a Consolidated Basis and related Compliance Certificate required under Section 9.8 for the most recently ended fiscal quarter and (ii) thereafter, upon receipt of the quarterly financial statements of Borrowers on a Consolidated Basis and related Compliance Certificate required under Section 9.8 for the fiscal quarters ending January 31 and July 31 of each year (such first day of the applicable fiscal month after the quarterly financial statements are due under Section 9.8, a “Revolving Adjustment Date”), the Revolving Applicable Margin for each type of Revolving Advance shall be adjusted, if necessary, to the applicable percent per annum set forth in the pricing table below corresponding to the TTM EBITDA for the trailing four quarter period ending on the last day of the most recently completed fiscal quarter prior to the applicable Revolving Adjustment Date:

TTM EBITDA	APPLICABLE MARGINS FOR	APPLICABLE MARGINS FOR
	DOMESTIC RATE LOANS	EURODOLLAR RATE LOANS
	Revolving Advances	Revolving Advances
Greater than or equal to \$20,000,000	2.0%	3.0%
Greater than or equal to \$15,000,000 but less than \$20,000,000	2.5%	3.5%
Greater than or equal to \$9,000,000 but less than \$15,000,000	3.0%	4.0%
Less than \$9,000,000	3.5%	4.5%

If Borrowers shall fail to deliver the financial statements, certificates and/or other information required under Section 9.8 by the date required pursuant to such section, each Revolving Applicable Margin shall be conclusively presumed to equal the highest Revolving Applicable Margin specified in the pricing table set forth above until the date of delivery of such financial statements, certificates and/or other information, at which time the rate will be adjusted based upon the TTM EBITDA reflected in such statements. Notwithstanding anything to the contrary contained herein, Agent shall have the right upon the occurrence of any Event of Default and during the continuance thereof, to increase each Revolving Applicable Margin to equal the highest Revolving Applicable Margin specified in the pricing table set forth above and shall continue at such highest Revolving Applicable Margin until the date (if any) on which such Event of Default shall be cured or waived in accordance with the provisions of this Agreement, at which time the rate will be adjusted based upon the TTM EBITDA reflected on the most recently delivered financial statements and Compliance Certificate delivered by Borrowers to Agent pursuant to Section 9.8. Any increase in interest rates payable by Borrowers under this Agreement and the Other Documents pursuant to the provisions of the foregoing sentence shall be in addition to and independent of any increase in such interest rates resulting from the occurrence of any Event of Default (including, if applicable, any Event of Default arising from a breach of Section 9.8) and/or the effectiveness of the Default Rate provisions of Section 3.1 hereof.

If, as a result of any restatement of, or other adjustment to, the financial statements of Borrowers on a Consolidated Basis or for any other reason, Agent determines that (a) the TTM EBITDA as previously calculated as of any applicable date for any applicable period was inaccurate, and (b) a proper calculation of the TTM EBITDA for any such period would have resulted in different pricing for such period, then (i) if the proper calculation of the TTM EBITDA would have resulted in a higher interest rate for such period, automatically and immediately without the necessity of any demand or notice by Agent or any other affirmative act of any party, the interest accrued on the applicable outstanding Revolving Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively increased by, and Borrowers shall be obligated to immediately pay to Agent for the ratable benefit of Lenders an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of the TTM EBITDA would have resulted in a lower interest rate for such period, then the interest accrued on the applicable outstanding Revolving Advances for such period under the provisions of this Agreement and the Other Documents shall be deemed to be retroactively decreased by, and Agent and Lenders shall apply a credit to Borrowers' account in an amount equal to the excess of the amount of interest that was actually paid for such period over the amount of interest that should have been paid for such period; provided, that, if as a result of any restatement or other event or other determination by Agent a proper calculation of the TTM EBITDA would have resulted in a higher interest rate for one or more periods and a lower interest rate for one or more other periods (due to the shifting of income or expenses from one period to another period or any other reason), then the amount payable by Borrowers pursuant to clause (i) above shall be based upon the excess, if any, of the amount of interest that should have been paid for all applicable periods over the amounts of interest actually paid for such periods.

“Term Loan Priority Collateral” shall have the meaning assigned to it in the Intercreditor Agreement.

“TTM EBITDA” shall mean as of the date of any determination, EBITDA for the trailing twelve month period.

(b) Section 1.2 of the Loan Agreement shall be amended by deleting the following definitions in their entirety and replacing them as follows:

“Debt Payments” shall mean and include, without duplication, (a) all cash actually expended by any Borrower to make interest payments on any Advances hereunder, plus (b) all cash actually expended by any Borrower to make payments on Capitalized Lease Obligations, plus (c) scheduled principal payments on the Term Loan, plus (d) all cash actually expended by any Borrower to make payments with respect to any other Indebtedness for borrowed money (other than in respect of Revolving Advances), including without limitation, any scheduled payments on the GACP Term Loan.

“ MA Personal Property ” shall mean all of Borrowers’ and Norwell’s fixtures, machinery or Equipment (and other property used solely in connection therewith) located at 2 Bert Drive #4, West Bridgewater, Massachusetts. For the avoidance of doubt, MA Personal Property shall not include any Term Loan Priority Collateral.

“ Permitted Encumbrances ” shall mean: (a) Liens in favor of Agent for the benefit of Agent and Lenders; (b) Liens for taxes, assessments or other governmental charges not delinquent for a period of more than 10 days or being Properly Contested, or for property taxes on property the Borrower or any Subsidiary has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property; (c) Liens disclosed on Schedule 1.2, provided that such Liens shall secure only those obligations which they secure on the Closing Date and shall not subsequently apply to any other property or assets of any Borrower other than the property and assets to which they apply as of the Closing Date (other than accessions thereto, improvements thereon and proceeds thereof); (d) deposits or pledges to secure obligations under worker’s compensation, social security or similar laws, or under unemployment insurance, other than any Lien imposed by ERISA; (e) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business; (f) Liens arising by virtue of the rendition, entry or issuance against any Borrower or any Subsidiary, or any property of any Borrower or any Subsidiary, of any judgment, writ, order, or decree for so long as each such Lien (I) is in existence for less than 20 consecutive days after it first arises or is being Properly Contested and (II) is at all times junior in priority to any Liens in favor of Agent; (g) mechanics’, workers’, materialmen’s, carriers’, repairmen’s or other like Liens arising by operation of law or in the Ordinary Course of Business with respect to obligations which are not yet overdue for a period of more than 10 days or which are being Properly Contested; (h) Liens placed upon fixed or capital assets now existing or hereafter acquired to secure a portion of the purchase price thereof, provided that (I) any such lien shall not encumber any other property of any Borrower (other than accessions thereto, improvements thereon and proceeds thereof) and (II) the aggregate amount of Indebtedness secured by such Liens incurred as a result of such purchases during any fiscal year shall not exceed the amount provided for in Section 7.8(iv); (i) minor survey exceptions, minor encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, gas and oil pipelines and other similar purposes, or zoning, building codes or other restrictions (including without limitation, minor defects or irregularities in title and similar encumbrances), which do not in the aggregate interfere in any material respect with the Ordinary Course of Business of the Borrowers and their Subsidiaries; (j) any exceptions listed on Schedule B of the title insurance policies delivered to and accepted by, Agent and the Lenders under Section 8.1(f); (k) licenses, sublicenses or any other rights granted with respect to Intellectual Property in the Ordinary Course of Business; (l) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not materially interfere with the ordinary conduct of the business; (m) Landlords’ and lessors’ statutory Liens; (n) Liens arising solely by virtue of any statutory or common law provisions relating to banker’s liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with depository institutions; (o) Liens arising from precautionary Uniform Commercial Code filings regarding “true” operating leases or, to the extent permitted under this Agreement, the consignment of goods to a Borrower or a Guarantor; (p) Liens in favor of customs and revenues authorities imposed by applicable Law arising in the ordinary course of business in connection with the importation of goods; (q) Liens securing Indebtedness permitted by Section 7.8(v) or Section 7.8(vi); (s) restrictive covenants affecting the use to which real property may be put; provided that the covenants are complied with; (t) zoning by-laws and other land use restrictions, including, without limitation, site plan agreements, development agreements and contract zoning agreements; (u) Liens that are junior to the liens in favor of Agent securing indebtedness in an amount not to exceed \$500,000; (v) Liens disclosed on Schedule 1.2 in favor of any credit card processor arising in the Ordinary Course of Business under the applicable credit card arrangement and solely with respect to (i) any items returned by a Customer who purchased such items thereunder, (ii) any reserve accounts established pursuant thereto or (iii) set off rights in favor of the applicable credit card processor solely relating to any payments due to any Borrower thereunder; (w) Liens on products purchased from T-Mobile securing repayment of the obligations to T-Mobile under that certain ShopNBC T-Mobile vendor contract which amount shall not exceed the T-Mobile Reserve; and (z) Liens in favor of GACP Term Loan Lender in accordance with the GACP Loan Documents and the Intercreditor Agreement.

“ Revolving Interest Rate ” shall mean, (a) with respect to Domestic Rate Loans, an interest rate per annum equal to the sum of the Revolving Applicable Margin plus the Alternate Base Rate, and (b) with respect to Eurodollar Rate Loans, an interest rate per annum equal to the sum of the Revolving Applicable Margin plus the Eurodollar Rate.

(c) Section 2.21(a) of the Loan Agreement shall be deleted in its entirety and replaced as follows:

(a) Subject to Section 4.3 hereof, when any Borrower sells or otherwise disposes of any Collateral other than (w) Inventory in the Ordinary Course of Business, (x) licenses of Intellectual Property granted in the Ordinary Course of Business, (y) Term Loan Priority Collateral and (z) Collateral the proceeds of which are required to mandatorily prepay the GACP Term Loan pursuant to Section 2.3 of the GACP Loan Agreement (subject to the prior right of repayment or prepayment of the Obligations under this Agreement), Borrowers shall cause (i) other than as required by Section 2.21(a)(ii) below, the net cash proceeds (i.e., gross cash proceeds less the reasonable costs of such sales or other dispositions) received in connection with such sale or disposition of PNC Credit Priority Collateral to be remitted to the Agent to be applied to the outstanding Obligations in Agent's Permitted Discretion and (ii) fifty percent (50%) of the net proceeds of the sale of the Borrowers' MA Personal Property to be applied to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof and the balance to be applied to the outstanding Revolving Advances. The foregoing shall not be deemed to be implied consent to any such sale otherwise prohibited by the terms and conditions hereof

(d) A new Section 2.21(d) shall be added to the Loan Agreement as follows:

(d) Nothing herein shall restrict the Borrowers' ability to make and GACP Agent and GACP Term Loan Lender to receive and retain, payments of principal (scheduled and mandatory and to the extent PNC Agent has given consent, voluntary), interest, fees, costs and other Term Loan Obligations (as defined in the Intercreditor Agreement) in accordance with the terms of the GACP Loan Agreement (as in effect on the date hereof). For the avoidance of doubt, Term Loan Priority Collateral and proceeds thereof shall be remitted to the payment of loans and obligations under the GACP Loan Agreement.

(e) Section 4.3 of the Loan Agreement shall be deleted in its entirety and replaced as follows:

4.3 Disposition of Collateral. Each Borrower will take such actions as the Agent may in its reasonable judgment deem necessary or appropriate in order to safeguard and protect all Collateral for Agent's general account and make no disposition thereof whether by sale, lease or otherwise except (a) the sale of Inventory in the Ordinary Course of Business, (b) the disposition, sale or transfer of obsolete and worn-out Equipment in the Ordinary Course of Business during any fiscal year having an aggregate fair market value of not more than \$500,000 and only to the extent that (i) the net cash proceeds of any such disposition are used to acquire replacement Equipment which is subject to Agent's first priority security interest or (ii) the net cash proceeds of which are remitted to Agent to be applied pursuant to Section 2.21, (c) the sale of any or all of the MA Personal Property in a single or multiple transactions to the extent that one hundred percent (100%) of the net cash proceeds of any such sale or lease are remitted to Agent to be applied pursuant to Section 2.21(a), and (d) the sale or other disposition of the Term Loan Priority Collateral that is permitted under the terms of the GACP Loan Agreement.

(f) Section 4.15(h) of the Loan Agreement shall be deleted in its entirety and replaced as follows:

(h) Establishment of a Lockbox Account, Dominion Account. Subject to the terms of the Intercreditor Agreement, all proceeds of Collateral (other than Term Loan Priority Collateral), shall be deposited by Borrowers into either (i) a lockbox account, dominion account or such other "blocked account" (such accounts, together with the Private Bank Account, defined below, the "Blocked Accounts") established at a bank or banks (each such bank, a "Blocked Account Bank") pursuant to an arrangement with such Blocked Account Bank as may be selected by Borrowing Agent and be acceptable to Agent or (ii) depository accounts ("Depository Accounts") established at the Agent for the deposit of such proceeds. Each applicable Borrower, Agent and each Blocked Account Bank shall enter into a deposit account control agreement in form and substance satisfactory to Agent directing that upon the delivery of a notice (the "Trigger Notice") from Agent to such Blocked Account Bank (which Trigger Notice may be delivered at any time (x) on or after any date on which Borrowers' Undrawn Availability is less than \$18,000,000 or (y) upon or after the occurrence and during the continuance of a Default or Event of Default), such Blocked Account Bank shall transfer such funds so deposited to Agent, either to any account maintained by Agent at said Blocked Account Bank or by wire transfer to appropriate account(s) of Agent. All funds deposited in such Blocked Accounts (other than identifiable proceeds of Term Loan Priority Collateral) shall immediately become the property of Agent upon the delivery of the Trigger Notice, and Borrowing Agent shall use its commercially reasonable efforts to obtain the agreement by such Blocked Account Bank to waive any offset rights against the funds so deposited. At all times following the delivery of a Trigger Notice all funds on deposit in the Blocked Accounts and/or Depository Accounts (other than identifiable proceeds of Term Loan Priority Collateral) shall be applied to reduce the outstanding Obligations in the order determined by Agent. Neither Agent nor any Lender assumes any responsibility for such blocked account arrangement, including any claim of accord and satisfaction or release with respect to deposits accepted by any Blocked Account Bank thereunder. Notwithstanding anything to the contrary above, Borrowers may maintain a deposit account at The PrivateBank and Trust Company ("Private Bank Account") so long as (i) the account is subject to a springing deposit account control agreement in favor of Agent and which can be effected by delivery of a Trigger Notice, (ii) the account does not hold more than the lesser of 20% of available unrestricted cash of Borrowers or \$4,000,000, (iii) the account may not be used to make disbursements, and (iv) Agent shall be notified of any deposits or withdraws from the account. All deposit accounts and investment accounts of each Borrower and its Subsidiaries are set forth on Schedule 4.15(h).

(g) Sections 6.5(a) and (b) of the Loan Agreement shall be deleted in their entirety and replaced as follows:

(a) Fixed Charge Coverage Ratio. If at any time during any fiscal quarter commencing with the fiscal quarter ending on or about January 31, 2016 or during any fiscal quarter thereafter, (i) an Event of Default is continuing or (ii) Borrowers' Undrawn Availability is equal to or less than \$18,000,000, cause to be maintained as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than \$18,000,000, a Fixed Charge Coverage Ratio of not less than 1.1 to 1.0, measured in each case on a trailing four (4) quarter basis.

(b) Minimum EBITDA. If at any time during any fiscal quarter commencing with the fiscal quarter ending on or about January 31, 2016 or during any fiscal quarter thereafter, (i) an Event of Default is continuing or (ii) Borrowers' Undrawn Availability is equal to or less than \$18,000,000, cause to be achieved a minimum EBITDA of not less than the following amounts as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than \$18,000,000 (in each case to be tested for the four quarter period then ending on or about the date specified below):

<u>Quarters Ending</u>	<u>Amount</u>
January 31, 2015, April 30, 2015, July 31, 2015, October 31, 2015	\$ 10,000,000
January 31, 2016, April 30, 2016, July 31, 2016, October 31, 2016	\$ 10,000,000
January 31, 2017, April 30, 2017, July 31, 2017, October 31, 2017	\$ 22,000,000
January 31, 2018 and thereafter	\$ 27,000,000

(h) Section 7.8 of the Loan Agreement shall be deleted in its entirety and replaced as follows:

7.8. Indebtedness. Create, incur, assume or suffer to exist any Indebtedness (exclusive of trade debt) except in respect of: (i) Indebtedness to Lenders; (ii) Indebtedness outstanding on the date hereof and listed on Schedule 7.8 and any refinancings, refundings, renewals or extensions thereof; provided that (x) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder, and the direct or contingent obligor with respect thereto is not changed as a result of or in connection with such refinancing, refunding, renewal or extension, (y) the result of such extension, renewal or replacement shall not be an earlier maturity date or decreased weighted average life of such Indebtedness, and (z) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Borrowers or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate; (iii) Indebtedness of any Borrower owing to any other Borrower or Guarantor existing on the Closing Date; (iv) purchase money Indebtedness of any Borrower to finance the acquisition of any fixed or capital assets, including Capitalized Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof provided that the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Borrowers or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate, provided, however, that the aggregate principal amount of Indebtedness permitted by this clause (iv) shall not exceed \$1,000,000 at any time outstanding and further provided that, if requested by the Agent, the Borrowers shall use commercially reasonable efforts to cause the holders of such Indebtedness to enter into a customary collateral access agreement on terms reasonably satisfactory to the Agent; (v) obligations (contingent or otherwise) of any Borrower existing or arising under any Lender Provided Interest Rate Hedge; (vi) Indebtedness for reimbursement obligations related to (x) a standby letter of credit for the benefit of CIT Group for credit enhancement and secured by cash collateral of Evine; (y) a cash collateral account securing Evine's obligations under its corporate policy and travel credit card programs; and (z) a cash collateral account as security for obligations owed to Rosenthal & Rosenthal, Inc.; provided that the maximum aggregate Indebtedness outstanding under the foregoing clauses (x) through (z) shall not exceed the aggregate amount of such Indebtedness outstanding on the Closing Date plus \$2,000,000; (vii) Indebtedness for reimbursement obligations related to commercial letters of credit issued by Bank of America, N.A. or any other issuer and secured by cash collateral of Evine and other letters of credit not described in clause (vi) above in an aggregate amount for all of the letters of credit described in this clause (vii) not to exceed \$2,500,000; (viii) other unsecured Indebtedness in an amount not to exceed \$500,000 in the aggregate at any time outstanding; and (ix) Indebtedness due under the GACP Loan Documents, so long as the Intercreditor Agreement remains in effect.

(i) Section 7.17 of the Loan Agreement shall be deleted in its entirety and replaced as follows:

7.17. Prepayment of Indebtedness. At any time, directly or indirectly, prepay any Indebtedness (other than to Lenders or a Borrower), or repurchase, redeem, retire or otherwise acquire any Indebtedness (other than the Obligations or Indebtedness owing to another Borrower) of any Borrower, except (a) refinancings and refundings of such Indebtedness to the extent permitted pursuant to this Agreement, (b) payments in the form of Equity Interests (other than Disqualified Stock) of ValueVision and (c) subject to the terms of the Intercreditor Agreement, any refinancing of or other prepayments in respect of the GACP Term Loan.

(j) A new Section 10.22 shall be added to the Loan Agreement as follows:

10.22 GACP Loan Documents Default. An event of default has occurred under the GACP Loan Documents, which default shall not have been cured or waived within any applicable grace period, or if any Person party to a Intercreditor Agreement breaches or violates, or attempts to terminate or challenge the validity of, such agreement.

(k) A new Section 11.6 shall be added to the Loan Agreement as follows:

11.6 Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement or Other Documents, the terms of the Intercreditor Agreement shall govern and control.

3. Representations and Warranties. Each of the Borrowers hereby:

(a) reaffirms all representations and warranties made to Agent and Lenders under the Loan Agreement and all of the other Existing Financing Agreements and confirms that after giving effect to any updated schedules all are true and correct in all material respects as of the date hereof (except to the extent any such representations and warranties specifically relate to a specific date, in which case such representations and warranties were true and correct in all material respects on and as of such other specific date);

(b) reaffirms all of the covenants contained in the Loan Agreement, covenants to abide thereby until all Advances, Obligations and other liabilities of Borrowers and Guarantor to Agent and Lenders under the Loan Agreement of whatever nature and whenever incurred, are satisfied and/or released by Agent and Lenders;

(c) represents and warrants that no Default or Event of Default has occurred and is continuing under any of the Existing Financing Agreements;

(d) represents and warrants that it has the authority and legal right to execute, deliver and carry out the terms of this Amendment, that such actions were duly authorized by all necessary limited liability company or corporate action, as applicable, and that the officers executing this Amendment on its behalf were similarly authorized and empowered, and that this Amendment does not contravene any provisions of its certificate of incorporation or formation, operating agreement, bylaws, or other formation documents, as applicable, or of any contract or agreement to which it is a party or by which any of its properties are bound; and

(e) represents and warrants that this Amendment and all assignments, instruments, documents, and agreements executed and delivered in connection herewith, are valid, binding and enforceable in accordance with their respective terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally.

4. Conditions Precedent/Effectiveness Conditions. This Amendment shall be effective upon the occurrence of the following conditions precedent, each in form and substance satisfactory to Agent (the "Effective Date"):

- (a) Agent's receipt of this Amendment fully executed by the Borrowers;
- (b) Agent's receipt of the Intercreditor Agreement fully executed by GACP Term Loan Lenders and the Borrowers;
- (c) Agent's receipt of the GACP Term Loan Debt documents and all related agreements, documents and instruments fully executed by GACP Term Loan Lenders and the Borrowers;
- (d) Borrowers' receipt of the GACP Term Loan;
- (e) Agent's receipt of such other documents as Agent or counsel to Agent may reasonably request.

5. Further Assurances. Each of the Borrowers hereby agrees to take all such actions and to execute and/or deliver to Agent and Lenders all such documents, assignments, financing statements and other documents, as Agent and Lenders may reasonably require from time to time, to effectuate and implement the purposes of this Amendment.

6. Payment of Expenses. Borrowers shall pay or reimburse Agent and Lenders for its reasonable attorneys' fees and expenses in connection with the preparation, negotiation and execution of this Amendment and the documents provided for herein or related hereto.

7. Reaffirmation of Loan Agreement. Except as modified by the terms hereof, all of the terms and conditions of the Loan Agreement, as amended, and all other of the Existing Financing Agreements are hereby reaffirmed and shall continue in full force and effect as therein written.

8. [Reserved].

9. Miscellaneous.

(a) Third Party Rights. No rights are intended to be created hereunder for the benefit of any third party donee, creditor, or incidental beneficiary.

(b) Headings. The headings of any paragraph of this Amendment are for convenience only and shall not be used to interpret any provision hereof.

(c) Modifications. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed on behalf of the party against whom enforcement is sought.

(d) Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(e) Counterparts. This Amendment may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission or PDF shall be deemed to be an original signature hereto.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

BORROWERS:

EVINE LIVE INC.

By: _____
Name: Timothy Peterman
Title: Chief Financial Officer

VALUEVISION INTERACTIVE, INC.

By: _____
Name: Timothy Peterman
Title: Chief Financial Officer

VVI FULFILLMENT CENTER, INC.

By: _____
Name: Timothy Peterman
Title: Chief Financial Officer

VALUEVISION MEDIA ACQUISITIONS, INC.

By: _____
Name: Timothy Peterman
Title: Chief Financial Officer

VALUEVISION RETAIL, INC.

By: _____
Name: Timothy Peterman
Title: Chief Financial Officer

NORWELL TELEVISION, LLC

By: _____
Name: Timothy Peterman
Title: Chief Financial Officer

[SIGNATURE PAGE TO SIXTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT]

AGENT:

PNC BANK, NATIONAL ASSOCIATION ,
as Lender and as Agent

By: _____
Sherry Winick, Vice President

Address: 200 South Wacker Drive, Suite 600
Chicago, Illinois 60606

LENDERS:

PNC BANK, NATIONAL ASSOCIATION ,
as Lender and as Agent

By: _____
Sherry Winick, Vice President

Revolving Commitment Percentage: 77.0%
Term Loan Commitment Percentage: 77.0%

THE PRIVATEBANK AND TRUST COMPANY ,
as Lender

By: _____
Name:
Title:

Revolving Commitment Percentage: 23.0%
Term Loan Commitment Percentage: 23.0%

[SIGNATURE PAGE TO SIXTH AMENDMENT TO REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT]

TERM LOAN CREDIT AND SECURITY AGREEMENT

AMONG AND BETWEEN

**GACP FINANCE CO., LLC
(AS AGENT)**

LENDERS FROM TIME TO TIME PARTY HERETO

**EVINE LIVE INC.
VALUEVISION INTERACTIVE, INC.
VVI FULFILLMENT CENTER, INC.
VALUEVISION MEDIA ACQUISITIONS, INC.
VALUEVISION RETAIL, INC.**

AND

NORWELL TELEVISION, LLC

(BORROWERS)

March 10, 2016

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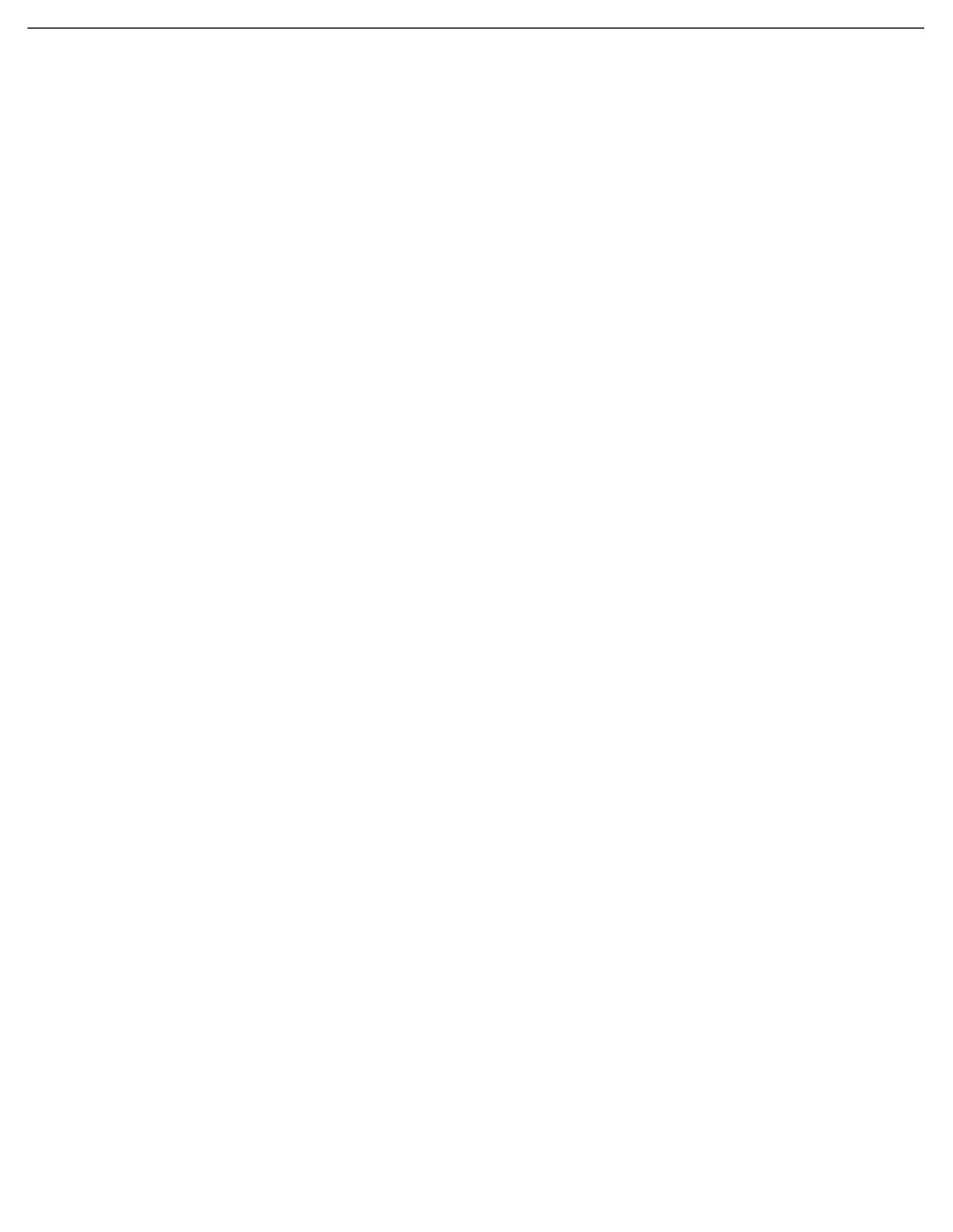


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TERM LOAN CREDIT AND SECURITY AGREEMENT

Term Loan Credit and Security Agreement dated as of March 10, 2016 among **EVINE LIVE INC.**, a Minnesota corporation (“Evine”); **VALUEVISION INTERACTIVE, INC.**, a Minnesota corporation; **VVI FULFILLMENT CENTER, INC.**, a Minnesota corporation; **VALUEVISION MEDIA ACQUISITIONS, INC.**, a Delaware corporation; **VALUEVISION RETAIL, INC.**, a Delaware corporation and **NORWELL TELEVISION, LLC**, a Delaware limited liability company (each a “Borrower”, and collectively the “Borrowers”), the financial institutions which are now or which hereafter become a party hereto (collectively, the “Lenders” and each individually a “Lender”) and **GACP FINANCE Co., LLC** (“GACP”), as agent for Lenders (GACP, in such capacity, the “Agent”).

IN CONSIDERATION of the mutual covenants and undertakings herein contained, Borrowers, Lenders and Agent hereby agree as follows:

I. DEFINITIONS.

1.1. Accounting Terms. As used in this Agreement, the Other Documents or any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in Section 1.2 or elsewhere in this Agreement and accounting terms partly defined in Section 1.2 to the extent not defined, shall have the respective meanings given to them under GAAP; provided, however, whenever such accounting terms are used for the purposes of determining compliance with financial covenants in this Agreement, such accounting terms shall be defined in accordance with GAAP and rules promulgated by the SEC as applied in preparation of the audited financial statements of Borrowers for the fiscal year ended January 31, 2015.

1.2. General Terms. For purposes of this Agreement the following terms shall have the following meanings:

“Accountants” shall have the meaning set forth in Section 9.7 hereof.

“Affiliate” of any Person shall mean (a) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director, manager, member, managing member, general partner or officer (i) of such Person, (ii) of any Subsidiary of such Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote 5% or more of the Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for any such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

“Agent” shall have the meaning set forth in the preamble to this Agreement and shall include its successors and assigns.

“Agreement” shall mean this Term Loan Credit and Security Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“ Alternate Base Rate ” shall mean, for any day, a *rate per annum* equal to the greatest of (i) the Base Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1.00%, (iii) the Eurodollar Rate in effect on such day (assuming a one-month Interest Period) plus 1.00% and (iv) 2.00% per annum. If for any reason Agent shall have determined in good faith that it is unable to ascertain the Federal Funds Effective Rate, including the failure of the Federal Reserve Bank of New York to publish rates or the inability of Agent to obtain quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (ii) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Base Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Base Rate or the Federal Funds Effective Rate, respectively.

“ Anti-Terrorism Laws ” shall mean Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering or bribery, all as amended, supplemented or replaced from time to time.

“ Applicable Law ” shall mean all laws, rules and regulations applicable to the Person, conduct, transaction, covenant, Other Document or contract in question, including all applicable common law and equitable principles; all provisions of all applicable state, federal and foreign constitutions, statutes, rules, regulations, treaties, directives and orders of any Governmental Body, and all orders, judgments and decrees of all courts and arbitrators.

“ Applicable Margin ” shall mean an amount equal to ten percent (10%) for the Term Loan consisting of Domestic Rate Loans and an amount equal to eleven percent (11%) for the Term Loan consisting of Eurodollar Rate Loans.

“ Applicable Reserve Requirement ” shall mean, at any time, for any Eurodollar Rate Loan, the maximum rate, expressed as a decimal, at which reserves (including, without limitation, any basic marginal, special, supplemental, emergency or other reserves) are required to be maintained with respect thereto against “Eurocurrency liabilities” (as such term is defined in Regulation D) under regulations issued from time to time by the Board of Governors of the Federal Reserve System or other applicable banking regulator. Without limiting the effect of the foregoing, the Applicable Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the applicable Eurodollar Rate or any other interest rate of a loan is to be determined, or (ii) any category of extensions of credit or other assets which include Eurodollar Rate Loans. A Eurodollar Rate Loan shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credit for proration, exceptions or offsets that may be available from time to time to the applicable Lender. The rate of interest on Eurodollar Rate Loans shall be adjusted automatically on and as of the effective date of any change in the Applicable Reserve Requirement.

“ Authority ” shall mean the United States Environmental Protection Agency.

“ Average FICO Score ” shall mean, on any date of determination, the average FICO Score of all Persons participating in the Value Pay Plan for whom a FICO score has been obtained, as determined by Borrowing Agent in accordance with its practices in the Ordinary Course of Business in effect on the Closing Date.

“Base Rate” shall mean, for any day, a rate per annum equal to the highest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (iii) 2.00%. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“Benefited Lender” shall have the meaning set forth in Section 2.6(b) hereof.

“Blocked Account Bank” shall have the meaning set forth in Section 4.15(h) hereof.

“Blocked Accounts” shall have the meaning set forth in Section 4.15(h) hereof.

“Blocked Person” shall have the meaning set forth in Section 5.24(b) hereof.

“Borrower” or “Borrowers” shall have the meaning set forth in the preamble to this Agreement and shall extend to all permitted successors and assigns of such Persons.

“Borrowers’ Account” shall have the meaning set forth in Section 2.4 hereof.

“Borrowers on a Consolidated Basis” shall mean the consolidation in accordance with GAAP of the accounts or other items of Borrowing Agent and its Subsidiaries.

“Borrowing Agent” shall mean Evine.

“Boston FCC License” has the meaning assigned to it in the Intercreditor Agreement.

“Business Day” shall mean any day other than Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in New York, New York and, if the applicable Business Day relates to any Eurodollar Rate Loans, such day must also be a day on which dealings are carried on in the London interbank market.

“Capital Expenditures” shall mean expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements, replacements, substitutions or additions thereto which have a useful life of more than one year, including the total principal portion of Capitalized Lease Obligations, which, in accordance with GAAP, would be classified as capital expenditures.

“Capitalized Lease Obligation” shall mean any Indebtedness of any Borrower represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP as in effect on the Closing Date.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§9601 et seq.

“Change in Law” shall mean the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Applicable Law; (b) any change in any Applicable Law or in the administration, implementation, or application thereof by any Governmental Body; or (c) the making or issuance of any rule, guideline or directive (whether or not having the force of law) by any Governmental Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Applicable Law) and (y) all rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

“Change of Ownership” shall mean (a) 100% of the Equity Interests of any Borrower (other than Borrowing Agent) is no longer owned or controlled by Borrowing Agent (including for the purposes of the calculation of percentage ownership, any Equity Interests into which any Equity Interests of any Borrower held by Borrowing Agent are convertible or for which any such Equity Interests of any Borrower or of any other Person may be exchanged and any Equity Interests issuable to Borrowing Agent upon exercise of any warrants, options or similar rights which may at the time of calculation be held by Borrowing Agent), (b) (i) any person or group of persons (within the meaning of Section 13(d) or 14(a) of the Exchange Act) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under the Exchange Act) of 25% or more of the voting Equity Interest of Borrowing Agent; or (ii) [reserved]; or (c) any merger, consolidation or sale of substantially all of the property or assets of any Borrower or any direct or indirect Subsidiary of any Borrower except as permitted by Section 7.1; *provided however* it shall not be deemed to be a Change of Ownership under (a) section (b)(i) of this definition, if (1) any person or group of persons (within the meaning of Section 13(d) or 14(a) of the Exchange Act) acquires beneficial ownership of (within the meaning of Rule 13d-3 promulgated by the SEC under the Exchange Act) 25% or more of the voting Equity Interest of Borrowing Agent and Agent provides prior written consent, which consent shall not be unreasonably withheld or delayed or (2) the entity or entities acquiring the voting Equity Interests are one or more of the “Restricted Parties” as defined in the Shareholder Agreement, or (b) section (b)(ii) of this definition, if the change in the individuals constituting the Board of Directors of Borrowing Agent results from the designation of directors by GE Capital Equity Investments, Inc. pursuant to the Shareholder Agreement.

“Charges” shall mean all taxes, charges, fees, imposts, levies or other assessments, including all net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation and property taxes, custom duties, fees, assessments, liens, claims and charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts, imposed by any taxing or other authority, domestic or foreign (including the Pension Benefit Guaranty Corporation or any environmental agency or superfund), upon the Collateral, any Borrower or any of its Affiliates.

“ Closing Date ” shall mean March 10, 2016 or such other date as may be agreed to by the parties hereto.

“ Code ” shall mean the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

“ Collateral ” shall mean and include:

- (a) all Receivables (including Credit Card Receivables);
- (b) all Equipment;
- (c) all General Intangibles (including all FCC Licenses);
- (d) all Inventory;
- (e) all Investment Property;
- (f) all Real Property;
- (g) all Subsidiary Stock;

(h) all of each Borrower’s right, title and interest in and to, whether now owned or hereafter acquired and wherever located; (i) its respective goods and other property including, but not limited to, all merchandise returned or rejected by Customers, relating to or securing any of the Receivables; (ii) all of each Borrower’s rights as a consignor, a consignee, an unpaid vendor, mechanic, artisan, or other lienor or, including stoppage in transit, setoff, detinue, replevin, reclamation and repurchase; (iii) all additional amounts due to any Borrower from any Customer relating to the Receivables; (iv) other property, including warranty claims, relating to any goods securing the Obligations; (v) all of each Borrower’s contract rights, rights of payment which have been earned under a contract right, instruments (including promissory notes), documents, chattel paper (including electronic chattel paper), warehouse receipts, deposit accounts, letters of credit and money; (vi) all commercial tort claims; (vii) all letter of credit rights (whether or not the respective letter of credit is evidenced by a writing); (viii) all supporting obligations; and (ix) any other goods, personal property or real property now owned or hereafter acquired in which any Borrower has expressly granted a security interest or may in the future grant a security interest to Agent hereunder, or in any amendment or supplement hereto or thereto, or under any other agreement between Agent and any Borrower;

(i) all of each Borrower’s ledger sheets, ledger cards, files, correspondence, records, books of account, business papers, computers, software (owned by any Borrower or in which it has an interest), tapes, disks and documents relating to (a), (b), (c), (d), (e), (f), (g) or (h) of this paragraph;

(j) all of each Borrowers’ Federal Communications Commission (“ FCC ”) licenses (including television broadcast license) (the “ FCC License ”) and the station or entity to which the FCC License is assigned;

(k) all proceeds and products of (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j) in whatever form, including, but not limited to: cash, deposit accounts (whether or not comprised solely of proceeds), certificates of deposit, insurance proceeds (including hazard, flood and credit insurance), negotiable instruments and other instruments for the payment of money, chattel paper, security agreements, documents, eminent domain proceeds, condemnation proceeds and tort claim proceeds.

Notwithstanding the foregoing, "Collateral" shall expressly exclude, and the Borrowers shall not be deemed to have granted a security interest in, any Excluded Collateral. Upon (a) the sale of any or all of the MA Personal Property pursuant to a single or multiple sales and (b) the application of the net cash proceeds received by a Borrower in connection with any such sale in a manner consistent with Section 2.3(a) hereof, Agent and Lenders shall automatically be deemed to have released any Liens on such MA Personal Property sold under the foregoing clause (a) and such MA Personal Property shall automatically cease to be Collateral hereunder.

"Communications Laws" shall mean the Communications Act of 1934, as amended and the rules, regulations and policies promulgated thereunder.

"Compliance Authority" shall mean each and all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) the U.S. Internal Revenue Service, (f) the U.S. Justice Department, and (g) the U.S. Securities and Exchange Commission.

"Compliance Certificate" shall mean a compliance certificate substantially in the form attached hereto as Exhibit 1.1 to be signed by the Chief Financial Officer or Controller of Borrowing Agent, which shall state that, based on an examination sufficient to permit such officer to make an informed statement, (a) no Default or Event of Default exists, or if such is not the case, specifying such Default or Event of Default, its nature, when it occurred, whether it is continuing and the steps being taken by Borrowers with respect to such default and, such certificate shall have appended thereto calculations which set forth Borrowers' compliance with the requirements or restrictions imposed by Sections 6.5, 7.4, 7.7, 7.8, 7.10 and 7.11; and (b) that to the best of such officer's knowledge, each Borrower is in compliance in all material respects with all federal, state and local Environmental Laws, or if such is not the case, specifying all areas of non-compliance and the proposed action such Borrower will implement in order to achieve full compliance.

"Consents" shall mean all filings and all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Bodies and other third parties, domestic or foreign, necessary to carry on any Borrower's business or necessary (including to avoid a conflict or breach under any agreement, instrument, other document, license, permit or other authorization) for the execution, delivery or performance of this Agreement, the Other Documents, including any Consents required under all applicable federal, state or other Applicable Law.

"Controlled Group" shall mean, at any time, each Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with any Borrower, are treated as a single employer under Section 414 of the Code.

“Covered Entity” shall mean each Borrower, each Borrower’s Subsidiaries, all Guarantors, pledgors of Collateral and any Person controlling any of the foregoing and all brokers or other agents of any Borrower acting in any capacity in connection with the Obligations. For purposes of this definition, control of Person shall mean the power, direct or indirect, (x) to vote 25% or more of the Equity Interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for any such Person, or (y) to direct or cause the direction of management and policies of such Person whether by ownership of Equity Interests, contract or otherwise.

“Conversion/Continuation Date” means the effective date of a continuation or conversion, as the case may be, as set forth in the applicable Conversion/Continuation Notice.

“Conversion/Continuation Notice” means a Conversion/Continuation Notice substantially in the form of Exhibit 1.2.

“Credit Card Receivables” shall mean each “account” (as defined in the Uniform Commercial Code) together with all income, payments and proceeds thereof, owed by a major credit or debit card issuer (including, but not limited to, Visa, MasterCard and American Express and such other issuers approved by Agent in its sole discretion) to a Borrower resulting from charges by a Customer of a Borrower on credit or debit cards issued by such issuer in connection with the sale of goods by a Borrower in the Ordinary Course of Business.

“Customer” shall mean and include the account debtor with respect to any Receivable and/or the prospective purchaser of goods, services or both with respect to any contract or contract right, and/or any party who enters into or proposes to enter into any contract or other arrangement with any Borrower, pursuant to which such Borrower is to deliver any personal property or perform any services.

“Customs” shall have the meaning set forth in Section 2.11(b) hereof.

“Debt Payments” shall mean and include, without duplication, (a) all cash actually expended by any Borrower to make interest payments on any Term Loans hereunder and any Advances as defined in the PNC Credit Agreement, plus (b) all cash actually expended by any Borrower to make payments on Capitalized Lease Obligations, plus (c) scheduled principal payments on the Term Loan hereunder and the Term Loan as defined in the PNC Credit Agreement, plus (d) all cash actually expended by any Borrower to make payments with respect to any other Indebtedness for borrowed money (other than in respect of Revolving Advances (as defined in the PNC Credit Agreement as in effect on the date hereof)).

“Default” shall mean an event, circumstance or condition which, with the giving of notice or passage of time or both, would constitute an Event of Default.

“Default Rate” shall have the meaning set forth in Section 3.1 hereof.

“Depository Accounts” shall have the meaning set forth in Section 4.15(h) hereof.

“Designated Lender” shall have the meaning set forth in Section 16.2(b) hereof.

“Disqualified Stock” shall mean any Equity Interest that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the expiration of the Term; provided, however, that (i) only the portion of such Equity Interests which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock and (ii) with respect to any Equity Interests issued to any employee or to any plan for the benefit of employees of Borrowing Agent or its Subsidiaries or by any such plan to such employees, such Equity Interest shall not constitute Disqualified Stock solely because it may be required to be repurchased by Borrowing Agent or one of its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, resignation, death or disability and if any class of Equity Interest of such Person that by its terms authorizes such Person to satisfy its obligations thereunder by delivery of an Equity Interest that is not Disqualified Stock, such Equity Interests shall not be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Equity Interest that would constitute Disqualified Stock solely because the holders thereof have the right to require a Borrower or a Guarantor to repurchase such Equity Interest upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that Borrowing Agent and its Subsidiaries may become obligated to pay upon maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock or portion thereof, plus accrued dividends.

“Dollar” and the sign “\$” shall mean lawful money of the United States of America.

“Domestic Rate Loan” shall mean the Term Loan that bears interest based upon the Alternate Base Rate.

“Earnings Before Interest and Taxes” shall mean for any period the sum of (i) net income (or loss) of Borrowers on a Consolidated Basis for such period (excluding extraordinary gains and losses), plus (ii) all interest expense of Borrowers on a Consolidated Basis for such period, plus (iii) all charges against income of Borrowers on a Consolidated Basis for such period for federal, state and local taxes.

“EBITDA” shall mean for any period the sum of (i) Earnings Before Interest and Taxes for such period, plus (ii) without duplication and to the extent such amounts reduced net income of the Borrowers on a Consolidated Basis for such period (a) depreciation expenses for such period, plus (b) amortization expenses for such period, plus (c) non-cash equity based compensation expenses incurred by Borrowers for such period, plus (d) [reserved] plus (e) expenses actually incurred related to management changes incurred and paid for by Borrowers during the fiscal year ended on or about January 31, 2016 not to exceed \$3,600,000 in the aggregate plus (f) non-cash losses incurred by Borrowers during such period in connection with the sale of Norwell’s premises located at 2 Bert Drive, #4, West Bridgewater, Massachusetts and the MA Personal Property plus (g) non-cash impairment charges and non-cash write-downs for such period.

“Environmental Complaint” shall have the meaning set forth in Section 4.19(d) hereof.

“Environmental Laws” shall mean all applicable federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations and lawful policies, guidelines, interpretations, decisions, orders and directives of Governmental Bodies with respect thereto.

“Environmental Reports” shall have the meaning set forth in Section 8.1(g) hereof.

“Equipment” shall mean and include as to each Borrower all of such Borrower’s equipment (as defined in the Uniform Commercial Code) and in any event all of such Borrower’s goods (other than Inventory) whether now owned or hereafter acquired and wherever located including all machinery, apparatus, motor vehicles, fittings, furniture, furnishings, fixtures, parts, accessories and all replacements and substitutions therefor or accessions thereto.

“Equity Interests” of any Person shall mean any and all shares, rights to purchase, options, warrants, general, limited or limited liability partnership interests, member interests, participation or other equivalents of or interest in (regardless of how designated) equity of such Person, whether voting or nonvoting, including common stock, preferred stock, convertible securities or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

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

“Eurodollar Rate” shall mean, for any Interest Rate Determination Date with respect to an Interest Period for Eurodollar Rate Loans, the greater of (i) the rate *per annum* obtained by dividing (and rounding upward to the next whole multiple of 1/100 of 1.00%) (a) the fluctuating rate *per annum* equal to (x) the rate *per annum* determined by Agent to be the offered rate for deposits in Dollars with a term equivalent to such Interest Period appearing on the page of the Reuters Screen which displays an average of the London interbank offered rate administered by the ICE Benchmark Administration, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date or (y) if the rate in clause (x) above does not appear on such page or service or if such page or service is not available, the rate *per annum* determined by Agent to be the offered rate for deposits in Dollars with a term equivalent to such Interest Period on such other page or other service which displays an average of the London interbank offered rate administered by the ICE Benchmark Administration, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date or (z) if the rates in clauses (a)(x) and (a)(y) are not available, the rate *per annum* determined by Agent to be the average offered quotation rate by major banks in the London interbank market for deposits in Dollars of principal amounts comparable to the Eurodollar Rate Loans for which the Eurodollar Rate is then being determined with maturities comparable to such Interest Period by (b) an amount equal to (1) one minus (2) the Applicable Reserve Requirement; provided that if any such rate determined pursuant to the preceding clauses (a)(x), (a)(y) or (a)(z) is below zero, the Eurodollar Rate will be deemed to be zero and (ii) 1.00% per annum.

Agent shall give prompt notice to the Borrowing Agent of the Eurodollar Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

“Eurodollar Rate Loan” shall mean the Term Loan at any time that bears interest based on the Eurodollar Rate.

“Event of Default” shall have the meaning set forth in Article X hereof.

“Excess Cash Flow” shall mean, for any fiscal year period, in each case for Borrowers on a Consolidated Basis, EBITDA for such fiscal year, minus each of the following, to the extent actually paid in cash during such fiscal year period, (i) Unfunded Capital Expenditures, (ii) taxes, and (iii) Debt Payments.

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

“Excluded Collateral” shall mean:

(i) [reserved]

(ii) any contract, instrument, chattel paper or any permit or license issued by a Governmental Body in which any Borrower has any right, title or interest if and to the extent such contract, instrument, chattel paper, permit or license includes a provision containing, or any applicable requirements of any Governmental Body contain, a restriction on assignment such that the creation of a security interest in the right, title or interest of such Borrower therein would be prohibited and would, in and of itself, cause or result in the termination thereof or a default thereunder enabling another person party to such contract, instrument, chattel paper, permit or license or any Governmental Body to enforce any remedy with respect thereto; provided, however, that the foregoing exclusion shall not apply if (i) such prohibition has been waived or such other person or Governmental Body has otherwise consented to the creation hereunder of a security interest in such contract, instrument, chattel paper, permit or license or (ii) such prohibition would be rendered ineffective pursuant to Sections 9-407(a) or 9-408(a) of the Uniform Commercial Code, as applicable, or any other applicable provision of the Uniform Commercial Code and as then in effect in any relevant jurisdiction, or any other applicable law (including applicable bankruptcy and insolvency law) or principles of equity; provided further that immediately upon the ineffectiveness, lapse or termination of any such provision or requirement of any such Governmental Body, the term “Collateral” shall include, and each Borrower shall be deemed to have granted a security interest in, all its rights, title and interests in and to such contract, instrument or chattel paper or any permit or license issued by a Governmental Body as if such provision had never been in effect; and provided further that the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect Agent’s unconditional continuing security interest in and to all rights, title and interests of Borrowers in or to any payment obligations or other rights to receive monies due or to become due under any such contract and in any such monies and other proceeds of such contract;

(iii) assets owned by any Borrower on the date hereof or hereafter acquired and any proceeds thereof that are subject to a Lien permitted by clause (h) of the definition of “Permitted Encumbrances” or, to the extent consisting of Liens of the type described, or a Lien permitted by clause (c) of the definition of “Permitted Encumbrances” securing Indebtedness permitted under Section 7.8, in each case to the extent and for so long as the contract or other agreement in which such Lien is granted (or the documentation providing for such Indebtedness) validly prohibits the creation of any other Lien on such assets and proceeds; and

(iv) any intent-to-use trademark application to the extent and for so long as creation by a Borrower of a security interest therein would result in the loss by such Borrower of any material rights therein.

Notwithstanding anything to the contrary and for the avoidance of doubt, Agent shall have a Lien, to the maximum extent permitted by law, in all rights incident or appurtenant to the FCC License and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of such FCC License or the stations to which such FCC License is assigned and, in each case, any general intangibles in respect thereof.

“Excluded Taxes” shall mean, with respect to Agent, any Lender, or any other recipient of any payment to be made by or on account of any obligation of the Borrowers hereunder, (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 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 Lender’s office is located, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which any Borrower is located, (c) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new Lender’s office) or is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with Section 3.9(f), 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 Borrowers with respect to such withholding tax pursuant to Section 3.8(a), and (d) any United States withholding tax imposed by FATCA.

“Executive Order No. 13224” shall mean the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

“FATCA” shall mean Sections 1471 through 1474 of the Code and any regulations or official interpretations thereof.

“Federal Funds Effective Rate” for any day shall mean the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Federal Funds Effective Rate” as of the date of this Agreement; provided, if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Federal Funds Effective Rate” for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

“Fee Letter” shall mean the fee letter, dated as of the Closing Date, among Agent and Borrowers.

“Fixed Charge Coverage Ratio” shall mean and include, with respect to any fiscal period, the ratio of (a) EBITDA, minus Unfunded Capital Expenditures made during such period, minus distributions and dividends (to a Person other than a Borrower) made in cash during such period, minus cash taxes paid during such period to (b) all Debt Payments made during such period.

“Flood Laws” shall mean all Applicable Laws relating to policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 or any substitute or replacement thereof.

“Foreign Lender” means any Lender that is organized under the laws of a jurisdiction other than that in which Borrowing Agent is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” of any Person, shall mean any Subsidiary of such Person that is not organized or incorporated in the United States or any State or territory thereof.

“Funded Debt” shall mean, with respect to any Person, without duplication, all Indebtedness for borrowed money evidenced by notes, bonds, debentures, or similar evidences of Indebtedness that by its terms matures more than one year from, or is directly or indirectly renewable or extendible at such Person’s option under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year from the date of creation thereof, and specifically including Capitalized Lease Obligations, current maturities of long-term debt, revolving credit and short term debt extendible beyond one year at the option of the debtor, and also including, in the case of Borrowers, the Obligations and, without duplication, Indebtedness consisting of guaranties of Funded Debt of other Persons.

“Funding Notice” means a notice substantially in the form of Exhibit 1.3.

“GAAP” shall mean generally accepted accounting principles in the United States of America in effect from time to time.

“GACP” shall have the meaning set forth in the preamble to this Agreement and shall extend to all of its successors and assigns.

“ General Intangibles ” shall mean and include as to each Borrower all of such Borrower’s general intangibles (as defined in the Uniform Commercial Code), whether now owned or hereafter acquired, including all payment intangibles, all choses in action, causes of action, corporate or other business records, inventions, designs, Intellectual Property, equipment formulations, manufacturing procedures, quality control procedures, trademark applications, goodwill, design rights, software, computer information, source codes, codes, records and updates, registrations, licenses, franchises, customer lists, tax refunds, tax refund claims, computer programs, all claims under guaranties, security interests or other security held by or granted to such Borrower to secure payment of any of the Receivables by a Customer (other than to the extent covered by Receivables) all rights of indemnification and all other intangible property of every kind and nature (other than Receivables).

“ Governmental Body ” shall mean any nation or government, any state or other political subdivision thereof or any entity, authority, agency, division or department exercising the legislative, judicial, regulatory or administrative functions of or pertaining to a government.

“ Guarantor ” shall mean any Subsidiary of the Borrowers (other than an Inactive Subsidiary) who may hereafter guarantee payment or performance of the whole or any part of the Obligations and “Guarantors” means collectively all such Persons.

“ Guarantor Security Agreement ” shall mean any security agreement executed by any Guarantor in favor of Agent securing the Obligations or the Guaranty of such Guarantor, in form and substance satisfactory to Agent.

“ Guaranty ” shall mean any guaranty of the Obligations executed by a Guarantor in favor of Agent for its benefit and for the ratable benefit of Lenders, in form and substance satisfactory to Agent.

“ Hazardous Discharge ” shall have the meaning set forth in Section 4.19(d) hereof.

“ Hazardous Substance ” shall mean, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, Hazardous Wastes, hazardous or Toxic Substances or related materials as defined in CERCLA, the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), RCRA or any other applicable Environmental Law and in the regulations adopted pursuant thereto.

“ Hazardous Wastes ” shall mean all waste materials subject to regulation under CERCLA, RCRA or applicable state law, and any other applicable Federal and state laws now in force or hereafter enacted relating to hazardous waste disposal.

“Indebtedness” shall mean, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of: (i) borrowed money; (ii) amounts received under or liabilities in respect of any note purchase or acceptance credit facility, and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (iii) all Capitalized Lease Obligations; (iv) reimbursement obligations (contingent or otherwise) under any letter of credit agreement, banker’s acceptance agreement or similar arrangement; (v) obligations under any Interest Rate Hedge or other interest rate management device, foreign currency exchange agreement, currency swap agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement; (vi) any other advances of credit made to or on behalf of such Person or other transaction (including forward sale or purchase agreements and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements including to finance the purchase price of property or services and all obligations of such Person to pay the deferred purchase price of property or services (but not including trade payables and accrued expenses incurred in the Ordinary Course of Business which are not represented by a promissory note or other evidence of indebtedness and which are not more than sixty (60) days past due or which are being Properly Contested); (vii) all Equity Interests of such Person subject to repurchase or redemption rights or obligations (excluding repurchases or redemptions at the sole option of such Person); (viii) all indebtedness, obligations or liabilities secured by a Lien on any asset of such Person, whether or not such indebtedness, obligations or liabilities are otherwise an obligation of such Person; (ix) all obligations of such Person for “earnouts”, purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts; (x) off-balance sheet liabilities and/or pension plan liabilities of such Person; (xi) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business; and (xii) any guaranty of any indebtedness, obligations or liabilities of a type described in the foregoing clauses (i) through (xi).

“Indemnified Taxes” shall mean Taxes other than Excluded Taxes.

“Installment Date” shall have the meaning set forth in Section 2.3(b) hereof.

“Installment” shall have the meaning set forth in Section 2.3(b) hereof.

“Intellectual Property” shall mean property constituting under any Applicable Law a patent, patent application, copyright, trademark, service mark, trade name, mask work, trade secret or license or other right to use any of the foregoing.

“Intellectual Property Claim” shall mean the assertion by any Person of a bona fide claim (whether asserted in writing, by action, suit or proceeding or otherwise) that any Borrower’s ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other property or asset is violative of any ownership of or right to use any Intellectual Property of such Person.

“Intercreditor Agreement” means that certain Intercreditor Agreement, dated as of even date herewith between Agent and PNC Agent.

“Interest Period” shall mean in connection with a Eurodollar Rate Loan, an interest period of one-, two- or three- months, as selected by the Borrowers in the Funding Notice or the applicable Conversion/Continuation Notice, (a) initially, commencing on the Closing Date (as provided in the Funding Notice) or Conversion/Continuation Date thereof, as the case may be and (b) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided, (i) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless no further Business Day occurs in such month, in which case such Interest Period shall expire on the immediately preceding Business Day; (ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (iii) of this definition, end on the last Business Day of a calendar month and (iii) no Interest Period with respect to any portion of the Term Loans shall extend beyond the Term.

“Interest Rate Determination Date” shall mean with respect to any Interest Period, the date that is two Business Days prior to the first day of such Interest Period.

“Interest Rate Hedge” shall mean an interest rate exchange, collar, cap, swap, adjustable strike cap, adjustable strike corridor or similar agreements entered into by any Borrower or its Subsidiaries in order to provide protection to, or minimize the impact upon, such Borrower, any Guarantor and/or their respective Subsidiaries of increasing floating rates of interest applicable to Indebtedness.

“Inventory” shall mean and include as to each Borrower all of such Borrower’s now owned or hereafter acquired inventory (as defined in the Uniform Commercial Code), and shall include in any event goods, merchandise and other personal property, wherever located, to be furnished under any consignment arrangement, contract of service or held for sale or lease, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in such Borrower’s business or used in selling or furnishing such goods, merchandise and other personal property, and all documents of title or other documents representing them.

“Investment Property” shall mean and include as to each Borrower, all of such Borrower’s now owned or hereafter acquired securities (whether certificated or uncertificated), securities entitlements, securities accounts, commodities contracts and commodities accounts, excluding, however, the Subsidiary Stock.

“Lender” and “Lenders” shall have the meaning ascribed to such term in the preamble to this Agreement and shall include each Person which becomes a transferee, successor or assign of any Lender.

“Lien” shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien (whether statutory or otherwise), Charge, claim or encumbrance, or preference, priority or other security agreement or preferential arrangement held in respect of any asset of any kind or nature whatsoever including any conditional sale or other title retention agreement, any lease having substantially the same economic effect as any of the foregoing, and the valid filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction.

“ Lien Waiver Agreement ” shall mean an agreement in form and substance reasonably acceptable to Agent which is executed in favor of Agent by a Person who owns or occupies premises at which any Collateral may be located from time to time and by which such Person shall waive (as set forth therein) any Lien that such Person may ever have with respect to any of the Collateral located at such premises and shall authorize Agent from time to time (as set forth therein) to enter upon the premises to inspect or remove such Collateral from such premises.

“ Liquidity ” shall mean the aggregate amount of unrestricted cash held by Borrowers in Blocked Accounts or Depository Accounts established at the Agent.

“ MA Personal Property ” shall mean all of Borrowers’ and Norwell’s fixtures, machinery or Equipment (and other property used solely in connection therewith) located at 2 Bert Drive #4, West Bridgewater, Massachusetts. For the avoidance of doubt, MA Personal Property shall not include any Term Loan Priority Collateral.

“ Material Adverse Effect ” shall mean a material adverse effect on (a) the condition (financial or otherwise), results of operations, assets, business, properties or prospects of the Borrowers, taken as a whole, (b) the Borrowers’ ability to duly and punctually pay or perform the Obligations in accordance with the terms thereof, (c) the value of the Collateral, or Agent’s Liens on the Collateral or the priority of any such Lien, or (d) the practical realization of the benefits of Agent’s and each Lender’s rights and remedies under this Agreement and the Other Documents.

“ Material Contract ” shall mean any contract, agreement, instrument, permit, lease or license, written or oral, of Borrowers, which are material to any Borrower’s business or which, the failure to comply with, could reasonably be expected to result in a Material Adverse Effect.

“ Maximum Term Loan Amount ” shall mean \$17,000,000.

“ Mortgage ” shall mean, collectively and individually as the context may require, the mortgage on the Real Property located at (i) 4811 Nashville Road, Bowling Green, Kentucky 42101 and (ii) 6690 and 6740 Shady Oak Road, Eden Prairie, Minnesota, 55344 in each case securing the Obligations, together with all extensions, renewals, amendments, supplements, modifications, substitutions and replacements thereto and thereof.

“ Multiemployer Plan ” shall mean a “multiemployer plan” as defined in Section 3(37) or 4001(a)(3) of ERISA to which contributions are required or, within the preceding five plan years, were required by any Borrower or any member of the Controlled Group.

“ Multiple Employer Plan ” shall mean a Plan which has two or more contributing sponsors (including any Borrower or any member of the Controlled Group) at least two of whom are not under common control, as such a plan is described in Section 4063 or 4064 of ERISA.

“ Net Insurance/Condemnation Proceeds ” shall mean an amount equal to: (a) any cash payments or proceeds received by any Borrower or any of its Subsidiaries (i) under any casualty or business interruption insurance policies in respect of any covered loss thereunder, or (ii) as a result of the taking of any assets of any Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (b) (i) any actual and reasonable costs incurred by any Borrower or any of its Subsidiaries in connection with the adjustment or settlement of any claims of such Borrower or such Subsidiary in respect thereof, and (ii) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (a)(ii) of this definition to the extent paid or payable to non- Affiliates, including, without limitation, sales, transfer and other similar taxes paid or payable, income taxes or gains taxes payable as a result of any gain or other similar taxes recognized in connection therewith.

“Norwell” shall mean Norwell Television, LLC, a Delaware limited liability company.

“Obligations” shall mean and include any and all loans (including without limitation, the Term Loan), advances, debts, liabilities, obligations, covenants and duties owing by any Borrower to Lenders or Agent or to any other direct or indirect subsidiary or affiliate of Agent or any Lender of any kind or nature, present or future (including any interest or other amounts accruing thereon, and any costs and expenses of any Person payable by Borrower and any indemnification obligations payable by Borrower arising or payable after maturity, or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to any Borrower, whether or not a claim for post-filing or post-petition interest or other amounts is allowable or allowed in such proceeding), whether or not evidenced by any note, guaranty or other instrument, whether arising under any agreement, instrument or document, (including this Agreement and the Other Documents) whether or not for the payment of money, whether arising by reason of an extension of credit, opening of a letter of credit, loan, equipment lease or guarantee, under any interest or currency swap, future, option or other similar agreement, or in any other manner, whether arising out of overdrafts or deposit or other accounts or electronic funds transfers (whether through automated clearing houses or otherwise) or out of Agent’s or any Lender’s non-receipt of or inability to collect funds or otherwise not being made whole in connection with depository transfer check or other similar arrangements, whether direct or indirect (including those acquired by assignment or participation), absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, regardless of how such indebtedness or liabilities arise or by what agreement or instrument they may be evidenced or whether evidenced by any agreement or instrument, including, but not limited to, any and all of any Borrower’s Indebtedness and/or liabilities under this Agreement, the Other Documents or under any other agreement between Agent or Lenders and any Borrower and any amendments, extensions, renewals or increases and all costs and expenses of Agent and any Lender incurred in the documentation, negotiation, modification, enforcement, collection or otherwise in connection with any of the foregoing, including but not limited to reasonable attorneys’ fees and expenses and all obligations of any Borrower to Agent or Lenders to perform acts or refrain from taking any action.

“Ordinary Course of Business” shall mean with respect to any Borrower, the ordinary course of such Borrower’s business substantially as conducted on the Closing Date or a reasonable extension or modification thereof.

“Organizational Documents” shall mean, with respect to any Person, any charter, articles or certificate of incorporation, certificate of organization, registration or formation, certificate of partnership or limited partnership, bylaws, operating agreement, limited liability company agreement, or partnership agreement of such Person and any and all other applicable documents relating to such Person’s formation, organization or entity governance matters (including any shareholders’ or equity holders’ agreement or voting trust agreement) and specifically includes, without limitation, any certificates of designation for preferred stock or other forms of preferred equity.

“Other Documents” shall mean the Mortgage, the Perfection Certificate, the Intercreditor Agreement, any Guaranty, any Guarantor Security Agreement, any Pledge Agreement and any and all other agreements, instruments and documents, including intercreditor agreements, guaranties, pledges, powers of attorney, consents, interest or currency swap agreements or other similar agreements and all other writings heretofore, now or hereafter executed by any Borrower or any Guarantor and/or delivered to Agent or any Lender in respect of the transactions contemplated by this Agreement.

“Other Taxes” shall have the meaning set forth in Section 16.5 hereof.

“Parent” of any Person shall mean a corporation or other entity owning, directly or indirectly at least 50% of the shares of stock or other ownership interests having ordinary voting power to elect a majority of the directors of the Person, or other Persons performing similar functions for any such Person.

“Participant” shall mean each Person who shall be granted the right by any Lender to participate in any of the Term Loan and who shall have entered into a participation agreement in form and substance satisfactory to such Lender.

“Payment Office” shall mean initially 11100 Santa Monica Blvd., Suite 800, Los Angeles, California 90025; thereafter, such other office of Agent, if any, which it may designate by notice to Borrowing Agent and to each Lender to be the Payment Office.

“PBGC” shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

“Pension Benefit Plan” shall mean at any time any “employee pension benefit plan” as defined in Section 3(2) of ERISA (including a Multiple Employer Plan, but not a Multiemployer Plan) which is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412, 430 or 436 of the Code and either (i) is maintained or to which contributions are required by any Borrower or any member of the Controlled Group; or (ii) has at any time within the preceding five years been maintained or to which contributions have been required by any Borrower or any entity which was at such time a member of the Controlled Group.

“Perfection Certificate” shall mean the Perfection Certificate provided by the Borrowers and delivered to Agent.

“Permitted Discretion” shall mean Agent’s commercially reasonable credit judgment exercised in good faith in accordance with customary business practices of Agent in connection with comparable asset-based lending facilities.

“ Permitted Encumbrances ” shall mean: (a) Liens in favor of Agent for the benefit of Agent and Lenders; (b) Liens for taxes, assessments or other governmental charges not delinquent for a period of more than 10 days or being Properly Contested, or for property taxes on property the Borrower or any Subsidiary has determined to abandon if the sole recourse for such tax, assessment, charge, levy or claim is to such property; (c) Liens disclosed on Schedule 1.2, provided that such Liens shall secure only those obligations which they secure on the Closing Date and shall not subsequently apply to any other property or assets of any Borrower other than the property and assets to which they apply as of the Closing Date (other than accessions thereto, improvements thereon and proceeds thereof); (d) deposits or pledges to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance, other than any Lien imposed by ERISA; (e) deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business; (f) Liens arising by virtue of the rendition, entry or issuance against any Borrower or any Subsidiary, or any property of any Borrower or any Subsidiary, of any judgment, writ, order, or decree for so long as each such Lien (I) is in existence for less than 20 consecutive days after it first arises or is being Properly Contested and (II) is at all times junior in priority to any Liens in favor of Agent; (g) mechanics', workers', materialmen's, carriers', repairmen's or other like Liens arising by operation of law or in the Ordinary Course of Business with respect to obligations which are not yet overdue for a period of more than 10 days or which are being Properly Contested; (h) Liens placed upon fixed or capital assets now existing or hereafter acquired to secure a portion of the purchase price thereof, provided that (I) any such lien shall not encumber any other property of any Borrower (other than accessions thereto, improvements thereon and proceeds thereof) and (II) the aggregate amount of Indebtedness secured by such Liens incurred as a result of such purchases during any fiscal year shall not exceed the amount provided for in Section 7.8(iv); (i) minor survey exceptions, minor encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, gas and oil pipelines and other similar purposes, or zoning, building codes or other restrictions (including without limitation, minor defects or irregularities in title and similar encumbrances), which do not in the aggregate interfere in any material respect with the Ordinary Course of Business of the Borrowers and their Subsidiaries; (j) any exceptions listed on Schedule B of the title insurance policies delivered to and accepted by, Agent and the Lenders under Section 8.1(f); (k) licenses, sublicenses or any other rights granted with respect to Intellectual Property in the Ordinary Course of Business; (l) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not materially interfere with the ordinary conduct of the business; (m) Landlords' and lessors' statutory Liens; (n) Liens arising solely by virtue of any statutory or common law provisions relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with depository institutions; (o) Liens arising from precautionary Uniform Commercial Code filings regarding “true” operating leases or, to the extent permitted under this Agreement, the consignment of goods to a Borrower or a Guarantor; (p) Liens in favor of customs and revenues authorities imposed by applicable Law arising in the ordinary course of business in connection with the importation of goods; (q) Liens securing Indebtedness permitted by Section 7.8(v) or Section 7.8(vi); (s) restrictive covenants affecting the use to which real property may be put; provided that the covenants are complied with; (t) zoning by-laws and other land use restrictions, including, without limitation, site plan agreements, development agreements and contract zoning agreements; (u) Liens (other than Liens in respect of the PNC Obligations) that are junior to the liens in favor of Agent securing indebtedness in an amount not to exceed \$500,000; (v) Liens disclosed on Schedule 1.2 in favor of any credit card processor arising in the Ordinary Course of Business under the applicable credit card arrangement and solely with respect to (i) any items returned by a Customer who purchased such items thereunder, (ii) any reserve accounts established pursuant thereto or (iii) set off rights in favor of the applicable credit card processor solely relating to any payments due to any Borrower thereunder; (w) [reserved]; and (x) Liens, subject to the terms of the Intercreditor Agreement, in respect of the PNC Obligations, the PNC Credit Agreement and the other PNC Documents.

“Person” shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, limited liability partnership, institution, public benefit corporation, joint venture, entity or Governmental Body (whether federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

“Plan” shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA which is (i) a Pension Benefit Plan, (ii) a Multiemployer Plan or (iii) a Welfare Plan (within the meaning of Section 3(1) of ERISA) which provides for self-insured benefits and which is maintained by any Borrower or any member of the Controlled Group or to which any Borrower or any member of the Controlled Group is required to contribute.

“Pledge Agreement” shall mean that certain Collateral Pledge Agreement executed by Borrowing Agent in favor of Agent dated as of the Closing Date and any other pledge agreements executed subsequent to the Closing Date by any other Person to secure the Obligations.

“PNC Agent” means PNC Bank, National Association, as agent for the Lenders (as defined in the PNC Credit Agreement).

“PNC Credit Agreement” means that certain Credit Agreement, dated as of February 9, 2012, by and among the Borrowers, the Lenders (as defined therein) party thereto and PNC Agent, as amended, modified, supplemented or restated from time to time in accordance with the terms thereof (subject to the Intercreditor Agreement).

“PNC Documents” means the PNC Credit Agreement and the “Other Documents” as such term is defined in the PNC Credit Agreement and any documents, instruments and agreements entered into in connection with any amendment, supplement, restatement, replacement or refinancing thereof, as amended, modified, supplemented or restated from time to time in accordance with the terms of the PNC Credit Agreement, this Agreement, and the Intercreditor Agreement.

“PNC Obligations” means “Obligations” as such term is defined in the PNC Credit Agreement and subject to the terms of the Intercreditor Agreement.

“PNC Priority Collateral” has the meaning assigned to it in the Intercreditor Agreement.

“ Prepayment Premium ” means, with respect to any prepayment (except as provided in Section 2.3) of the Term Loan, the following amount, as applicable: (a) if such prepayment is made on or before the first anniversary of the Closing Date, an amount equal to 3% of the principal amount of the Term Loan prepaid on such date; (b) if such prepayment is made after the first anniversary of the Closing Date but on or before the second anniversary of the Closing Date, an amount equal to 2% of the principal amount of the Term Loan prepaid on such date; (c) if such prepayment occurs after the second anniversary of the Closing Date but on or before the third anniversary of the Closing Date, an amount equal to 1% of the principal amount of the Term Loan prepaid on such date; and (d) if such prepayment occurs after the third anniversary of the Closing Date, an amount equal to 0% of the principal amount of the Term Loan prepaid on such date.

“ Prime Rate ” means the rate of interest quoted in *The Wall Street Journal* , Money Rates Section as the Prime Rate, as in effect from time to time. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Agent or any other Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Rate.

“ Pro Forma Balance Sheet ” shall have the meaning set forth in Section 5.5(a) hereof.

“ Pro Forma Financial Statements ” shall have the meaning set forth in Section 5.5(b) hereof.

“ Pro Rata Share ” or “ pro rata share ” means with respect to all payments, computations, other matters relating to the Term Loan of any Lender and for all other purposes with respect to each Lender, the percentage obtained by dividing (a) the Term Loan Exposure of that Lender, by (b) the aggregate Term Loan Exposure of all Lenders.

“ Projections ” shall have the meaning set forth in Section 5.5(b) hereof.

“ Properly Contested ” shall mean, in the case of any Taxes, Indebtedness (including trade payables to the extent applicable) or Lien, as applicable, of any Person that is not paid as and when due or payable by reason of such Person’s bona fide dispute concerning its liability to pay same or concerning the amount thereof: (i) such Taxes, Indebtedness (including trade payables to the extent applicable) or Lien, as applicable, is being properly contested in good faith by appropriate proceedings promptly instituted and diligently conducted; (ii) such Person has established appropriate reserves as shall be required in conformity with GAAP; (iii) the non-payment of such Taxes or Indebtedness will not have a Material Adverse Effect and will not result in the forfeiture of any assets of such Person; (iv) no Lien is imposed upon any of such Person’s assets with respect to such Taxes or Indebtedness (including trade payables to the extent applicable) unless such Lien is at all times junior and subordinate in priority to the Liens in favor of Agent (except only with respect to property taxes that have priority as a matter of applicable state law) and enforcement of such Lien is stayed during the period prior to the final resolution or disposition of such dispute; (v) if such Taxes, Indebtedness (including trade payables to the extent applicable) or Lien, as applicable, results from, or is determined by the entry, rendition or issuance against a Person or any of its assets of a judgment, writ, order or decree, enforcement of such judgment, writ, order or decree is stayed pending a timely appeal or other judicial review; and (vi) if such contest is abandoned, settled or determined adversely (in whole or in part) to such Person, such Person forthwith pays such Taxes or Indebtedness (including trade payables to the extent applicable) and all penalties, interest and other amounts due in connection therewith.

“ Purchasing Lender ” shall have the meaning set forth in Section 16.3(c) hereof.

“ RCRA ” shall mean the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as same may be amended from time to time.

“ Real Property ” shall mean all of each Borrower’s right, title and interest in and to the owned and leased premises identified on Schedule 4.5 hereto or which is hereafter owned or leased by any Borrower.

“ Receivables ” shall mean and include, as to each Borrower, all of such Borrower’s accounts (as defined in the Uniform Commercial Code), contract rights, instruments (including those evidencing indebtedness owed to such Borrower by its Affiliates), documents (as defined in the Uniform Commercial Code), chattel paper (including electronic chattel paper) (as defined in the Uniform Commercial Code), general intangibles relating to accounts, drafts and acceptances, credit card receivables and all other forms of obligations owing to such Borrower arising out of or in connection with the sale or lease of Inventory or the rendition of services by such Borrower, all supporting obligations (as defined in the Uniform Commercial Code), guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created, and whether or not specifically sold or assigned to Agent hereunder.

“ Refinancing Indebtedness ” shall mean, in respect of any Indebtedness (the “ Original Indebtedness ”), any Indebtedness that extends, renews or refinances such Original Indebtedness (or any Refinancing Indebtedness in respect thereof); provided that (a) the principal amount of such Refinancing Indebtedness shall not exceed the principal amount of such Original Indebtedness (including any unutilized commitments thereunder) except by an amount no greater than accrued and unpaid interest with respect to such Original Indebtedness and any reasonable fees, premium and expenses relating to such extension, renewal or refinancing; (b) the stated final maturity of such Refinancing Indebtedness shall not be earlier than that of such Original Indebtedness, and such stated final maturity shall not be subject to any conditions that could result in such stated final maturity occurring on a date that precedes the stated final maturity of such Original Indebtedness; (c) the weighted average life to maturity of such Refinancing Indebtedness shall be longer than the weighted average life to maturity of such Original Indebtedness remaining as of the date of such extension, renewal or refinancing; (d) such Refinancing Indebtedness shall not constitute an obligation (including pursuant to a guarantee) of any Subsidiary that shall not have been (or, in the case of after-acquired Subsidiaries, shall not have been required to become) an obligor in respect of such Original Indebtedness, and shall not constitute an obligation of a Borrower if such Borrower shall not have been an obligor in respect of such Original Indebtedness, and, in each case, shall constitute an obligation of such Subsidiary or of such Borrower only to the extent of their obligations in respect of such Original Indebtedness; (e) if such Original Indebtedness shall have been subordinated (payment and/or lien) to the Obligations, such Refinancing Indebtedness shall also be subordinated to the Obligations on terms not less favorable in any material respect to the Lenders; (f) such Refinancing Indebtedness shall not be secured by any Lien on any asset other than the assets that secured such Original Indebtedness (or would have been required to secure such Original Indebtedness pursuant to the terms thereof) or, in the event Liens securing such Original Indebtedness shall have been contractually subordinated to any Lien securing the Obligations, by any Lien that shall not have been contractually subordinated to at least the same extent; and (g) in the event that the authorized representative with respect to such Original Indebtedness shall have been party to the Intercreditor Agreement, then the authorized representative with respect to such Refinancing Indebtedness shall have become party to the Intercreditor Agreement.

“Register” shall have the meaning set forth in Section 16.3(e) hereof.

“Release” shall have the meaning set forth in Section 5.7(c)(i) hereof.

“Reportable Compliance Event” shall mean that any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned or custodially detained, or receives a written inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers that its operations are in violation of any Anti-Terrorism Law.

“Reportable Event” shall mean a reportable event described in Section 4043 of ERISA or the regulations promulgated thereunder.

“Required Lenders” shall mean Lenders having or holding Term Loan Exposure and representing at least 50.1% of the aggregate Term Loan Exposure of all Lenders.

“Sanctioned Country” shall mean a country subject to a sanctions program maintained by any Compliance Authority.

“Sanctioned Person” shall mean any individual person, group, regime, entity or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise specially designated under, any sanctions program maintained by any Compliance Authority.

“SEC” shall mean the Securities and Exchange Commission or any successor thereto.

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

“Shareholder Agreement” shall mean that certain Amended and Restated Shareholder Agreement dated February 25, 2009 by and among Evine, GE Capital Investments, Inc. and NBC Universal, Inc. and any amendment and restatement thereof so long as any such amendment or restatement is permitted pursuant to Section 7.10 of this Agreement.

“Subsidiary” of any Person shall mean a corporation or other entity of whose Equity Interests having ordinary voting power (other than Equity Interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other Persons performing similar functions for such entity, are owned, directly or indirectly, by such Person.

“Subsidiary Stock” shall mean all of the issued and outstanding Equity Interests of any Subsidiary owned by any Borrower (not to exceed 65% of the Equity Interests of any Foreign Subsidiary).

“Taxes” shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Body, including any interest, additions to tax or penalties applicable thereto.

“Term” shall have the meaning set forth in Section 13.1 hereof.

“Term Loan” shall mean all amounts advanced under Section 2.3 hereof.

“Term Loan Commitment” shall mean, as to any Lender, the obligation of such Lender (if applicable), to fund a portion of the Term Loan in an aggregate principal equal to the Term Loan Commitment of such Lender set from below such Lenders’ name on the signature page hereof (or, in the case of any Lender that becomes party to this Agreement after the Closing Date pursuant to Section 16.3(c) hereof). The aggregate amount of the Term Loan Commitments as of the Closing Date is \$17,000,000.

“Term Loan Exposure” means, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Term Loans of such Lender; provided, at any time prior to the making of the Term Loans, the Term Loan Exposure of any Lender shall be equal to such Lender’s Term Loan Commitment.

“Term Loan Priority Collateral” shall have the meaning assigned to it in the Intercreditor Agreement.

“Term Loan Rate” shall mean an interest rate per annum equal to the (a) sum of the Alternate Base Rate plus the Applicable Margin with respect to Term Loans that are Domestic Rate Loans and (b) the sum of the Eurodollar Rate plus the Applicable Margin with respect to Term Loans that are Eurodollar Rate Loans.

“Term Loan Transfer Supplement” shall mean a document in the form of Exhibit 16.3 hereto, properly completed and otherwise in form and substance satisfactory to Agent.

“Term Note” shall mean the promissory note described in Section 2.2(b) hereof.

“Termination Event” shall mean: (i) a Reportable Event with respect to any Pension Benefit Plan; (ii) the withdrawal of any Borrower or any member of the Controlled Group from a Pension Benefit Plan during a plan year in which such entity 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; (iii) the providing of notice of intent to terminate a Pension Benefit Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution by the PBGC of proceedings to terminate a Plan; (v) any event or condition (a) which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (b) that may result in termination of a Multiemployer Plan pursuant to Section 4041A of ERISA; (vi) the partial or complete withdrawal, within the meaning of Section 4203 or 4205 of ERISA, of any Borrower or any member of the Controlled Group from a Multiemployer Plan; (vii) notice that a Mutiemployer Plan is subject to Section 4245 of ERISA; or (viii) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent, upon any Borrower or any member of the Controlled Group.

“Toxic Substance” shall mean and include any material present on the Real Property which has been shown to have significant adverse effect on human health or which is subject to regulation under the TSCA, applicable state law, or any other applicable Federal or state laws now in force or hereafter enacted relating to toxic substances. “Toxic Substance” includes but is not limited to asbestos, polychlorinated biphenyls (PCBs) and lead-based paints.

“Trading with the Enemy Act” shall mean the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any enabling legislation or executive order relating thereto.

“Transferee” shall have the meaning set forth in Section 16.3(c) hereof.

“TSCA” shall mean the Toxic Substances Control Act (TSCA), 15 U.S.C. §§ 2601 et seq.

“Unfunded Capital Expenditures” shall mean Capital Expenditures made through Revolving Advances (as defined in the PNC Credit Agreement as in effect on the date hereof) or out of Borrowers’ own funds other than through equity contributed subsequent to the Closing Date or purchase money or other financing or lease transactions permitted hereunder.

“Uniform Commercial Code” shall have the meaning set forth in Section 1.3 hereof.

“USA PATRIOT Act” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

“Value Pay Plan” shall mean that certain purchase plan offered by Borrowers to consumer Customers pursuant to which a consumer Customer may be approved to purchase Inventory through a payment plan of up to six (6) payments over five (5) months.

“Week” shall mean the time period commencing with the opening of business on a Wednesday and ending on the end of business the following Tuesday.

1.3. Uniform Commercial Code Terms. All terms used herein and defined in the Uniform Commercial Code as adopted in the State of New York from time to time; provided, however, that, at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of Agent’s and the Lenders’ security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term “Uniform Commercial Code” shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions (the “Uniform Commercial Code”) shall have the meaning given therein unless otherwise defined herein. Without limiting the foregoing, the terms “accounts”, “chattel paper”, “commercial tort claims”, “instruments”, “general intangibles”, “goods”, “payment intangibles”, “proceeds”, “supporting obligations”, “securities”, “investment property”, “documents”, “deposit accounts”, “software”, “letter of credit rights”, “inventory”, “equipment” and “fixtures”, as and when used in the description of Collateral shall have the meanings given to such terms in Articles 8 or 9 of the Uniform Commercial Code. To the extent the definition of any category or type of collateral is expanded by any amendment, modification or revision to the Uniform Commercial Code, such expanded definition will apply automatically as of the date of such amendment, modification or revision.

1.4. Certain Matters of Construction. The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise provided, all references to any instruments or agreements to which Agent is a party, including references to any of the Other Documents, shall include any and all modifications, supplements or amendments thereto, any and all restatements or replacements thereof and any and all extensions or renewals thereof. All references herein to the time of day shall mean the time in New York, New York. Unless otherwise provided, all financial calculations shall be performed with Inventory valued on an average cost basis. Whenever the words “including” or “include” shall be used, such words shall be understood to mean “including, without limitation” or “include, without limitation”. A Default or Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement; and an Event of Default shall “continue” or be “continuing” until such Event of Default has been waived in writing by the Required Lenders or all Lenders, as applicable. Any Lien referred to in this Agreement or any of the Other Documents as having been created in favor of Agent, any agreement entered into by Agent pursuant to this Agreement or any of the Other Documents, any payment made by or to or funds received by Agent pursuant to or as contemplated by this Agreement or any of the Other Documents, or any act taken or omitted to be taken by Agent, shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of Agent and Lenders. Wherever the phrase “to the best of Borrowers’ knowledge” or words of similar import relating to the knowledge or the awareness of any Borrower are used in this Agreement or Other Documents, such phrase shall mean and refer to (i) the actual knowledge of a senior officer of any Borrower or (ii) the knowledge that a senior officer would have obtained following reasonable inquiry. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

1.5. Fiscal Periods. For purposes hereunder, whenever a provision of this Agreement refers to a quarter ending April 30, July 31, October 31 or January 31 or a fiscal year ending January 31, such references shall mean the actual date which corresponds with the end of Borrower's fiscal quarter or fiscal year based on Borrower's accounting cycle.

II. TERM LOANS, PAYMENTS.

2.1. Term Loan. Subject to the terms and conditions hereof, each Lender severally agrees to make, on the Closing Date, a Term Loan to Borrowers in an amount equal to such Lender's Term Loan Commitment. Borrowers may make only one borrowing under the Term Loan Commitment, which shall be on the Closing Date. Any amount borrowed under this Section 2.3 and subsequently repaid or prepaid may not be reborrowed. All outstanding amounts owed hereunder with respect to the Term Loan shall be paid in full no later than the Term. Each Lender's Term Loan Commitment shall terminate immediately and without further action on the Closing Date after giving effect to the funding of such Lender's Term Loan Commitment on such date.

2.2. Borrowing Mechanics for the Term Loan.

(a) Borrowing Agent shall deliver to Agent a fully executed Funding Notice no later than 10:00 a.m. (New York City time) (i) one (1) Business Day prior to the Closing Date for Domestic Rate Loans and (ii) three (3) Business Days' prior to the Closing Date for Eurodollar Rate Loan, in each case, made on the Closing Date. A Funding Notice for a Term Loan that is a Eurodollar Rate Loan shall be irrevocable on and after the related Interest Rate Determination Date, and Borrowers shall be bound to make a borrowing in accordance therewith. Promptly upon receipt by Agent of such Funding Notice, Agent shall notify each Lender of the proposed borrowing.

(b) Each Lender shall make its Term Loan available to Agent not later than 10:00 a.m. (New York City time) on the Closing Date, by wire transfer of same day funds in Dollars, at Agent's principal office. Upon satisfaction or waiver of the conditions precedent specified herein, Agent shall make the proceeds of the Term Loans available to Borrowers on the Closing Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Term Loan received by Agent from Lenders to be credited to any account of Borrowing Agent as may be designated in writing to Agent by Borrowing Agent. The Term Loan shall be evidenced by one or more secured promissory notes (collectively, the "Term Note") in substantially the form attached hereto as Exhibit 2.3.

2.3. Repayment of Term Loan.

(a) The Term Loan shall be due and payable in full on the last day of the Term subject to earlier prepayment as herein provided. Each payment (including each prepayment) by any Borrower on account of the principal of and interest on the Term Loan shall be applied to the Term Loans in the inverse order of maturities thereof (for the avoidance of doubt, any amount that is due and payable on the last day of the Term shall constitute an installment).

(b) Scheduled Installments. The Borrowers hereby unconditionally promise to pay to Agent for the ratable account of each Lender principal amounts of the Term Loans in consecutive monthly installments on the last Business Day of each calendar month (each, an "Installment Date"), commencing April 1, 2016, of \$70,833.34 each (each, an "Installment") and on the Term, the aggregate principal amount of all Term Loan outstanding on such date.

(c) Mandatory Prepayments.

(i) Asset Sales. Subject to Section 4.3 hereof, when any Borrower sells or otherwise disposes of any Collateral (including any sale or other disposition of any FCC License (or the equity of the entity that directly or indirectly holds any FCC License)) other than Inventory in the Ordinary Course of Business or licenses of Intellectual Property granted in the Ordinary Course of Business, Borrowers shall cause (x) one-hundred percent (100%) of the net cash proceeds (i.e., gross cash proceeds less the reasonable costs of such sales or other dispositions) received in connection with such sale or disposition (other than a sale or disposition of the MA Personal Property) and (y) fifty percent (50%) of the net proceeds of the sale of the Borrowers' MA Personal Property, in each case, to be applied to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof. The foregoing shall not be deemed to be implied consent to any such sale otherwise prohibited by the terms and conditions hereof. Each prepayment of the Term Loan made pursuant to this Section 2.3(c)(i), other than from the proceeds of sale or other disposition of any FCC License (or the equity of the entity that directly or indirectly holds any FCC License), shall not require any Prepayment Premium. Each prepayment of the Term Loan made pursuant to this Section 2.3(c)(i) from the proceeds of sale or other disposition of any FCC License (or the equity of the entity that directly or indirectly holds any FCC License) shall be accompanied by any applicable Prepayment Premium. It is understood and agreed that (x) the proceeds of PNC Priority Collateral shall not be applied as provided above so long as PNC Obligations remain outstanding in compliance with the Intercreditor Agreement and such amounts are applied in accordance with the terms of the PNC Credit Agreement as in effect on the date hereof to reduce the PNC Obligations, (y) the Term Loan Priority Collateral (including the Boston FCC License (or the equity of the entity that directly or indirectly holds any such Boston FCC License)) are not PNC Priority Collateral and the proceeds thereof shall be used to mandatorily prepay the Term Loan and not any loans or obligations under the PNC Credit Agreement.

(ii) Excess Cash Flow. Borrowers shall prepay the outstanding amount of the Term Loan in an amount equal to fifty percent (50%) of Excess Cash Flow (with any such payment not to exceed \$2,500,000) for each fiscal year commencing with the fiscal year ending January 31, 2017, payable within thirty days after delivery of the financial statements to Agent referred to in and required by Section 9.7 for such fiscal year but in any event not later than one hundred and fifty (150) days after the end of each such fiscal year, which amount shall be applied to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof; provided that so long as Borrowers are required to make an "Excess Cash Flow" mandatory prepayment required under Section 2.21(b) of the PNC Credit Agreement as in effect on the date hereof and such payments are applied to reduce the then outstanding amount of the Term Loans (as defined in the PNC Credit Agreement as in effect on the date hereof), the Borrower may make such pre-payment in an aggregate amount not to exceed \$2,000,000 for any fiscal year so long as such prepayment is actually applied to reduce the outstanding amount of the Term Loans (as defined in the PNC Credit Agreement as in effect on the date hereof). In the event that the financial statements are not so delivered, then a calculation based upon estimated amounts shall be made by Agent upon which calculation Borrowers shall make the prepayment required by this Section 2.7(b), subject to adjustment when the financial statements are delivered to Agent as required hereby. The calculation made by Agent shall not be deemed a waiver of any rights Agent or Lenders may have as a result of the failure by Borrowers to deliver such financial statements. Each prepayment of the Term Loan made pursuant to this Section 2.3(c)(ii) shall not require any Prepayment Premium.

(iii) Insurance/Condemnation Proceeds. No later than one (1) Business Day following the date of receipt by any Borrower or any of its Subsidiaries, or Agent as loss payee, of any Net Insurance/Condemnation Proceeds, Borrowers shall prepay the Term Loan in an aggregate amount equal to such Net Insurance/Condemnation Proceeds, which amount shall be applied to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof; provided, (i) so long as no Default or Event of Default shall have occurred and be continuing, and (ii) Borrowers shall have the option, directly or through one or more of its Subsidiaries to invest such Net Insurance/Condemnation Proceeds (other than proceeds of Boston FCC License (or the equity of the entity that directly or indirectly holds any such Boston FCC License)) within one hundred eighty (180) days of receipt thereof to repair, restore or replace the assets giving rise to such Net Insurance/Condemnation Proceeds. Each prepayment of the Term Loan made pursuant to this Section 2.3(c)(iii) shall not require any Prepayment Premium. It is understood and agreed that (x) the proceeds of PNC Priority Collateral shall not be applied as provided above so long as PNC Obligations remain outstanding in compliance with the Intercreditor Agreement and such amounts are applied in accordance with the terms of the PNC Credit Agreement as in effect on the date hereof to reduce the PNC Obligations and (y) the Term Loan Priority Collateral (including the Boston FCC License (or the equity of the entity that directly or indirectly holds any such Boston FCC License)) are not PNC Priority Collateral and the proceeds thereof shall be used to mandatorily prepay the Term Loan and not any loans or obligations under the PNC Credit Agreement.

(iv) Tax Refunds. No later than one (1) Business Day following the date of receipt by any Borrower or any of its Subsidiaries of any tax refunds, Borrowers shall prepay the Term Loan in an aggregate amount equal to such tax refunds, which amount shall be applied to the outstanding principal installments of the Term Loan in the inverse order of the maturities thereof; provided that so long as any such tax refunds are applied to repay PNC Obligations that remain outstanding in compliance with the Intercreditor Agreement and such amounts are applied in accordance with the terms of the PNC Credit Agreement as in effect on the date hereof to reduce the PNC Obligations such amounts shall not be required to reduce the Term Loan. Each prepayment of the Term Loan made pursuant to this Section 2.3(c)(iv) shall not require any Prepayment Premium.

(d) Voluntary Prepayments. Borrowers may, upon at least 10 Business Days' prior written notice to Agent, ratably prepay the principal of the Term Loans, in whole or in part. Each prepayment made pursuant to this Section 2.3(d) shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid. Each such prepayment shall be ratably applied against the remaining installments of principal due on the Term Loan in the inverse order of maturity (for the avoidance of doubt, any amount that is due and payable on the Maturity Date shall constitute an installment). Each prepayment of the Term Loan made pursuant to this Section 2.3(d) shall be accompanied by any applicable Prepayment Premium.

(e) Each Borrower recognizes that the amounts evidenced by checks, notes, drafts or any other items of payment relating to and/or proceeds of Collateral may not be collectible by Agent on the date received. In consideration of Agent's agreement to conditionally credit Borrowers' Account as of the next Business Day following Agent's receipt of those items of payment, each Borrower agrees that, in computing the charges under this Agreement, after the delivery of a notice of Event of Default, all items of payment shall be deemed applied by Agent on account of the Obligations one (1) Business Day after (i) the Business Day following Agent's receipt of such payments via wire transfer or electronic depository check or (ii) in the case of payments received by Agent in any other form, the Business Day such payment constitutes good funds in Agent's account. Agent is not, however, required to credit Borrowers' Account for the amount of any item of payment which is unsatisfactory to Agent and Agent may charge Borrowers' Account for the amount of any item of payment which is returned to Agent unpaid.

(f) All payments of principal, interest and other amounts payable hereunder, or under any of the Other Documents shall be made to Agent at the Payment Office not later than 1:00 p.m. (New York time) on the due date therefor in lawful money of the United States of America in federal funds or other funds immediately available to Agent.

(g) Except as contemplated by Section 3.10, Borrowers shall pay principal, interest, and all other amounts payable hereunder, or under any related agreement, without any deduction whatsoever, including, but not limited to, any deduction for any setoff or counterclaim.

2.4. Borrowers' Account. Agent shall maintain, in accordance with its customary procedures, a loan account ("Borrowers' Account") in the name of Borrowers in which shall be recorded the date and amount of the Term Loan made by the Lenders and the date and amount of each payment in respect thereof; provided, however, the failure by Agent to record the date and amount of the Term Loan shall not adversely affect Agent or any Lender. The Borrowers' Account shall be deemed correct and binding upon Borrowers in the absence of manifest error and shall constitute an account stated between Lenders and Borrowers. The records of Agent with respect to the loan account shall be conclusive evidence absent manifest error of the amounts of the Term Loan and other charges thereto and of payments applicable thereto.

2.5. Additional Payments. Any sums expended by Agent or any Lender due to any Borrower's failure to perform or comply with its obligations under this Agreement or any Other Document including any Borrower's obligations under Sections 4.2, 4.4, 4.12, 4.13, 4.14, 4.20 and 6.1 hereof shall be added to the Obligations and shall be immediately payable, without demand.

2.6. Manner of Payment.

(a) Except as expressly provided herein, all payments (including prepayments) to be made by any Borrower on account of principal, interest and fees shall be made without set off or counterclaim and shall be made to Agent on behalf of the Lenders to the Payment Office, in each case on or prior to 1:00 p.m., New York time, in Dollars and in immediately available funds.

(b) If any Lender or Participant (a "Benefited Lender") shall at any time receive any payment of all or part of its Term Loan or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily or by set-off) in a greater proportion than any such payment to and Collateral received by any other Lender, if any, in respect of such other Lender's Term Loan, or interest thereon, and such greater proportionate payment or receipt of Collateral is not expressly permitted hereunder, such Benefited Lender shall purchase for cash from the other Lenders a participation in such portion of each such other Lender's Term Loan, or shall provide such other Lender with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each of the other Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. Each Lender so purchasing a portion of another Lender's Term Loan may exercise all rights of payment (including rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

2.7. Borrowers' Account. Borrowers may, upon at least 10 Business Days' prior written notice to Agent, ratably prepay the principal of the Term Loan, in whole or in part. Each prepayment made pursuant to this Section 2.7 shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid. Each such prepayment shall be ratably applied against the remaining installments of principal due on the Term Loans in the inverse order of maturity (for the avoidance of doubt, any amount that is due and payable on the last day of the Term shall constitute an installment). Each prepayment of the Term Loan made pursuant to this Section 2.7 shall be accompanied by any applicable Prepayment Premium.

2.8. Use of Proceeds.

(a) Borrowers shall apply the proceeds of the Term Loan to (i) pay fees and expenses relating to this transaction and (ii) provide for its working capital needs and general corporate purposes.

(b) Neither the Borrowers, the Guarantors nor any other Person which may in the future become party to this Agreement or the Other Documents as a Borrower or Guarantor, intends to use nor shall they use any portion of the proceeds of the Term Loan, directly or indirectly, for any purpose in violation of the Trading with the Enemy Act.

III. INTEREST AND FEES.

3.1. Interest. Interest on the Term Loan shall be payable in arrears on the first Business Day of each month with respect to Domestic Rate Loans and, with respect to Eurodollar Rate Loans, at the earlier of (a) in arrears on the first Business Day of each month or (b) the end of the Interest Period. Interest charges shall be computed on the actual principal amount of the Term Loan outstanding during the month at a rate per annum equal to the Term Loan Rate. Whenever, subsequent to the date of this Agreement, the Alternate Base Rate is increased or decreased, the Term Loan Rate for Domestic Rate Loans shall be similarly changed without notice or demand of any kind by an amount equal to the amount of such change in the Alternate Base Rate during the time such change or changes remain in effect. The Eurodollar Rate shall be adjusted with respect to Eurodollar Rate Loans without notice or demand of any kind on the effective date of any change in the Applicable Reserve Requirement as of such effective date. Upon and after the occurrence of an Event of Default and notice by Agent to the Borrowers, and during the continuation thereof, at the option of Agent or at the direction of Required Lenders, (i) the Obligations in respect of principal of Term Loan (and any past due amounts) other than Eurodollar Rate Loans shall bear interest at the Term Loan Rate for Domestic Rate Loans plus two percent (2%) per annum and (ii) Eurodollar Rate Loans shall bear interest at the Term Loan Rate for Eurodollar Rate Loans plus two percent (2%) per annum (as applicable, the "Default Rate").

3.2. Basis of Determining Interest. The basis for determining the rate of interest with respect to the Term Loan, and the Interest Period with respect to any Eurodollar Rate Loans, shall be selected by Borrowing Agent and notified to Agent and Lenders pursuant to the applicable Funding Notice or Conversion/Continuation Notice, as the case may be. Borrowing Agent shall deliver a Conversion/Continuation Notice to Agent no later than 10:00 a.m. (New York City time) at least one (1) Business Day in advance of the proposed conversion date (in the case of a conversion to a Domestic Rate Loan) and at least three (3) Business Days in advance of the proposed conversion/continuation date (in the case of a conversion to, or a continuation of, a Eurodollar Rate Loans). A Conversion/Continuation Notice for conversion to, or continuation of, any Eurodollar Rate Loans (or telephonic notice in lieu thereof) shall be irrevocable on and after the related Interest Rate Determination Date, and Borrowers shall be bound to effect a conversion or continuation in accordance therewith. If on any day the Term Loan is outstanding with respect to which a Funding Notice or Conversion/Continuation Notice has not been delivered to Agent in accordance with the terms hereof specifying the applicable basis for determining the rate of interest, then for that day the Term Loan shall be a Domestic Rate Loan. In the event Borrowing Agent fails to specify between a Domestic Rate Loan or a Eurodollar Rate Loans in the applicable Funding Notice or Conversion/Continuation Notice, the Term Loan (if outstanding as a Eurodollar Rate Loans) will be automatically converted into a Domestic Rate Loan on the last day of the then-current Interest Period for the Term Loan (or if outstanding as a Domestic Rate Loan will remain as a Domestic Rate Loan). In the event Borrower Agent fails to specify an Interest Period for any Eurodollar Rate Loans in the applicable Funding Notice or Conversion/Continuation Notice, Borrowers shall be deemed to have selected an Interest Period of one month. From and after the date an Event of Default occurs and is continuing, at the election of Agent or the Required Lenders, the Term Loan (if outstanding as a Eurodollar Rate Loans) will be automatically converted into a Domestic Rate Loan on the last day of the then-current Interest Period for the Term Loan.

3.3. Fee Letter. Borrowers shall pay the amounts required to be paid in the Fee Letter in the manner and at the times required by the Fee Letter.

3.4. Computation of Interest and Fees. Interest and fees hereunder shall be computed on the basis of a year of 360 days and for the actual number of days elapsed. If any payment to be made hereunder becomes due and payable on a day other than a Business Day, the due date thereof shall be extended to the next succeeding Business Day and interest thereon shall be payable at the Term Loan Rate for Domestic Rate Loans during such extension.

3.5. Maximum Charges. In no event whatsoever shall interest and other charges charged hereunder exceed the highest rate permissible under law. In the event interest and other charges as computed hereunder would otherwise exceed the highest rate permitted under law, such excess amount shall be first applied to any unpaid principal balance owed by Borrowers, and if the then remaining excess amount is greater than the previously unpaid principal balance, Lenders shall promptly refund such excess amount to Borrowers and the provisions hereof shall be deemed amended to provide for such permissible rate.

3.6. Increased Costs. In the event that any Change in Law, or compliance by any Lender (for purposes of this Section 3.6, the term “Lender” shall include Agent or any Lender and any corporation or bank controlling Agent or any Lender and the office or branch where Agent or any Lender (as so defined) makes or maintains any Eurodollar Rate Loans) with any request or directive (whether or not having the force of law) from any central bank or other financial, monetary or other authority after the Closing Date, shall:

(a) subject Agent or any Lender to any tax of any kind whatsoever (except Excluded Taxes) with respect to this Agreement or any Other Document or change the basis of taxation of payments to Agent or any Lender of principal, fees, interest or any other amount payable hereunder or under any Other Documents (except for changes in the rate of tax on the overall net income of Agent or any Lender by the jurisdiction in which it maintains its principal office);

(b) impose, modify or hold applicable any reserve, special deposit, assessment or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of Agent or any Lender, including pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on Agent or any Lender or the London interbank Eurodollar market any other condition with respect to this Agreement or any Other Document;

and the result of any of the foregoing is to increase the cost to Agent or any Lender of making, renewing or maintaining its Term Loan hereunder by an amount that Agent or such Lender deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of the Term Loan by an amount that Agent or such Lender deems to be material, then, in any case Borrowers shall promptly pay Agent or such Lender, upon its demand, such additional amount as will compensate Agent or such Lender for such additional cost or such reduction, as the case may be, provided that the foregoing shall not apply to increased costs which are reflected in the Eurodollar Rate, as the case may be or to amounts attributable to periods prior to the 180th day before Agent or such Lender provides the Borrowing Agent notice thereof. Agent or such Lender shall certify the amount of such additional cost or reduced amount to Borrowing Agent, and such certification shall be conclusive absent manifest error.

3.7. Basis For Determining Interest Rate Inadequate or Unfair. In the event that Agent or any Lender shall have determined that:

(a) Reasonable basis does not exist for ascertaining the Eurodollar Rate for any Interest Period; or

(b) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank Eurodollar market, with respect to an outstanding Eurodollar Rate Loan, a proposed Eurodollar Rate Loan, or a proposed conversion of a Domestic Rate Loan into a Eurodollar Rate Loan, then Agent shall give Borrowing Agent prompt written or telephonic notice of such determination. If such notice is given, (i) any such requested Eurodollar Rate Loan shall be made as a Domestic Rate Loan, (ii) any Domestic Rate Loan or Eurodollar Rate Loan which was to have been converted to an affected type of Eurodollar Rate Loan shall be continued as or converted into a Domestic Rate Loan, and (iii) any outstanding affected Eurodollar Rate Loans shall be converted into a Domestic Rate Loan, or, if Borrowing Agent shall notify Agent, no later than 10:00 a.m. (New York City time) two (2) Business Days prior to the last Business Day of the then current Interest Period applicable to such affected Eurodollar Rate Loan, shall be converted into an unaffected type of Eurodollar Rate Loan, on the last Business Day of the then current Interest Period for such affected Eurodollar Rate Loans. Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of Eurodollar Rate Loan or maintain outstanding affected Eurodollar Rate Loans and no Borrower shall have the right to convert a Domestic Rate Loan or an unaffected type of Eurodollar Rate Loan into an affected type of Eurodollar Rate Loan.

3.8. Capital Adequacy.

(a) In the event that Agent or any Lender shall have determined that any Change in Law or compliance by Agent or any Lender (for purposes of this Section 3.8, the term "Lender" shall include Agent or any Lender and any corporation or bank controlling Agent or any Lender and the office or branch where Agent or any Lender (as so defined) makes or maintains any Eurodollar Rate Loans) with any request or directive regarding capital adequacy or reserve requirements or liquidity requirements (whether or not having the force of law) of any such authority, central bank or comparable agency after the Closing Date, has or would have the effect of reducing the rate of return on Agent or any Lender's capital as a consequence of its obligations hereunder to a level below that which Agent or such Lender could have achieved but for such adoption, change or compliance (taking into consideration Agent's and each Lender's policies with respect to capital adequacy or reserve requirements or liquidity requirements) by an amount deemed by Agent or any Lender to be material, then, from time to time, Borrowers shall pay upon demand to Agent or such Lender such additional amount or amounts as will compensate Agent or such Lender for such reduction. In determining such amount or amounts, Agent or such Lender may use any reasonable averaging or attribution methods. The protection of this Section 3.8 shall be available to Agent and each Lender regardless of any possible contention of invalidity or inapplicability with respect to the Applicable Law, regulation or condition.

(b) A certificate of Agent or such Lender setting forth such amount or amounts as shall be necessary to compensate Agent or such Lender with respect to Section 3.8(a) hereof when delivered to Borrowing Agent shall be conclusive absent manifest error.

3.9. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrowers hereunder or under any Other Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that if the Borrowers shall be required by applicable law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) Agent or Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrowers shall make such deductions and (iii) the Borrowers shall timely pay the full amount deducted to the relevant Governmental Body in accordance with applicable law.

(b) Withholding by Agent. Notwithstanding anything to the contrary contained herein, Agent shall be entitled to withhold United States federal income taxes at the full 30% withholding rate if in its reasonable judgment it is required to do so under the due diligence requirements imposed upon a withholding agent under §1.1441-7(b) of the Regulations. Further, Agent is indemnified under §1.1461-1(e) of the Regulations against any claims and demands of any Payee for the amount of any tax it deducts and withholds in accordance with regulations under §1441 of the Code.

(c) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, the Borrowers shall timely pay any Other Taxes to the relevant Governmental Body in accordance with applicable law.

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

(e) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrowers to a Governmental Body, Borrowing Agent shall deliver to Agent the original or a certified copy of a receipt issued by such Governmental Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Agent.

(f) Status of Lenders. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any Other Document shall deliver to Borrowing Agent (with a copy to Agent), at the time or times prescribed by applicable law or reasonably requested Borrowing Agent or Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate of withholding. Such delivery shall be provided on the Closing Date and on or before such documentation expires or becomes obsolete or after the occurrence of an event requiring a change in the documentation most recently delivered. In addition, any Lender, if requested by Borrowing Agent or Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrowing Agent or Agent as will enable Borrowing Agent or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, in the event that any Borrower is resident for tax purposes in the United States, any Foreign Lender shall deliver to Borrowing Agent and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of Borrowing Agent or Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) duly completed copies of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(ii) duly completed copies of Internal Revenue Service Form W-8ECI,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a “bank” within the meaning of section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrowers within the meaning of section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN, or

(iv) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States Federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit Borrowing Agent to determine the withholding or deduction required to be made.

(g) Treatment of Certain Refunds. If Agent or any Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which the Borrowers have paid additional amounts pursuant to this Section, it shall pay to the Borrowers an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Body with respect to such refund), provided that the Borrowers, upon the request of Agent or such Lender, agree to repay the amount paid over to the Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Body) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Body. This subsection shall not be construed to require Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrowers or any other Person.

IV. COLLATERAL: GENERAL TERMS

4.1. Security Interest in the Collateral. To secure the prompt payment and performance to Agent and each Lender of the Obligations, each Borrower hereby assigns, pledges and grants to Agent for its benefit and for the ratable benefit of each Lender a continuing security interest in and to and Lien on all of its Collateral, whether now owned or existing or hereafter acquired or arising and wheresoever located. Each Borrower shall mark its books and records as may be necessary or appropriate to evidence, protect and perfect Agent’s security interest and shall cause its financial statements to reflect such security interest. Each Borrower shall promptly provide Agent with written notice of all commercial tort claims held or acquired by it with an estimated value in excess of \$250,000, such notice to contain the case title together with the applicable court and a brief description of the claim(s). Upon delivery of each such notice, such Borrower shall be deemed to hereby grant to Agent a security interest and Lien in and to such commercial tort claims and all proceeds thereof.

4.2. Perfection of Security Interest. Each Borrower shall take all action that Agent may reasonably request, so as at all times to maintain the validity, perfection, enforceability and priority of Agent's security interest in and Lien on the Collateral or to enable Agent to protect, exercise or enforce its rights hereunder and in the Collateral, including, but not limited to, (i) promptly discharging all Liens upon such Borrower's knowledge thereof other than Permitted Encumbrances, (ii) using commercially reasonable efforts to obtain Lien Waiver Agreements, (iii) delivering to Agent, endorsed or accompanied by such instruments of assignment as Agent may reasonably specify, and stamping or marking, in such manner as Agent may reasonably specify, any and all chattel paper, instruments, letters of credits and documents evidencing or forming a part of the Collateral, (iv) entering into warehousing, lockbox and other custodial arrangements reasonably satisfactory to Agent, and (v) executing and delivering financing statements, control agreements, instruments of pledge, mortgages, notices and assignments, in each case in form and substance reasonably satisfactory to Agent, relating to the creation, validity, perfection, maintenance or continuation of Agent's security interest and Lien in the Collateral under the Uniform Commercial Code or other Applicable Law. By its signature hereto, each Borrower hereby authorizes Agent to file against such Borrower, one or more financing, continuation or amendment statements pursuant to the Uniform Commercial Code in form and substance satisfactory to Agent (which statements may have a description of collateral which is broader than that set forth herein but upon request of the Borrowing Agent, Agent shall amend any such financing statement to reflect the exclusion of any asset constituting Excluded Collateral or disposed of in a transaction permitted hereby). All charges, expenses and fees Agent may incur in doing any of the foregoing, and any local taxes relating thereto, shall be added to the Obligations, or, at Agent's option, shall be paid to Agent for its benefit and for the ratable benefit of Lenders immediately upon demand.

4.3. Disposition of Collateral. Each Borrower will take such actions as Agent may in its reasonable judgment deem necessary or appropriate in order to safeguard and protect all Collateral for Agent's general account and make no disposition thereof whether by sale, lease or otherwise except (a) the sale of Inventory in the Ordinary Course of Business, (b) the disposition, sale or transfer of obsolete and worn-out Equipment in the Ordinary Course of Business during any fiscal year having an aggregate fair market value of not more than \$500,000 and only to the extent that (i) the net cash proceeds of any such disposition are used to acquire replacement Equipment which is subject to Agent's first priority security interest (subject to the terms of the Intercreditor Agreement), or (ii) the net cash proceeds of which are remitted to Agent to be applied pursuant to Section 2.3(a), (c) the sale of any or all of the MA Personal Property in a single or multiple transactions to the extent that fifty percent (50%) of the net cash proceeds of any such sale or lease are remitted to Agent to be applied pursuant to Section 2.3(a).

4.4. Preservation of Collateral. Following the occurrence and during the continuance of an Event of Default, in addition to the rights and remedies set forth in Section 11.1 hereof, Agent: (a) may at any time take such steps as Agent deems necessary to protect Agent's interest in and to preserve the Collateral, including the hiring of such security guards or the placing of other security protection measures as Agent may deem appropriate; (b) may employ and maintain at any of any Borrower's premises a custodian who shall have full authority to do all acts necessary to protect Agent's interests in the Collateral; (c) may lease warehouse facilities to which Agent may move all or part of the Collateral; (d) may use any Borrower's owned or leased lifts, hoists, trucks and other facilities or equipment for handling or removing the Collateral; and (e) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any of Borrowers' owned or leased property. Each Borrower shall cooperate fully with all of Agent's efforts to preserve the Collateral and will take such actions to preserve the Collateral as Agent may deem necessary or appropriate in its reasonable judgment to preserve the Collateral. All of Agent's expenses of preserving the Collateral, including any expenses relating to the bonding of a custodian, shall be added to the Obligations.

4.5. Ownership of Collateral.

(a) With respect to the Collateral, at the time the Collateral becomes subject to Agent's security interest: (i) each Borrower shall be the sole owner of and fully authorized and able to sell, transfer, pledge and/or grant a first priority security interest, subject to Permitted Encumbrances, in all of its rights, title and interest in the respective Collateral to Agent; and, except for Permitted Encumbrances the Collateral shall be free and clear of all Liens and encumbrances whatsoever; (ii) each document and agreement executed by each Borrower or delivered to Agent or any Lender in connection with this Agreement shall be true and correct in all material respects; (iii) all signatures and endorsements of each Borrower that appear on such documents and agreements shall be genuine and each Borrower shall have full capacity to execute same; and (iv) each Borrower's Equipment and Inventory shall be located as set forth on Schedule 4.5 and shall not be removed from such location(s) without the prior written consent of Agent except with respect to the sale of Inventory in the Ordinary Course of Business and Equipment to the extent permitted in Section 4.3 hereof and except for in-transit Inventory and Equipment in the Ordinary Course of Business.

(b) (i) Except as permitted in the PNC Documents (subject to the terms of the Intercreditor Agreement), there is no location at which any Borrower has any Inventory (except for Inventory in transit and other locations which collectively do not contain Inventory in excess of \$150,000 in the aggregate) other than those locations listed on Schedule 4.5; (ii) Schedule 4.5 hereto (as updated from time to time in accordance with Section 9.17 hereof) contains a correct and complete list, as of the Closing Date, of the legal names and addresses of each warehouse at which Inventory of any Borrower is stored; none of the receipts received by any Borrower from any warehouse states that the goods covered thereby are to be delivered to bearer or to the order of a named Person or to a named Person and such named Person's assigns; (iii) Schedule 4.5 hereto sets forth a correct and complete list as of the Closing Date of (A) each place of business of each Borrower and (B) the chief executive office of each Borrower; and (iv) Schedule 4.5 hereto sets forth a correct and complete list as of the Closing Date of the location, by state and street address, of all Real Property owned or leased by each Borrower, together with the names and addresses of any landlords.

4.6. Defense of Agent's and Lenders' Interests. Until (a) payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted and (b) termination of this Agreement, Agent's interests in the Collateral shall continue in full force and effect. During such period no Borrower shall, without Agent's prior written consent, pledge, sell or license (except to the extent permitted in Section 4.3 hereof), assign, transfer, create or suffer to exist a Lien upon or encumber or allow or suffer to be encumbered in any way except for Permitted Encumbrances, any part of the Collateral. Each Borrower shall defend Agent's security interests in the Collateral against any and all claims and demands of any Person at any time claiming an interest therein adverse to Agent other than in the case of any Permitted Encumbrances. At any time following demand by Agent for payment of all Obligations (in accordance with Section 11.1), Agent shall have the right to take possession of the indicia of the Collateral and the Collateral in whatever physical form contained, including: labels, stationery, documents, instruments and advertising materials. If Agent exercises this right to take possession of the Collateral, Borrowers shall, upon demand, assemble it in the best manner possible and make it available to Agent at a place reasonably convenient to Agent. In addition, with respect to all Collateral, Agent and Lenders shall be entitled to all of the rights and remedies set forth herein and further provided a secured party by the Uniform Commercial Code or other Applicable Law. Upon the occurrence and during the continuance of an Event of Default and at the request of Agent, each Borrower shall, and Agent may, at its option, instruct all suppliers, carriers, forwarders, warehousemen or others receiving or holding cash, checks, Inventory, documents or instruments in which Agent holds a security interest to deliver same to Agent and/or subject to Agent's order and if they shall come into any Borrower's possession, they, and each of them, shall be held by such Borrower in trust as Agent's trustee, and such Borrower will promptly deliver them to Agent in their original form together with any necessary endorsement.

4.7. Books and Records. Each Borrower shall (a) keep complete books of record and account in which full, true and correct entries in all material respects will be made in accordance with GAAP; (b) set up on its books accruals with respect to all taxes, assessments, charges, levies and claims in accordance with GAAP; and (c) on a reasonably current basis in a manner consistent with prudent business practices set up on its books, from its earnings, allowances against doubtful Receivables, advances and investments and all other proper accruals (including by reason of enumeration, accruals for premiums, if any, due on required payments and accruals for depreciation, obsolescence, or amortization of properties), in accordance with GAAP.

4.8. Financial Disclosure. Each Borrower hereby irrevocably authorizes and directs all accountants and auditors employed by such Borrower at any time during the Term to exhibit and deliver to Agent and each Lender copies of any of such Borrower's financial statements, trial balances or other accounting records of any sort in the accountant's or auditor's possession, and to disclose to Agent and each Lender any information such accountants may have concerning such Borrower's financial status and business operations. Each Borrower hereby authorizes all Governmental Bodies to furnish to Agent and each Lender copies of reports or examinations relating to such Borrower, whether made by such Borrower or otherwise; however, Agent and each Lender will attempt to obtain such information or materials directly from such Borrower prior to obtaining such information or materials from such accountants or Governmental Bodies.

4.9. Compliance with Laws. Each Borrower shall comply with all Applicable Laws with respect to the Collateral or any part thereof or to the operation of such Borrower's business, in each case the non-compliance with which could not reasonably be expected to have a Material Adverse Effect. Each Borrower may, however, contest or dispute any Applicable Laws in any reasonable manner, provided that any related Lien is inchoate or stayed and sufficient reserves are established to the reasonable satisfaction of Agent to protect Agent's Lien on or security interest in the Collateral.

4.10. Inspection of Premises. At all reasonable times during business hours and following reasonable advance notice provided that at any time and without advance notice if a Default, Event of Default or any exigent circumstance exists, Agent and each Lender shall have full access to and the right to audit, check, inspect and make abstracts and copies from each Borrower's books, records, audits, correspondence and all other papers relating to the Collateral and the operation of each Borrower's business. Agent, any Lender and their agents may enter upon any premises of any Borrower at any time during business hours and at any other reasonable time, and from time to time, for the purpose of inspecting the Collateral and any and all records pertaining thereto and the operation of such Borrower's business.

4.11. Insurance.

(a) The assets and properties of each Borrower at all times shall be maintained in accordance with the requirements of all insurance carriers which provide insurance with respect to the assets and properties of such Borrower so that such insurance shall remain in full force and effect. Each Borrower shall bear the full risk of any loss of any nature whatsoever with respect to the Collateral. At each Borrower's own cost and expense in amounts and with carriers acceptable to Agent, each Borrower shall (a) keep all its insurable properties and properties in which such Borrower has an interest insured against the hazards of fire, flood, sprinkler leakage, those hazards covered by extended coverage insurance and such other hazards, and for such amounts, substantially on the basis with respect to which it maintains such insurance on the Closing Date (or any reasonable increases or adjustments deemed necessary by Agent in its Permitted Discretion based on Borrower's businesses from time to time) including business interruption insurance; (b) maintain public and product liability insurance against claims for personal injury, death or property damage suffered by others substantially on the basis with respect to which it maintains such insurance on the Closing Date (or any reasonable increases or adjustments deemed necessary by Agent in its Permitted Discretion based on Borrower's businesses from time to time); (c) maintain all such worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which such Borrower is engaged in business; and (d) furnish Agent with (i) copies of all policies and evidence of the maintenance of such policies by the renewal thereof at least thirty (30) days before any expiration date, and (ii) appropriate loss payable endorsements in form and substance reasonably satisfactory to Agent, naming Agent as a co-insured and lender loss payee, as applicable, as its interests may appear with respect to all insurance coverage referred to in clauses (a) and (b) above, and providing (A) that all proceeds thereunder shall be payable to Agent, (B) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy, and (C) to the extent obtainable after Borrowers' use of commercially reasonable efforts, that such policy and loss payable clauses may not be cancelled, amended or terminated unless at least thirty (30) days' prior written notice is given to Agent. In the event of any loss thereunder, the carriers named therein hereby are directed by Agent and the applicable Borrower to make payment for such loss to Agent and not to such Borrower and Agent jointly. If any insurance losses are paid by check, draft or other instrument payable to any Borrower and Agent jointly, Agent may endorse such Borrower's name thereon and do such other things as Agent may deem advisable to reduce the same to cash. Agent is hereby authorized to adjust and compromise claims under insurance coverage referred to in clauses (a) and (b) above. All loss recoveries received by Agent upon any such insurance may be applied to the Obligations, in such order as Agent in its sole discretion shall determine. Any surplus shall be paid by Agent to Borrowers or applied as may be otherwise required by law. Any deficiency thereon shall be paid by Borrowers to Agent, on demand.

(b) With respect to all improved real property owned in fee simple by each Borrower (the "Owned Real Property"), each Borrower shall take all actions required under the Flood Laws to ensure that each Lender is in compliance with the Flood Laws applicable to such Owned Real Property, including, but not limited to, providing Agent with the address or legal description or parcel identification number of each parcel of improved Owned Real Property that will be subject to a mortgage in favor of Agent, for the benefit of the Lenders, and, to the extent required under applicable Flood Laws, promptly obtaining flood insurance for such parcel of Owned Real Property, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws.

4.12. Failure to Pay Insurance. If any Borrower fails to obtain insurance required, or to keep the same in force, Agent, if Agent so elects, may obtain such insurance and pay the premium therefor on behalf of such Borrower, and such expenses so paid shall be part of the Obligations.

4.13. Payment of Taxes. Each Borrower will pay, when due, all federal, state and material local taxes, assessments and other Charges lawfully levied or assessed upon such Borrower or any of the Collateral including real and personal property taxes, assessments and charges and all franchise, income, employment, social security benefits, withholding, and sales taxes, except those that are being Properly Contested. If any tax by any Governmental Body is or may be imposed on or as a result of any transaction between any Borrower and Agent or any Lender which Agent or any Lender may be required to withhold or pay or if any taxes, assessments, or other Charges remain unpaid after the date fixed for their payment, or if any claim shall be made which, in Agent's or any Lender's opinion, may possibly create a valid Lien on the Collateral, Agent may without notice to Borrowers pay the taxes, assessments or other Charges and each Borrower hereby indemnifies and holds Agent and each Lender harmless in respect thereof. Agent will not pay any taxes, assessments or Charges to the extent that any applicable Borrower has Properly Contested those taxes, assessments or Charges. The amount of any payment by Agent under this Section 4.13 shall be added to the Obligations and, until Borrowers shall furnish Agent with an indemnity therefor (or supply Agent with evidence satisfactory to Agent that due provision for the payment thereof has been made), Agent may hold without interest any balance standing to Borrowers' credit and Agent shall retain its security interest in and Lien on any and all Collateral held by Agent.

4.14. Payment of Leasehold Obligations. Each Borrower shall at all times pay, when and as due (after giving effect to any grace periods or extensions thereof), its rental obligations under all leases under which it is a tenant, and shall otherwise comply, in all material respects, with all other terms of such leases and keep them in full force and effect and, at Agent's request will provide evidence of having done so.

4.15. Receivables.

(a) Nature of Receivables. Each of the Receivables shall be a bona fide and valid account representing a bona fide indebtedness incurred by the Customer therein named, for a fixed sum as set forth in the invoice relating thereto (provided immaterial or unintentional invoice errors shall not be deemed to be a breach hereof) with respect to an absolute sale or lease and delivery of goods upon stated terms of a Borrower, or work, labor or services theretofore rendered by a Borrower as of the date each Receivable is created. Same shall be due and owing in accordance with the applicable Borrower's standard terms of sale without dispute, set-off or counterclaim except as may be stated on the accounts receivable schedules delivered by Borrowers to Agent.

(b) Solvency of Customers. Each Borrower has set up on its books and in its financial records bad debt reserves adequate to cover Receivables from its Customers.

(c) Location of Borrowers. Each Borrower's chief executive office is located at 6740 Shady Oak Road, Eden Prairie, MN 55344. Until written notice is given to Agent by Borrowing Agent of any other office at which any Borrower keeps its records pertaining to Receivables, all such records shall be kept at such executive office.

(d) Collection of Receivables. Except as provided in the PNC Documents (subject to the terms of the Intercreditor Agreement), Borrowers shall cause remittances in respect of their Receivables to be delivered to such lockbox account or Blocked Account as Agent shall designate from time to time as contemplated by Section 4.15(h) or as otherwise agreed to from time to time by Agent. Notwithstanding the foregoing, except as provided in the PNC Documents (subject to the terms of the Intercreditor Agreement), to the extent any Borrower directly receives any remittances upon Receivables, such Borrower will, at such Borrower's sole cost and expense, but on Agent's behalf and for Agent's account, collect as Agent's property and in trust for Agent all amounts received on Receivables, and shall not commingle such collections with any Borrower's funds or use the same except to pay Obligations. Each Borrower shall deposit in the Blocked Account or, upon request by Agent, deliver to Agent, in original form and on the date of receipt thereof, all checks, drafts, notes, money orders, acceptances, cash and other evidences of Indebtedness constituting remittances upon Receivables. The Borrowers shall use commercially reasonable efforts to cause the ACH or wire transfer of all payments due from credit card processors (whether or not there are then any outstanding Obligations) to be made to a Blocked Account with such frequency as is consistent with the Borrowers' current business practices as in effect on the Closing Date.

(e) Notification of Assignment of Receivables. Subject to the terms of the Intercreditor Agreement, at any time upon the occurrence and during the continuance of any Event of Default or if Agent deems it necessary in its Permitted Discretion to preserve or protect the Collateral or Agent's rights therein, Agent shall have the right to send notice of the assignment of, and Agent's security interest in and Lien on, the Receivables to any and all Customers or any third party holding or otherwise concerned with any of the Collateral and, thereafter, Agent shall have the sole right to collect the Receivables, take possession of the Collateral, or both. Agent's actual collection expenses, including, but not limited to, stationery and postage, telephone and telegraph, secretarial and clerical expenses and the salaries of any collection personnel used for collection shall be added to the Obligations.

(f) Power of Agent to Act on Borrowers' Behalf. Upon the occurrence and during the continuation of a default or any Event of Default, Agent shall have the right to receive, endorse, assign and/or deliver in the name of Agent or any Borrower any and all checks, drafts and other instruments for the payment of money relating to the Receivables, and each Borrower hereby waives notice of presentment, protest and non-payment of any instrument so endorsed. Each Borrower hereby constitutes Agent or Agent's designee as such Borrower's attorney with power (i) at any time upon the occurrence and during the continuation of a default or any Event of Default: (A) to endorse such Borrower's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment or Collateral; (B) to sign such Borrower's name on any invoice or bill of lading relating to any of the Receivables, drafts against Customers, assignments of Receivables; (C) to send verifications of Receivables to any Customer; (D) to sign such Borrower's name on all financing statements or any other documents or instruments deemed necessary or appropriate by Agent to preserve, protect, or perfect Agent's interest in the Collateral and to file same; and (E) to receive and open all mail addressed to any Borrower in connection with the administration of any lockbox or similar services; and (ii) at any time following the occurrence and during the continuance of a Default or Event of Default: (A) to demand payment of the Receivables; (B) to enforce payment of the Receivables by legal proceedings or otherwise; (C) to exercise all of such Borrower's rights and remedies with respect to the collection of the Receivables and any other Collateral; (D) to settle, adjust, compromise, extend or renew the Receivables; (E) to settle, adjust or compromise any legal proceedings brought to collect Receivables; (F) to prepare, file and sign such Borrower's name on a proof of claim in bankruptcy or similar document against any Customer; (G) to prepare, file and sign such Borrower's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables; and (H) to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission nor for any error of judgment or mistake of fact or of law, unless done maliciously or with gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment); this power being coupled with an interest is irrevocable while any of the Obligations remain unpaid. Agent shall have the right at any time following the occurrence and during the continuance of an Event of Default or Default, to change the address for delivery of mail addressed to any Borrower to such address as Agent may designate and to receive, open and dispose of all mail addressed to any Borrower.

(g) No Liability. Neither Agent nor any Lender shall, under any circumstances or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Receivables or any instrument received in payment thereof, or for any damage resulting therefrom, unless done maliciously or with gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment). Following the occurrence and during the continuance of an Event of Default Agent may, without notice or consent from any Borrower, sue upon or otherwise collect, extend the time of payment of, compromise or settle for cash, credit or upon any terms any of the Receivables or any other securities, instruments or insurance applicable thereto and/or release any obligor thereof. Agent is authorized and empowered to accept following the occurrence and during the continuance of an Event of Default the return of the goods represented by any of the Receivables, without notice to or consent by any Borrower, all without discharging or in any way affecting any Borrower's liability hereunder.

(h) Establishment of a Lockbox Account, Dominion Account. Except as provided in the PNC Documents (subject to the terms of the Intercreditor Agreement), all proceeds of Collateral shall be deposited by Borrowers into either (i) a lockbox account, dominion account or such other "blocked account" (such accounts, together with The PrivateBank and Trust Company, the "Blocked Accounts") established at a bank or banks (each such bank, a "Blocked Account Bank") pursuant to an arrangement with such Blocked Account Bank as may be selected by Borrowing Agent and be acceptable to Agent or (ii) depository accounts ("Depository Accounts") established at Agent for the deposit of such proceeds. Subject to the terms of the Intercreditor Agreement, each applicable Borrower, Agent and each Blocked Account Bank and PNC shall enter into a deposit account control agreement in form and substance satisfactory to Agent in respect of each Blocked Account and each Depository Account. After the delivery of a notice of Event of Default, all amounts in Blocked Accounts and other Depository Accounts shall be applied by Agent on account of the Obligations. All deposit accounts and investment accounts of each Borrower and its Subsidiaries are set forth on Schedule 4.15(h).

(i) Adjustments. No Borrower will, without Agent's consent, compromise or adjust any material amount of the Receivables (or extend the time for payment thereof) or accept any material returns of merchandise or grant any additional discounts, allowances or credits thereon except for those compromises, adjustments, returns, discounts, credits and allowances as are customary in the Ordinary Course of Business.

4.16. Inventory. To the extent Inventory held for sale or lease has been produced by any Borrower, it has been and will be produced by such Borrower in accordance with the Federal Fair Labor Standards Act of 1938, as amended, and all rules, regulations and orders thereunder.

4.17. Maintenance of Equipment. The Equipment shall be maintained in good operating condition and repair (reasonable wear and tear excepted) and all necessary replacements of and repairs thereto shall be made so that the value and operating efficiency of the Equipment shall be maintained and preserved. Each Borrower shall have the right to sell Equipment to the extent set forth in Section 4.3 hereof.

4.18. Exculpation of Liability. Nothing herein contained shall be construed to constitute Agent or any Lender as any Borrower's agent for any purpose whatsoever, nor shall Agent or any Lender be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. Neither Agent nor any Lender, whether by anything herein or in any assignment or otherwise, assume any of any Borrower's obligations under any contract or agreement assigned to Agent or such Lender, and neither Agent nor any Lender shall be responsible in any way for the performance by any Borrower of any of the terms and conditions thereof.

4.19. Environmental Matters.

(a) Borrowers shall ensure that the Real Property and all operations and businesses conducted thereon remain in material compliance with all Environmental Laws and they shall not place or permit to be placed any Hazardous Substances on any Real Property except as permitted by Applicable Law or appropriate Governmental Bodies.

(b) Borrowers shall establish and maintain a system to verify and monitor continued material compliance with Environmental Laws, which system shall include periodic reviews of such compliance.

(c) Borrowers shall dispose of any and all Hazardous Waste, if any, generated at the Real Property only at facilities and with carriers that maintain valid permits under Environmental Laws. Borrowers shall use commercially reasonable efforts to obtain certificates of disposal, such as hazardous waste manifest receipts, from all treatment, transport, storage or disposal facilities or operators employed by Borrowers in connection with the transport or disposal of any Hazardous Waste, if any, generated at the Real Property.

(d) In the event any Borrower obtains, gives or receives written notice of any Release or threat of Release of a reportable quantity of any Hazardous Substances at the Real Property (any such event being hereinafter referred to as a "Hazardous Discharge") or receives any notice of a material violation, request for information or notification that it is potentially responsible for investigation or cleanup of Hazardous Substances at the Real Property, demand letter or complaint, order, citation, or other written notice with regard to any Hazardous Discharge or material violation of Environmental Laws affecting the Real Property or any Borrower's interest therein (any of the foregoing is referred to herein as an "Environmental Complaint") from any Person, including any Governmental Body, then Borrowing Agent shall, within ten (10) Business Days, give written notice of same to Agent, detailing relevant facts and circumstances of which any Borrower is aware giving rise to the Hazardous Discharge or Environmental Complaint. Such information is to be provided to allow Agent to protect its security interest in and Lien on the Real Property and the Collateral and is not intended to create nor shall it create any obligation upon Agent or any Lender with respect thereto.

(e) Borrowing Agent shall promptly forward to Agent copies of any material request for information, notification of potential liability, demand letter relating to potential responsibility with respect to the investigation or cleanup of Hazardous Substances at any other site owned, operated or used by any Borrower to dispose of Hazardous Substances and shall continue to forward copies of material correspondence between any Borrower and the Authority regarding such claims to Agent until the claim is settled. Borrowing Agent shall promptly forward to Agent copies of all documents and reports concerning a Hazardous Discharge at the Real Property that any Borrower is required to file under any Environmental Laws. Such information is to be provided solely to allow Agent to protect Agent's security interest in and Lien on the Real Property and the Collateral.

(f) Borrowers shall respond promptly to any Hazardous Discharge or Environmental Complaint and take all action required under Environmental Law in order to safeguard the health of any Person and to avoid subjecting the Collateral or Real Property to any Lien. If any Borrower shall fail to respond promptly to any Hazardous Discharge or Environmental Complaint or any Borrower shall fail to comply in any material respect with any of the requirements of any Environmental Laws, Agent on behalf of Lenders may, but without the obligation to do so, for the sole purpose of protecting Agent's interest in the Collateral: (i) give such notices or (ii) enter onto the Real Property (or authorize third parties to enter onto the Real Property) and take such actions as Agent (or such third parties as directed by Agent) deem reasonably necessary or advisable, to clean up, remove, mitigate or otherwise deal with any such Hazardous Discharge or Environmental Complaint as required under Environmental Law. All reasonable costs and expenses incurred by Agent and Lenders (or such third parties) in the exercise of any such rights, including any sums paid in connection with any judicial or administrative investigation or proceedings, fines and penalties, together with interest thereon from the date expended at the Term Loan Rate for Domestic Rate Loans shall be paid upon demand by Borrowers, and until paid shall be added to and become a part of the Obligations secured by the Liens created by the terms of this Agreement or any other agreement between Agent, any Lender and any Borrower.

(g) Promptly upon the reasonable written request of Agent upon notice or discovery of a Hazardous Discharge or as required by a Governmental Body, Borrowers shall provide Agent, at Borrowers' expense, with an environmental site assessment or environmental audit report prepared by an environmental engineering firm acceptable in the reasonable opinion of Agent, to assess with a reasonable degree of certainty the existence of a Hazardous Discharge and the potential costs in connection with abatement, cleanup and removal of any Hazardous Substances found on, under, at or within the Real Property. Any report or investigation of such Hazardous Discharge proposed and acceptable to an appropriate Governmental Body that is charged to oversee the clean-up of such Hazardous Discharge shall be acceptable to Agent. If such estimates, individually or in the aggregate, exceed \$500,000, Agent shall have the right to require Borrowers to post a bond, letter of credit or other security reasonably satisfactory to Agent to secure payment of these costs and expenses.

(h) Borrowers shall defend and indemnify Agent and Lenders and hold Agent, Lenders and their respective employees, agents, directors and officers harmless from and against all loss, liability, damage and expense, claims, costs, fines and penalties, including reasonable attorney's fees, suffered or incurred by Agent or Lenders under or on account of any Environmental Laws in connection with the Real Property, including the assertion of any Lien thereunder, with respect to any Hazardous Discharge, the presence of any Hazardous Substances affecting the Real Property, whether or not the same originates or emerges from the Real Property or any contiguous real estate, including any loss of value of the Real Property as a result of the foregoing except to the extent such loss, liability, damage and expense is attributable to any actions on the part of Agent or any Lender. Borrowers' obligations under this Section 4.19 shall arise upon the discovery of the presence of any Hazardous Substances at the Real Property, whether or not any Governmental Body has taken or threatened any action in connection with the presence of any Hazardous Substances. Borrowers' obligation and the indemnifications under this paragraph 4.19(h) shall survive the termination of this Agreement.

(i) For purposes of Section 4.19 and 5.7, all references to Real Property shall be deemed to include all of each Borrower's right, title and interest in and to its owned and leased premises.

4.20. Financing Statements. Except as respects the financing statements filed by Agent, the financing statements described on Schedule 1.2 and any financing statements in respect of any Permitted Encumbrances, to the best of the Borrowers' knowledge, no financing statement covering any of the Collateral or any proceeds thereof is on file in any public office.

4.21. Appraisals and Audits. Agent may, in its Permitted Discretion, exercised in a commercially reasonable manner, at any time after the Closing Date, engage the services of an independent appraisal firm or firms of reputable standing, satisfactory to Agent, for the purpose of appraising the then current values of Borrowers' assets and conduct audits in respect of the Borrowers', in each case, at the Borrowers sole cost and expense; provided, that (a) so long as no Event of Default shall have occurred and be continuing, Borrowers shall not be obligated to reimburse Agent for (and Agent shall not undertake) more than (i) two (2) inventory appraisals, (ii) one (1) real estate appraisal, (iii) one (1) FCC License appraisal and (iv) two (2) audits during any calendar year and (b) to the extent similar appraisals and audits are delivered in connection with the PNC Credit Agreement Agent may in its permitted discretion agree to accept such appraisals and audits in satisfaction of the foregoing requirement. Absent the occurrence and continuance of an Event of Default at such time, Agent shall consult with Borrowers as to the identity of any such firm.

4.22. FCC Matters.

(a) If an Event of Default shall have occurred and be continuing, each Borrower shall, and, if applicable, shall cause each of its Subsidiaries to, take any action which Agent may reasonably request in the exercise of its rights and remedies under any Loan Document in order to transfer or assign any Collateral to Agent for the benefit of applicable Lenders or to such one or more third parties as Agent may designate, or to a combination of the foregoing.

(b) To enforce the provisions of this Section 4.22, Agent is empowered to seek from the FCC and any other Governmental Authority, to the extent required, consent to or approval of any involuntary transfer of control of any entity whose Collateral is subject to any Loan Document for the purpose of seeking a bona fide purchaser to whom control ultimately will be transferred. Each Borrower agrees in such event to, and, if applicable, shall cause each of its Subsidiaries to agree to, cooperate with any such purchaser and with Agent in the preparation, execution and filing of any forms and providing any information that may be necessary or helpful in obtaining the consent of the FCC or any other Governmental Authority to the assignment to such purchaser of the Collateral. Each Borrower agrees to, and, if applicable, shall cause each of its Subsidiaries to, consent to any such voluntary or involuntary transfer after and during the continuation of an Event of Default and, without limiting any rights of Agent under any Loan Document, to authorize Agent to nominate a trustee or receiver to assume control of the Collateral, subject only to required judicial, FCC or other consents required by any Governmental Authority, in order to effectuate the transactions contemplated by this Agreement. Such trustee or receiver shall have all the rights and powers as provided to it by law or court order, or to Agent under any Loan Document. Each Borrower agrees to, and, if applicable, shall cause each of its Subsidiaries to, cooperate fully in obtaining the consent of the FCC and the approval or consent of each other Governmental Authority required to effectuate the foregoing. Each Borrower agrees to, and, if applicable, shall cause each of its Subsidiaries to take all actions reasonably necessary to obtain all approvals, authorizations consents or waivers necessary to transfer ownership and control of the FCC Licenses to any trustee, receiver or bona fide purchaser on behalf of the Lenders, including (i) the immediate filing of all applications with the FCC or any other applicable Governmental Authorities and (ii) assist in obtaining all approvals, authorizations consents or waivers necessary for the transactions contemplated by the Loan Documents. Such actions shall include, without limitation, providing to Agent any FCC registration numbers, tax identification numbers, account numbers and passwords for the FCC's CDBS electronic filing system.

(c) Without limiting the obligations of any Borrower hereunder in any respect, each Borrower further agrees that if it, or any of its Subsidiaries, upon or after the occurrence of an Event of Default, should fail or refuse for any reason whatsoever, without limitation, including any refusal to execute and file any completed application necessary or appropriate to obtain any governmental consent necessary or appropriate for the exercise of any right of Agent hereunder, each Borrower agrees that such application may be executed and filed on such Borrower's behalf by the clerk of any court of competent jurisdiction without notice to such Borrower pursuant to court order.

(d) In connection with this Section 4.22, Agent shall be entitled to rely in good faith upon an opinion of outside FCC counsel of Agent's choice with respect to any such assignment or transfer, whether or not such advice rendered is ultimately determined to have been accurate.

V. REPRESENTATIONS AND WARRANTIES.

Each Borrower represents and warrants as follows:

5.1. Authority. Each Borrower has full power, authority and legal right to enter into this Agreement and the Other Documents and to perform all its respective Obligations hereunder and thereunder. This Agreement and the Other Documents have been duly executed and delivered by each Borrower, and this Agreement and the Other Documents constitute the legal, valid and binding obligation of such Borrower enforceable in accordance with their terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium, public policy or similar laws affecting creditors' rights generally. The execution, delivery and performance of this Agreement and of the Other Documents (a) are within such Borrower's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, are not in contravention of law or the terms of such Borrower's Organizational Documents, or other applicable documents relating to the conduct of such Borrower's business or of any material agreement or undertaking to which such Borrower is a party or by which such Borrower is bound, (b) except as would not have a Material Adverse Effect, will not conflict with or violate any law or regulation, or any judgment, order or decree of any Governmental Body, (c) will not require the Consent of any Governmental Body, any party to a Material Contract or any other Person, except those Consents set forth on Schedule 5.1 hereto, all of which will have been duly obtained, made or compiled prior to the Closing Date and which are in full force and effect and (d) will not conflict with, nor result in any breach in any of the provisions of or constitute a default under or result in the creation of any Lien except Permitted Encumbrances upon any asset of such Borrower under the provisions of any agreement, instrument, Organizational Document or other instrument to which such Borrower is a party or by which it or its property is a party or by which it may be bound.

5.2. Formation and Qualification.

(a) Each Borrower is duly incorporated or formed, as the case may be, and in good standing under the laws of the states listed on Schedule 5.2(a) and is qualified to do business and is in good standing in the states listed on Schedule 5.2(a) (as updated from time to time in accordance with Section 9.17 hereof) which, as of the Closing Date, constitute all states in which qualification and good standing are necessary for such Borrower to conduct its business and own its property and where the failure to so qualify could reasonably be expected to have a Material Adverse Effect on such Borrower. Each Borrower has delivered to Agent true and complete copies of its Organizational Documents and will promptly notify Agent of any amendment or changes thereto.

(b) The only Subsidiaries of each Borrower are listed on Schedule 5.2(b).

5.3. Survival of Representations and Warranties. All representations and warranties of such Borrower contained in this Agreement and the Other Documents shall be true at the time of such Borrower's execution of this Agreement and the Other Documents, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transactions described therein or related thereto.

5.4. Tax Returns. Each Borrower's federal tax identification number is set forth on Schedule 5.4. Each Borrower has filed all federal, state and other material tax returns and other reports each is required by law to file and has paid all taxes, assessments, fees and other governmental charges that are due and payable, except those that are being Properly Contested. Federal, state and local tax returns of each Borrower have been filed with the appropriate taxing authority for all fiscal years prior to and including the fiscal year ending January 31, 2015. The provision for taxes on the books of each Borrower is adequate for all years not closed by applicable statutes, and for its current fiscal year, and no Borrower has any knowledge of any deficiency or additional assessment in connection therewith not provided for on its books.

5.5. Financial Statements.

(a) The pro forma balance sheet of Borrowers on a Consolidated Basis (the "Pro Forma Balance Sheet") furnished to Agent on the Closing Date reflects the consummation of the transactions contemplated under this Agreement (collectively, the "Transactions") reflects the financial condition of Borrowers on a Consolidated Basis as of January 30, 2016 after giving effect to the Transactions, and has been prepared in all material respects in accordance with GAAP, consistently applied. The Pro Forma Balance Sheet has been certified as having been prepared in all material respects in accordance with GAAP, consistently applied, by the Chief Financial Officer of Borrowing Agent.

(b) The twelve-month cash flow projections of Borrowers on a Consolidated Basis and their projected balance sheets as of the Closing Date, copies of which are annexed hereto as Exhibit 5.5(b) (the "Projections") were prepared under the supervision of the Chief Financial Officer of Borrowing Agent, are based on underlying assumptions which are believed by the Borrowers to provide a reasonable basis for the projections contained therein and reflect Borrowers' judgment based on present circumstances of the most likely set of conditions and course of action for the projected period (it being understood that the Projections are subject to significant assumptions and contingencies). The cash flow Projections together with the Pro Forma Balance Sheet, are referred to as the "Pro Forma Financial Statements".

(c) The consolidated balance sheets of Borrowers, their Subsidiaries and such other Persons described therein (including the accounts of all Subsidiaries for the respective periods during which a subsidiary relationship existed) as of January 31, 2015, and the related statements of income, changes in stockholder's equity, and changes in cash flow for the period ended on such date, all accompanied by reports thereon containing opinions without qualification by independent certified public accountants, copies of which have been delivered to Agent, have been prepared in accordance with GAAP, consistently applied (except for changes in application in which such accountants concur) and present fairly the financial position of Borrowers and their Subsidiaries at such date and the results of their operations for such period. Since July 30, 2015 except as reflected in the Projections, there has been no change in the condition, financial or otherwise, of Borrowers or their Subsidiaries as shown on the consolidated balance sheet as of such date and no change in the aggregate value of machinery, equipment and Real Property owned by Borrowers and their respective Subsidiaries on a consolidated basis, except changes in the Ordinary Course of Business.

5.6. Entity Names. No Borrower has been known by any other corporate name in the past five years and does not sell Inventory under any other name except as set forth on Schedule 5.6, nor has any Borrower been the surviving corporation or company, as the case may be, of a merger or consolidation or acquired all or substantially all of the assets of any Person during the preceding five (5) years, except as set forth on Schedule 5.6.

5.7. OSHA and Environmental Compliance.

(a) Each Borrower has duly complied with, and its facilities, business, assets, property, leaseholds, Real Property and Equipment are in compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, RCRA and all other Environmental Laws and there are no material outstanding citations, notices or orders of non-compliance issued to any Borrower or relating to its business, assets, property, leaseholds or Equipment under any such laws, rules or regulations.

(b) Each Borrower has been issued all material federal, state and local licenses, certificates or permits required for its operations relating to all Environmental Laws.

(c) There are no visible signs of releases, spills, discharges, leaks or disposal (collectively referred to as “Releases”) of Hazardous Substances at, upon, under or within any Real Property, including any premises leased by any Borrower, which require a response action; and, to the knowledge of each Borrower, (i) there are no underground storage tanks or polychlorinated biphenyls on the Real Property, including any premises leased by any Borrower; (ii) the Real Property including any premises leased by any Borrower has never been used as a treatment, storage or disposal facility of Hazardous Waste; and (iii) no Hazardous Substances are present on the Real Property, including any premises leased by any Borrower, except in such quantities and as are handled in accordance with all applicable manufacturer’s instructions and Environmental Laws and in proper storage containers and as are necessary for the operation of the commercial business of any Borrower or of its tenants.

(d) All Owned Real Property is insured pursuant to policies and other bonds which are valid and in full force and effect and which provide adequate coverage from reputable and financially sound insurers in amounts sufficient to insure such Owned Real Property in accordance with prudent business practice in the industry of the Borrowers. With respect to the Owned Real Property, each Borrower has taken all actions required under the Flood Laws to ensure that each Lender is in compliance with the Flood Laws applicable to such improved Owned Real Property, including, but not limited to, providing Agent with the address or legal description or parcel identification number of each parcel of improved Owned Real Property that will be subject to a Mortgage in favor of Agent, for the benefit of the Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to such property, structures and contents becoming Collateral.

5.8. Solvency; No Litigation, Violation, Indebtedness or Default; ERISA Compliance.

(a) The Borrowers, on a consolidated basis, are solvent, able to pay their debts as they mature, have capital sufficient to carry on their business and all businesses in which they are about to engage, and (i) as of the Closing Date and after giving effect to the Transactions, the fair present saleable value of their assets, calculated on a going concern basis, is in excess of the amount of their liabilities and (ii) subsequent to the Closing Date and after giving effect to the Transactions, the fair saleable value of their assets (calculated on a going concern basis) will be in excess of the amount of their liabilities.

(b) Except as disclosed in Schedule 5.8(b), no Borrower has (i) any pending or threatened litigation, arbitration, actions or proceedings which involve the possibility of having a Material Adverse Effect, and (ii) any material liabilities or indebtedness for borrowed money other than the Obligations.

(c) No Borrower is in violation of any applicable statute, law, rule, regulation or ordinance in any respect which could reasonably be expected to have a Material Adverse Effect, nor is any Borrower in violation of any order of any court, Governmental Body or arbitration board or tribunal which could reasonably be expected to have a Material Adverse Effect.

(d) No Borrower nor any member of the Controlled Group maintains or is required to contribute to any Plan other than those listed on Schedule 5.8(d) hereto. Except as could not reasonably be expected to have a Material Adverse Effect, each Pension Benefit Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Applicable Law. Except as could not reasonably be expected to have a Material Adverse Effect, (i) each Borrower and each member of the Controlled Group has met all applicable minimum funding requirements under Section 302 of ERISA and Section 412 of the Code in respect of each Plan, and each Pension Benefit Plan is in compliance with Sections 412, 430 and 436 of the Code and Sections 206(g), 302 and 303 of ERISA, without regard to waivers and variances; (ii) each Pension Benefit Plan which is intended to be a qualified plan under Section 401(a) of the Code as currently in effect has been determined by the Internal Revenue Service to be qualified under Section 401(a) of the Code and the trust related thereto is exempt from federal income tax under Section 501(a) of the Code; (iii) neither any Borrower nor any member of the Controlled Group has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due which are unpaid; (iv) no Pension Benefit Plan and, to the knowledge of each Borrower and each member of the Controlled Group, no Multiemployer Plan has been terminated by the plan administrator thereof nor by the PBGC, and there is no occurrence which would cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Benefit Plan or, to the knowledge of each Borrower and each member of the Controlled Group, any Multiemployer Plan; (v) neither any Borrower nor any member of the Controlled Group has breached any of the responsibilities, obligations or duties imposed on it by ERISA with respect to any Plan; (vi) neither any Borrower nor any member of the Controlled Group has incurred any liability for any excise tax arising under Section 4971, 4972 or 4980B of the Code, and no fact exists which could reasonably be expected to give rise to any such liability; (vii) neither any Borrower nor any member of the Controlled Group nor any fiduciary of, nor any trustee to, any Pension Benefit Plan, has engaged in a “prohibited transaction” described in Section 406 of ERISA or Section 4975 of the Code and neither any Borrower nor any member of the Controlled Group has taken any action which would constitute or result in a Termination Event with respect to any Plan which is subject to ERISA; (viii) no Termination Event has occurred or is reasonably expected to occur; (ix) there exists no event described in Section 4043 of ERISA, for which the thirty (30) day notice period has not been waived; (x) neither any Borrower nor any member of the Controlled Group has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA; (xi) neither any Borrower nor any member of the Controlled Group maintains or is required to contribute to any Plan which provides health, accident or life insurance benefits to former employees, their spouses or dependents, other than in accordance with Section 4980B of the Code; (xii) neither any Borrower nor any member of the Controlled Group has withdrawn, completely or partially, within the meaning of Section 4203 or 4205 of ERISA, from any Multiemployer Plan so as to incur liability under the Multiemployer Pension Plan Amendments Act of 1980 and there exists no fact which would reasonably be expected to result in any such liability; and (xiii) no Pension Benefit Plan fiduciary (as defined in Section 3(21) of ERISA) has any liability for breach of fiduciary duty or for any failure in connection with the administration or investment of the assets of a Pension Benefit Plan.

5.9. Patents, Trademarks, Copyrights and Licenses.

(a) All currently registered, applied for and/or licensed Intellectual Property on the Closing Date that is registered and/or applied for with the United States Patent & Trademark Office or United States Copyright Office, or licensed by any Borrower, that is owned or utilized by any Borrower are set forth on Schedule 5.9, and, except as would not have a Material Adverse Effect, are valid and have been duly registered, applied for, licensed, or filed with all appropriate Governmental Bodies and constitute all of the registered, applied for and/or utilized Intellectual Property rights which are necessary for the operation of its business; and, except as would not have a Material Adverse Effect, there is no objection to or pending challenge to the validity of any Intellectual Property, including any Intellectual Property Claim, and no Borrower is aware as of the Closing Date of any grounds for any challenge, except as set forth in Schedule 5.9 hereto.

(b) Except as would not have a Material Adverse Effect, each item of Intellectual Property owned or held by any Borrower and all trade secrets used by any Borrower consist of original material or property developed by such Borrower or was lawfully acquired by such Borrower from the proper and lawful owner thereof, and has been reasonably maintained so as to materially preserve the value thereof from the date of creation or acquisition thereof.

(c) With respect to all of a Borrower's own proprietary software, such Borrower is in possession of all source and object codes related to each piece of such software.

5.10. Licenses and Permits. Except as set forth in Schedule 5.10, each Borrower (a) is in compliance with and (b) has procured and is now in possession of, all material licenses or permits required by any applicable federal, state or local law, rule or regulation for the operation of its business in each jurisdiction wherein it is now conducting or proposes to conduct business and where the failure to procure such licenses or permits could have a Material Adverse Effect.

5.11. Default of Indebtedness. No Borrower is in default in the payment of any portion of principal or interest relating to any Indebtedness with an aggregate principal amount outstanding in excess of \$300,000, or under any instrument or agreement under or subject to which any such Indebtedness has been issued and no event has occurred under the provisions of any such instrument or agreement which with or without the lapse of time or the giving of notice, or both, constitutes or would constitute an event of default thereunder.

5.12. No Default. No Borrower is in default in the payment or performance of any of its contractual obligations material to Borrowers' business, taken as a whole, and no Default has occurred.

5.13. No Burdensome Restrictions. No Borrower is party to any contract or agreement the performance of which could have a Material Adverse Effect. Each Borrower has heretofore delivered to Agent true and complete copies of all Material Contracts to which it is a party or to which it or any of its properties is subject. No Borrower has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien which is not a Permitted Encumbrance.

5.14. No Labor Disputes. No Borrower is involved in any material labor dispute; there are no strikes or walkouts or union organization of any Borrower's employees threatened or in existence and no labor contract is scheduled to expire during the Term other than as set forth on Schedule 5.14 hereto.

5.15. Margin Regulations. No Borrower is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. No part of the proceeds of the Term Loan will be used for "purchasing" or "carrying" "margin stock" as defined in Regulation U of such Board of Governors.

5.16. Investment Company Act. No Borrower is an “investment company” registered or required to be registered under the Investment Company Act of 1940, as amended, nor is it controlled by such a company.

5.17. Disclosure. No representation or warranty made by any Borrower in this Agreement or in any financial statement, report, certificate or any other document furnished in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to any Borrower or which reasonably should be known to such Borrower which such Borrower has not disclosed to Agent with respect to the transactions contemplated by this Agreement which could reasonably be expected to have a Material Adverse Effect.

5.18. [Reserved].

5.19. Swaps. No Borrower is a party to, nor will it be a party to, any swap agreement whereby such Borrower has agreed or will agree to swap interest rates or currencies unless same provides that damages upon termination following an event of default thereunder are payable on an unlimited “two-way basis” without regard to fault on the part of either party.

5.20. Conflicting Agreements. No provision of any material mortgage, indenture, contract, agreement, judgment, decree or order binding on any Borrower or affecting the Collateral conflicts with, or requires any Consent which has not already been obtained to, or would in any way prevent the execution, delivery or performance of, the terms of this Agreement or the Other Documents.

5.21. Application of Certain Laws and Regulations. No Borrower is subject to any law, statute, rule or regulation which regulates the incurrence of any Indebtedness (such as laws, statutes, rules or regulations relative to common or interstate carriers or to the sale of electricity, gas, steam, water, telephone, telegraph or other public utility services).

5.22. Business and Property of Borrowers. Upon and after the Closing Date, Borrowers do not propose to engage in any material line of business other than the sales, marketing and distribution of consumer products through television programming and other electronic media and activities reasonably incidental to the foregoing. On the Closing Date, each Borrower will own all the property and possess all of the rights and Consents necessary for the conduct of the business of such Borrower as presently conducted.

5.23. [Reserved].

5.24. [Reserved].

5.25. [Reserved].

5.26. Federal Securities Laws. Neither any Borrower (other than Borrowing Agent) nor any of its Subsidiaries (i) is required to file periodic reports under the Exchange Act, (ii) has any securities registered under the Exchange Act or (iii) has filed a registration statement that has not yet become effective under the Securities Act.

5.27. Equity Interests. The authorized and outstanding Equity Interests of each Borrower (other than Borrowing Agent) on the Closing Date is as set forth on Schedule 5.27 (as updated from time to time in accordance with Section 9.17 hereof) hereto. All of the Equity Interests of each Borrower have been duly and validly authorized and issued and are fully paid and non-assessable and have been sold and delivered to the holders thereof in compliance with, or under valid exemption from, all federal and state laws and the rules and regulations of each Governmental Body governing the sale and delivery of securities. Except for the rights and obligations set forth on Schedule 5.27, there are no subscriptions, warrants, options, calls, commitments, rights or agreement by which any Borrower (other than Borrowing Agent) or any of the shareholders of any Borrower (other than Borrowing Agent) is bound relating to the issuance, transfer, voting or redemption of shares of its Equity Interests or any pre-emptive rights held by any Person with respect to the Equity Interests of Borrowers (other than Borrowing Agent). Except as set forth on Schedule 5.27, Borrowers (other than Borrowing Agent) have not issued any securities convertible into or exchangeable for shares of its Equity Interests or any options, warrants or other rights to acquire such shares or securities convertible into or exchangeable for such shares.

5.28. Commercial Tort Claims. As of the Closing Date, no Borrower is a party to any commercial tort claims except as set forth on Schedule 5.28 hereto (as updated from time to time in accordance with Section 9.17 hereof).

5.29. Letter of Credit Rights. As of the Closing Date, no Borrower has any letter of credit rights except as set forth on Schedule 5.29 hereto (as updated from time to time in accordance with Section 9.17 hereof).

5.30. Material Contracts. Schedule 5.30 (as updated from time to time in accordance with Section 9.17 hereof) sets forth all Material Contracts of the Borrowers. All Material Contracts are in full force and effect (except to the extent any such Material Contract has expired by its terms in the ordinary course) and no material defaults currently exist thereunder.

5.31. Norwell. Norwell is engaged in the business of owning and operating a television station and other activities ancillary thereto and does not maintain any assets other than (i) the holding of FCC licenses, (ii) the lease of real property located at 2 Bert Drive #4, West Bridgewater, Massachusetts 02379, (iii) a license in respect of real property located at 70 Pleasant Street, West Bridgewater, Massachusetts 02379, and (iv) immaterial assets incidental to the conduct of Norwell's business, in each case as in effect as of the Closing Date.

VI. AFFIRMATIVE COVENANTS.

Each Borrower shall, until (i) payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted and (ii) termination of this Agreement:

6.1. Payment of Fees. Pay to Agent on demand all fees in the amounts and at the times specified in the Fee Letter and usual and customary fees and expenses which Agent incurs in connection with this Agreement and the Other Documents.

6.2. Conduct of Business and Maintenance of Existence and Assets. (a) Conduct continuously and operate actively its business according to good business practices and maintain all of its properties necessary in its business in good working order and condition (reasonable wear and tear excepted and except as may be disposed of in accordance with the terms of this Agreement), including all material Intellectual Property and take all actions reasonably necessary to enforce and protect the validity of any such Intellectual Property right or other right included in the Collateral; (b) keep in full force and effect its existence (except with respect to any Inactive Subsidiaries) and comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect; and (c) make all such reports and pay all such franchise and other taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States or any political subdivision thereof where the failure to do so could reasonably be expected to have a Material Adverse Effect.

6.3. Violations. Promptly notify Agent in writing of any violation of any law, statute, regulation or ordinance of any Governmental Body, or of any agency thereof, applicable to any Borrower which could reasonably be expected to have a Material Adverse Effect.

6.4. Government Receivables. Upon Agent's request, take all steps necessary to protect Agent's interest in the Collateral under the Federal Assignment of Claims Act, the Uniform Commercial Code and all other applicable state or local statutes or ordinances and, subject to the terms of the Intercreditor Agreement, deliver to Agent appropriately endorsed, any instrument or chattel paper connected with any Receivable arising out of contracts between any Borrower and the United States, any state or any department, agency or instrumentality of any of them.

6.5. Financial Covenants.

(a) Fixed Charge Coverage Ratio. (i) If the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is in effect, if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Undrawn Availability (as defined in the PNC Credit Agreement as in effect on the date hereof) is equal to or less than \$18,000,000, cause to be maintained as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than \$18,000,000, a Fixed Charge Coverage Ratio of not less than 1.1 to 1.0, measured in each case on a trailing four (4) quarter basis or (ii) the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is no longer effect, if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Liquidity is equal to or less than \$7,500,000, cause to be maintained as of the end of each fiscal quarter, a Fixed Charge Coverage Ratio of not less than 1.1 to 1.0, measured in each case on a trailing four (4) quarter basis.

(b) Minimum EBITDA. (i) If the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is in effect, if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Undrawn Availability (as defined in the PNC Credit Agreement as in effect on the date hereof) is equal to or less than 18,000,000, cause to be achieved a minimum EBITDA of not less than the following amounts as of the end of the fiscal quarter immediately prior to the fiscal quarter during which Borrowers' Undrawn Availability was less than the foregoing amount or during which such Event of Default occurred and as of the end of each fiscal quarter thereafter until such Event of Default is waived or Undrawn Availability at all times during a subsequent fiscal quarter is not less than \$18,000,000 or (ii) the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is no longer effect, if at any time during any fiscal quarter, (x) an Event of Default is continuing or (y) Borrowers' Liquidity is equal to or less than \$7,500,000, cause to be achieved a minimum EBITDA of not less than the following amounts as of the end of each fiscal quarter (in each case to be tested for the four quarter period then ending on or about the date specified below):

<u>Quarters Ending</u>	<u>Amount</u>
January 31, 2016, April 30, 2016, July 31, 2016, October 31, 2016	\$10,000,000
January 31, 2017, April 30, 2017, July 31, 2017, October 31, 2017	\$22,000,000
January 31, 2018 and thereafter	\$27,000,000

(c) Undrawn Availability. If the PNC Credit Agreement (or any refinancing indebtedness in respect thereof) is in effect, cause to be maintained at all times Undrawn Availability (as defined in the PNC Credit Agreement as in effect on the date hereof) of not less than \$10,000,000.

(d) Capital Expenditures. Contract for, purchase or make any expenditure or commitments for Capital Expenditures in any fiscal year in the aggregate amount for all Borrowers in excess of the amount corresponding to such fiscal year as shown below:

Fiscal year ending on or about January 31, 2016	\$10,000,000
Fiscal year ending on or about January 31, 2017 and each fiscal year thereafter	\$10,000,000 plus any amount by which EBITDA for the prior fiscal year exceeds \$15,000,000

; provided that (1) if any portion of the Bowling Green, Kentucky expansion project is not completed within the fiscal year ended January 31, 2015, up to \$10,100,000 may be carried over to the fiscal years ending on or about January 31, 2016 and January 31, 2017 in the aggregate over both years and such amounts carried over in each fiscal year will be excluded from the Capital Expenditures calculation for such fiscal year and (2) any equity funds raised by Borrowers and used towards Capital Expenditures shall be excluded from the Capital Expenditures calculation for any fiscal year.

6.6. Execution of Supplemental Instruments. Execute and deliver to Agent from time to time, upon reasonable demand, such supplemental agreements, statements, assignments and transfers, or instructions or documents relating to the Collateral, and such other instruments as Agent may reasonably request, in order that the full intent of this Agreement may be carried into effect.

6.7. Payment of Obligations. Pay, discharge or otherwise satisfy as and when due and payable (subject, where applicable, to specified grace periods and, in the case of the trade payables, to normal payment practices) all its obligations and liabilities of whatever nature, except when the failure to do so could not reasonably be expected to have a Material Adverse Effect or when the amount or validity thereof is currently being Properly Contested, subject at all times to any applicable subordination arrangement in favor of Lenders.

6.8. Standards of Financial Statements. Cause all financial statements referred to in Sections 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, and 9.13 as to which GAAP is applicable to be complete and correct in all material respects (subject, in the case of interim financial statements, to normal quarter-end and year-end audit adjustments) and to be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as concurred in by such reporting accountants or officer, as the case may be, and disclosed therein).

6.9. Federal Securities Laws. Promptly notify Agent in writing if any Borrower (other than Borrowing Agent) or any of its Subsidiaries (i) is required to file periodic reports under the Exchange Act, (ii) registers any securities under the Exchange Act or (iii) files a registration statement under the Securities Act.

6.10. Post Closing Matters.

(a) None.

6.11. Operating Accounts. Except as provided in the PNC Documents (subject to the terms of the Intercreditor Agreement) and except with respect to the accounts set forth on Schedule 4.15(h) attached hereto, which are maintained for specific purposes identified in Schedule 4.15(h), maintain all of Borrowers' deposit and operating accounts with Agent.

6.12. Norwell. Norwell shall not engaged in any business other than owning and operating a television station and other activities ancillary thereto and shall not maintain any assets other than (i) the holding of FCC licenses, (ii) the lease of real property located at 2 Bert Drive #4, West Bridgewater, Massachusetts 02379, (iii) a license in respect of real property located at 70 Pleasant Street, West Bridgewater, Massachusetts 02379, and (iv) immaterial assets incidental to the conduct of Norwell's business, in each case as in effect as of the Closing Date.

6.13. FCC Licenses.

(a) Schedule 6.13 accurately and completely lists, as of the date hereof, for Borrower and each of its Subsidiaries, all FCC Licenses (and the expiration dates thereof) granted or assigned to any Borrower or any Subsidiary, including, without limitation, for each TV station owned by each Borrower or any of its Subsidiaries.

(b) The FCC Licenses listed on Schedule 6.13 include all material authorizations, licenses, and permits issued by the FCC or any other Governmental Body that are required or necessary for the operation and the conduct of the business of Borrower and its Subsidiaries, as now conducted. Each FCC License listed on Schedule 6.13 is issued in the name of the Subsidiary indicated on such schedule.

(c) Each FCC License is in full force and effect. Borrowers have no knowledge of any condition imposed by the FCC or any other Governmental Body as part of any FCC License which is neither set forth on the face thereof as issued by the FCC or any other Governmental Body nor contained in the rules and regulations of the FCC or any other Governmental Body applicable generally to telecommunications activities of the type, nature, class or location of the activities in question or any other applicable telecommunications legal requirements. Each applicable location of any Borrower or any of its Subsidiaries has been and is being operated in all material respects in accordance with the terms and conditions of the FCC License applicable to it and applicable law, including but not limited to the Communications Laws.

(d) No proceedings in respect of which there is a reasonable likelihood of an adverse determination are pending or, to Borrowers' knowledge, are threatened in writing which may result in the loss, revocation, modification, non-renewal, suspension or termination of any FCC License, the issuance of any cease and desist order or the imposition of any fines, forfeitures or other administrative actions by the FCC or any other Governmental Body with respect to any operations of any Borrower and its Subsidiaries.

(e) All reports, applications and other documents required to be filed by each Borrower or any of its Subsidiaries with the FCC or any other Governmental Body with respect to the actual or contemplated businesses or operations of the Borrowers and their Subsidiaries have been timely filed or a timely request for an extension of time has been submitted in proper form (and has not been rejected), and all such reports, applications and documents are true, correct and complete in all material respects, and Borrowers have no knowledge of any matters in respect of which there is a reasonable likelihood of an adverse determination which could reasonably be expected to result in the loss, revocation, modification, non-renewal, suspension or termination of any FCC License or the imposition on any Borrower or any Subsidiary of any fines or forfeitures by the FCC or any other Governmental Body with respect to any FCC License, or which could reasonably be expected to result in a revocation, rescission, reversal or modification of any applicable authorization of any Borrower and its Subsidiaries to operate as currently authorized under applicable law, including but not limited to the Communications Laws.

VII. NEGATIVE COVENANTS.

No Borrower shall, until satisfaction in full of the Obligations and termination of this Agreement:

7.1. Merger, Consolidation, Acquisition and Sale of Assets.

(a) Enter into any merger, consolidation or other reorganization with or into any other Person (other than another Borrower) or acquire all or a substantial portion of the assets or Equity Interests of any Person (other than another Borrower) or permit any other Person to consolidate with or merge with it; provided that in respect of an acquisition of all or a substantial portion of the assets or Equity Interests of any Person (other than another Borrower) no such consent shall be required, so long as (i) PNC Obligations remain outstanding, (ii) PNC Bank, National Association has approved such transaction, (iii) after giving pro forma effect to such transaction no default or Event of Default exists, (iv) after giving pro forma effect to such transaction, Borrowers are in compliance with Section 6.5, (v) no Indebtedness (other than Permitted Indebtedness) is incurred or assumed in connection with such transaction, (vi) such acquisition was not preceded by, or consummated pursuant to, an unsolicited tender offer or proxy contest initiated by or on behalf of any Borrower, (vii) all transactions related thereto are consummated in accordance with applicable law, (viii) not less than five (5) Business Days prior to the consummation of any such acquisition Agent shall have received (x) a description of the material terms of such acquisition and (y) if requested, such financial statements, financial information, material documentation and other material information regarding such acquisition as Agent may reasonably require, in each case, to the extent such documentation and information are available and may be disclosed in a manner that would not violate any confidentiality agreement applicable to any Borrower, (ix) to the extent acquired assets/equity constitute Collateral, Agent shall be granted a security interest in such assets/equity with the same priority as provided in the Loan Documents and (x) Agent shall have received an officers' certification indicating compliance with the foregoing clauses (i) through (ix) at the time of the consummation of such acquisition.

(b) Sell, lease, transfer or otherwise dispose of any of its properties or assets, except (i) dispositions to the extent expressly permitted by Section 4.3, (ii) any other sales or dispositions expressly permitted by this Agreement and (iii) the dissolution or liquidation of any Inactive Subsidiary.

(c) Notwithstanding the foregoing, nothing in this Section 7.1 or otherwise in this Agreement shall permit Norwell or any other Borrower (and, (x) with respect to clause (i) below, Evine shall not and (y) with respect to clauses (ii) and (iii) below, Norwell shall not) (i) to transfer the equity interest in Norwell to any other Person, (ii) consummate the merger, consolidation or reorganization of Norwell with or into any other Person (including another Borrower), and (iii) to transfer the Boston FCC License to any other Person (including another Borrower).

7.2. Creation of Liens. Create or suffer to exist any Lien or transfer upon or against any of its property or assets now owned or hereafter acquired, except Permitted Encumbrances.

7.3. Guarantees. Become liable upon the obligations or liabilities of any Person by assumption, endorsement or guaranty thereof or otherwise (other than to Lenders) except the endorsement of checks in the Ordinary Course of Business and Indebtedness permitted by Section 7.8.

7.4. Investments and Loans. Purchase or acquire obligations or Equity Interests of, or any other interest in or make any loan or extension of credit to, any Person, except (a) obligations issued or guaranteed by the United States of America or any agency thereof, (b) commercial paper with maturities of not more than 180 days and a published rating of not less than A-1 or P-1 (or the equivalent rating), (c) certificates of time deposit and bankers' acceptances having maturities of not more than 180 days and repurchase agreements backed by securities of a commercial bank if (i) such bank has a combined capital and surplus of at least \$500,000,000, (ii) such bank is organized under the laws of the United States of America, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, any state thereof or the District of Columbia and is a member of the Federal Reserve System, or (iii) its debt obligations, or those of a holding company of which it is a Subsidiary, are rated not less than A (or the equivalent rating) by a nationally recognized investment rating agency, (d) U.S. money market funds that invest solely in obligations issued or guaranteed by the United States of America or an agency thereof, (e) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above (without regard to the limitation on maturity contained in such clause) and entered into with a financial institution satisfying the criteria described in clause (c) above or with any primary dealer and having a market value at the time that such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such counterparty entity with whom such repurchase agreement has been entered into; (f) investments existing on the Closing Date, and set forth on Schedule 7.4, but not any increase in the amount thereof or any other modification of the terms thereof; (g) (i) Investments outstanding on the date hereof by any Borrower and its Subsidiaries in their respective Subsidiaries, and (ii) additional Investments by any Borrower and its Subsidiaries in a Borrower or a Guarantor; (h) investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss; (i) investments by any Borrower or any Guarantor in Interest Rate Hedges to the extent unsecured unless provided under the PNC Documents; and (j) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business.

7.5. [Reserved].

7.6. [Reserved].

7.7. Dividends. Pay or make any distribution on any Equity Interest of any Borrower or apply any of its funds, property or assets to the purchase, redemption or other retirement of any Equity Interest, or of any options to purchase or acquire any such Equity Interest of any Borrower (other than any such distribution or payment to a Borrower), except that, so long as no Default or Event of Default shall have occurred and be continuing prior to or immediately after giving effect to any action described below or would result therefrom: (a) any Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other Equity Interests (other than Disqualified Stock) of such Person; and (b) Borrowing Agent may make payments for withholding taxes to the extent required in connection with the exercise of employee stock options in exchange for common stock of any such Person pursuant to any net exercise provision described in the documents governing such stock options in an amount not to exceed \$250,000 in any year.

7.8. Indebtedness. Create, incur, assume or suffer to exist any Indebtedness (exclusive of trade debt) except in respect of: (i) Indebtedness to Lenders; (ii) Indebtedness outstanding on the date hereof and listed on Schedule 7.8 and any refinancings, refundings, renewals or extensions thereof; provided that (x) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder, and the direct or contingent obligor with respect thereto is not changed as a result of or in connection with such refinancing, refunding, renewal or extension, (y) the result of such extension, renewal or replacement shall not be an earlier maturity date or decreased weighted average life of such Indebtedness, and (z) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Borrowers or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate; (iii) Indebtedness of any Borrower owing to any other Borrower or Guarantor existing on the Closing Date; (iv) purchase money Indebtedness of any Borrower to finance the acquisition of any fixed or capital assets, including Capitalized Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof provided that the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Indebtedness, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Borrowers or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Indebtedness does not exceed the then applicable market interest rate, provided, however, that the aggregate principal amount of Indebtedness permitted by this clause (iv) shall not exceed \$1,000,000 at any time outstanding and further provided that, if requested by Agent, the Borrowers shall use commercially reasonable efforts to cause the holders of such Indebtedness to enter into a customary collateral access agreement on terms reasonably satisfactory to Agent; (v) obligations (contingent or otherwise) of any Borrower existing or arising under any Lender-Provided Interest Rate Hedge (as defined in the PNC Credit Agreement as in effect on the date hereof); (vi) Indebtedness for reimbursement obligations related to (x) a standby letter of credit for the benefit of CIT Group for credit enhancement and secured by cash collateral of Borrowing Agent; (y) a cash collateral account securing Borrowing Agent's obligations under its corporate policy and travel credit card programs; and (z) a cash collateral account as security for obligations owed to Rosenthal & Rosenthal, Inc.; provided that the maximum aggregate Indebtedness outstanding under the foregoing clauses (x) through (z) shall not exceed the aggregate amount of such Indebtedness outstanding on the Closing Date plus \$2,000,000; (vii) Indebtedness for reimbursement obligations related to commercial letters of credit issued by Bank of America, N.A. or any other issuer and secured by cash collateral of Borrowing Agent and other letters of credit not described in clause (vi) above in an aggregate amount for all of the letters of credit described in this clause (vii) not to exceed \$2,500,000; and (viii) other unsecured Indebtedness in an amount not to exceed \$500,000 in the aggregate at any time outstanding; and (ix) subject to the terms of the Intercreditor Agreement, Indebtedness under the PNC Documents in an aggregate principal amount not to exceed \$130,000,000 less any mandatory or voluntary repayments or prepayments thereof and any Refinancing Indebtedness in respect thereof.

7.9. Nature of Business. Substantially change the nature of the business in which it is presently engaged or any business substantially related or incidental thereto.

7.10. Transactions with Affiliates. Directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise enter into any transaction or deal with, any Affiliate (other than another Borrower), except (i) transactions which are in the Ordinary Course of Business and on an arm's-length basis on terms and conditions which are comparable to terms and conditions which would have been obtainable from a Person other than an Affiliate; (ii) the payment of reasonable customary compensation and benefits and reimbursements of out-of-pocket costs to, and the provision of indemnity on behalf of, directors, officers, consultants, employees and members of the boards of directors of the Borrowers and their subsidiaries; (iii) distributions and other payments permitted under Section 7.7; (iv) employment, incentive, benefit, consulting and severance arrangements entered into in the Ordinary Course of Business with officers, directors, consultants and employees of the Borrowers or their Subsidiaries; (v) the transactions pursuant to the agreements set forth in Schedule 7.10 or any amendment thereto to the extent such an amendment, taken as a whole, is not adverse to the Lenders in any material respect; (vi) the issuance of Equity Interests of Borrowing Agent (other than Disqualified Stock); (vii) the provision of services to directors or officers of the Borrowers or any of their Subsidiaries of the nature provided by the Borrowers or any of their Subsidiaries to customers in the Ordinary Course of Business; and (viii) loans and/or extensions of credit to employees (or consultants functioning in similar capacities as an employee) extended in the Ordinary Course of Business in an amount not to exceed \$250,000 outstanding at anytime.

7.11. Leases. Enter as lessee into any lease arrangement for real or personal property (unless capitalized and permitted under Section 7.6 hereof) if after giving effect thereto, aggregate annual rental payments for all leased property would exceed \$2,750,000 in any one fiscal year in the aggregate for all Borrowers.

7.12. Subsidiaries.

(a) Form any Subsidiary unless (i) such Subsidiary expressly joins in this Agreement as a borrower and becomes jointly and severally liable for the obligations of Borrowers hereunder and (ii) Agent shall have received all customary documents, including legal opinions, it may reasonably require to establish compliance with each of the foregoing conditions.

(b) Permit any of the Inactive Subsidiaries to acquire any material assets or conduct any business, or permit Norwell to acquire any assets or conduct any business other than as described in Section 5.31.

7.13. Fiscal Year and Accounting Changes. Change its fiscal year from January 31 or make any change in accounting treatment and reporting practices except as required or permitted by GAAP or rules promulgated by the SEC.

7.14. Pledge of Credit. Now or hereafter pledge Agent's or any Lender's credit on any purchases or for any purpose whatsoever or use any portion of the Term Loan in or for any business other than a business permitted by Section 7.9.

7.15. Amendment of Organizational Documents. Amend, modify or waive any term or material provision of its Organizational Documents in a manner materially adverse to the Lenders.

7.16. Compliance with ERISA. Except as could not reasonably be expected to have a Material Adverse Effect, (i) (x) maintain, or permit any member of the Controlled Group to maintain, or (y) become obligated to contribute, or permit any member of the Controlled Group to become obligated to contribute, to any Plan, other than those Plans disclosed on Schedule 5.8(d), which schedule may be revised from time to time with the consent of Agent, which consent shall not be unreasonably withheld, (ii) engage, or permit any member of the Controlled Group of its Subsidiaries to engage, in any non-exempt "prohibited transaction", as that term is defined in Section 406 of ERISA or Section 4975 of the Code, (iii) terminate, or permit any member of the Controlled Group to terminate, any Pension Benefit Plan where such event could result in any liability of any Borrower or any member of the Controlled Group or the imposition of a lien on the property of any Borrower or any member of the Controlled Group pursuant to Section 4068 of ERISA, (iv) incur, or permit any member of the Controlled Group to incur, any withdrawal liability to any Multiemployer Plan; (v) fail promptly to notify Agent of the occurrence of any Termination Event, (vi) fail to comply, or permit a member of the Controlled Group to fail to comply, with the requirements of ERISA or the Code or other Applicable Laws in respect of any Pension Benefit Plan, or (vii) fail to meet, permit any member of the Controlled Group to fail to meet or permit any Pension Benefit Plan to fail to meet all minimum funding requirements under ERISA and the Code, without regard to any waivers or variances, or postpone or delay or allow any member of the Controlled Group to postpone or delay any funding requirement with respect to any Plan.

7.17. Prepayment of Indebtedness. At any time, directly or indirectly, prepay any Indebtedness (other than to Lenders or a Borrower), or repurchase, redeem, retire or otherwise acquire any Indebtedness (other than the Obligations or Indebtedness owing to another Borrower) of any Borrower, except (a) refinancings and refundings of such Indebtedness (other than PNC Obligations) to the extent permitted pursuant to this Agreement, (b) subject to the terms of the Intercreditor Agreement, any Refinancing Indebtedness or other prepayments in respect of the PNC Obligations and (c) payments in the form of Equity Interests (other than Disqualified Stock) of Borrowing Agent.

7.18. Anti-Terrorism Laws. No Borrower shall, until satisfaction in full of the Obligations and termination of this Agreement, nor shall it permit any Affiliate or agent to:

(a) Conduct any business or engage in any transaction or dealing with any Blocked Person, including the making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person.

(b) Deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order No. 13224.

(c) Engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order No. 13224, the USA PATRIOT Act or any other Anti-Terrorism Law. Borrower shall deliver to Lenders any certification or other evidence requested from time to time by any Lender in its sole discretion, confirming Borrower's compliance with this Section.

7.19. Membership/Partnership Interests. Elect to treat or permit any of its Domestic Subsidiaries to (x) treat its limited liability company membership interests or partnership interests, as the case may be, as securities as contemplated by the definition of "security" in Section 8-102(15) and by Section 8-103 of Article 8 of Uniform Commercial Code or (y) certificate its limited liability company membership interests or partnership interests, as the case may be.

7.20. Trading with the Enemy Act. Engage in any business or activity in violation of the Trading with the Enemy Act.

VIII. CONDITIONS PRECEDENT.

8.1. Conditions to the Closing Date. The agreement of Lenders to make the Term Loan on the Closing Date is subject to the satisfaction, or waiver by Agent, immediately prior to or concurrently with the making of the Term Loan, of the following conditions precedent:

(a) Note. To the extent requested three (3) Business Days prior to the Closing Date, each requesting Lender shall receive a Term Note duly executed and delivered by an authorized officer of each Borrower;

(b) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by this Agreement, any related agreement or under law or reasonably requested by Agent to be filed, registered or recorded in order to create, in favor of Agent, a perfected security interest in or Lien upon the Collateral shall have been properly filed, registered or recorded in each jurisdiction in which the filing, registration or recordation thereof is so required or requested, and Agent shall have received an acknowledgment copy, or other evidence reasonably satisfactory to it, of each such filing, registration or recordation and reasonably satisfactory evidence of the payment of any necessary fee, tax or expense relating thereto;

(c) Leasehold Agreements. Except to the extent waived in writing by Agent or as otherwise set forth in Section 6.10 above, Agent shall have received landlord, mortgagee or warehouseman agreements satisfactory to Agent with respect to all premises leased by Borrowers at which Inventory and books and records are located;

- (d) Other Documents. Agent shall have received the executed Other Documents, all in form and substance satisfactory to Agent;
- (e) Mortgage and Surveys. Agent shall have received in form and substance satisfactory to Lenders (i) the executed Mortgage and (ii) surveys;
- (f) Title Insurance. Agent shall have received fully paid mortgagee title insurance policies (or binding commitments to issue title insurance policies, marked to Agent's satisfaction to evidence the form of such policies to be delivered with respect to the Mortgage), in standard ALTA form, issued by a title insurance company satisfactory to Agent, each in an amount equal to not less than the fair market value of the Real Property subject to the Mortgage, insuring the Mortgage to create valid first priority Liens on the Real Property with no exceptions which Agent shall not have approved in writing and no survey exceptions;
- (g) Environmental Reports. Agent shall have received all environmental studies and reports prepared by independent environmental engineering firms with respect to all Real Property owned or leased by any Borrower, including, without limitation, Phase I environmental reports relating thereto, with each of the foregoing in form and substance satisfactory to Agent in its sole discretion ("Environmental Reports");
- (h) Financial Condition Certificates. Agent shall have received an executed Financial Condition Certificate in the form of Exhibit 8.1(h);
- (i) Closing Certificate. Agent shall have received a closing certificate signed by the Chief Financial Officer of each Borrower dated as of the date hereof, stating that (i) all representations and warranties set forth in this Agreement and the Other Documents are true and correct on and as of such date, (ii) Borrowers are on such date in compliance with all the terms and provisions set forth in this Agreement and the Other Documents and (iii) on such date no Default or Event of Default has occurred or is continuing;
- (j) PNC Documents. Agent shall have received the executed amendments to each PNC Documents, all in form and substance satisfactory to Agent;
- (k) Blocked Accounts and Depository Accounts. Each applicable Borrower, Agent and each Blocked Account Bank and PNC shall enter into a deposit account control agreement in form and substance satisfactory to Agent in respect of each Blocked Account and each Depository Account;
- (l) Proceedings of Borrowers. Agent shall have received a copy of the resolutions in form and substance reasonably satisfactory to Agent, of the Board of Directors, Manager or Managing Member, as the case may be, of each Borrower authorizing (i) the execution, delivery and performance of this Agreement, the Mortgage and any related agreements (collectively the "Documents") and (ii) the granting by each Borrower of the security interests in and liens upon the Collateral in each case certified by the Secretary, Assistant Secretary or Manager, as the case may be, of each Borrower as of the Closing Date; and, such certificate shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded as of the date of such certificate;

(m) Incumbency Certificates. Agent shall have received a certificate of the Secretary, Assistant Secretary or Manager, as the case may be, of each Borrower and each Guarantor, dated the Closing Date, as to the incumbency and signature of the officers of each Borrower and Guarantor, as applicable, executing this Agreement, the Guaranty, the Other Documents, any certificate or other documents to be delivered by it pursuant hereto, together with evidence of the incumbency of such Secretary or Assistant Secretary;

(n) Certificates. Agent shall have received a copy of the Articles or Certificate of Incorporation or Formation, as the case may be, of each Borrower and each Guarantor, and all amendments thereto, certified by the Secretary of State or other appropriate official of its jurisdiction of incorporation or formation, as the case may be, together with copies of the By-Laws of each Borrower and each Guarantor and all agreements of each Borrower's and each Guarantor's shareholders or members, as the case may be, certified as accurate and complete by the Secretary of each Borrower and such Guarantor;

(o) Good Standing Certificates. Agent shall have received good standing certificates for each Borrower and each Guarantor dated not more than 20 days prior to the Closing Date, issued by the Secretary of State or other appropriate official of each Borrower's and each Guarantor's jurisdiction of incorporation or formation, as the case may be, and each jurisdiction where the conduct of each Borrower's and each Guarantor's business activities or the ownership of its properties necessitates qualification;

(p) Legal Opinion. Agent shall have received the executed legal opinions of (i) Davis & Gilbert LLP, (ii) Gray, Plant, Mooty, Mooty & Bennett, P.A. and (iii) Law Offices of Jack N Goodman, each in form and substance satisfactory to Agent, which shall cover such matters incident to the transactions contemplated by this Agreement, the Mortgage, the Other Documents and related agreements as Agent may reasonably require and each Borrower hereby authorizes and directs such counsel to deliver such opinions to Agent and Lenders;

(q) No Litigation. (i) No litigation, investigation or proceeding before or by any arbitrator or Governmental Body shall be continuing or threatened against any Borrower or against the officers or directors of any Borrower (A) in connection with this Agreement, the Other Documents or any of the transactions contemplated thereby and which, in the reasonable opinion of Agent, is deemed material or (B) which could, in the reasonable opinion of Agent, have a Material Adverse Effect; and (ii) no injunction, writ, restraining order or other order of any nature materially adverse to any Borrower or the conduct of its business or inconsistent with the due consummation of the Transactions shall have been issued by any Governmental Body;

(r) Collateral Examination. Agent shall have completed Collateral examinations and received appraisals, the results of which shall be reasonably satisfactory in form and substance to Lenders, of the Receivables, Inventory, General Intangibles, Real Property and Equipment of each Borrower and all books and records in connection therewith;

- (s) Fees. Agent shall have received all fees payable to Agent and Lenders on or prior to the Closing Date hereunder, including pursuant to Article III hereof;
- (t) Pro Forma Financial Statements. Agent shall have received a copy of the Pro Forma Financial Statements which shall be satisfactory in all respects to Lenders;
- (u) Insurance. Agent shall have received in form and substance reasonably satisfactory to Agent, copies of evidence of Borrowers' casualty insurance policies, together with loss payable endorsements on Agent's standard form of loss payee endorsement naming Agent as loss payee, and copies of evidence of Borrowers' liability insurance policies, together with endorsements naming Agent as a co-insured;
- (v) Payment Instructions. Agent shall have received written instructions from Borrowing Agent directing the application of proceeds of the Term Loan made pursuant to this Agreement;
- (w) Consents. Agent shall have received any and all Consents necessary to permit the effectuation of the transactions contemplated by this Agreement and the Other Documents; and, Agent shall have received such Consents and waivers of such third parties as might assert claims with respect to the Collateral, as Agent and its counsel shall deem necessary;
- (x) No Adverse Material Change. Except as disclosed to Agent, since January 31, 2015, there shall not have occurred any event, condition or state of facts which could reasonably be expected to have a Material Adverse Effect;
- (y) Contract Review. Agent shall have reviewed all Material Contracts of Borrowers including, among other things, Organizational Documents, leases, union contracts, labor contracts, vendor supply contracts, license agreements and distributorship agreements (including the NBCU Distribution and Marketing Agreement and Trademark License Agreement) and such contracts and agreements shall be reasonably satisfactory in all respects to Agent;
- (z) Representations and Warranties. Each of the representations and warranties made by any Borrower in or pursuant to this Agreement, the Other Documents and any related agreements to which it is a party, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement, the Other Documents or any related agreement shall be true and correct in all material respects on and as of such date as if made on and as of such date (except to the extent expressly relating to an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date);
- (aa) No Default. No Event of Default or Default shall have occurred and be continuing on such date;
- (bb) Compliance with Laws. Agent shall be reasonably satisfied that each Borrower is in compliance with all pertinent federal, state, local or territorial regulations, including those with respect to the Federal Occupational Safety and Health Act, the Environmental Laws and the Trading with the Enemy Act; and

(cc) Other. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the Transactions shall be reasonably satisfactory in form and substance to Agent and its counsel.

IX. INFORMATION AS TO BORROWERS.

Each Borrower shall, or (except with respect to Section 9.11) shall cause Borrowing Agent on its behalf to, until satisfaction in full of the Obligations and the termination of this Agreement:

9.1. Disclosure of Material Matters. Promptly upon learning thereof, report to Agent all matters materially affecting the value, enforceability or collectability of any portion of the Collateral, including any Borrower's reclamation or repossession of, or the return to any Borrower of, a material amount of goods or claims or disputes asserted by any Customer or other obligor.

9.2. Schedules. Deliver to Agent (i) on or before the twentieth (20th) day of each month as and for the prior month (a) accounts receivable ageings inclusive of reconciliations to the general ledger, (b) accounts payable schedules inclusive of reconciliations to the general ledger (including ageing of accrued cable access fees included in accounts payable), (c) Inventory reports (including breakout by category), (d) monthly reporting of the prior month's Average FICO Score, and (e) a Borrowing Base Certificate (as defined in the PNC Credit Agreement as in effect on the date hereof) as and when delivered in respect of the PNC Credit Agreement or any replacement agreement in respect thereof; and (ii) each week, (1) summary Inventory reports (including breakout by category), (2) reporting of weekly sales, collections and credits and (3) a Value Pay Plan ageing summary. In addition, each Borrower will deliver to Agent at such intervals as Agent may reasonably require: (i) confirmatory assignment schedules; (ii) copies of Customer's invoices; (iii) evidence of shipment or delivery; (iv) as and when delivered in respect of the PNC Credit Agreement or any replacement agreement in respect thereof all financials report, information and materials delivered thereunder and (v) such further schedules, documents and/or information regarding the Collateral as Agent may reasonably require including trial balances and test verifications. Agent shall have the right to confirm and verify all Receivables by any manner and through any medium it considers advisable and do whatever it may deem reasonably necessary to protect its interests hereunder. The items to be provided under this Section are to be in form satisfactory to Agent and executed by each Borrower and delivered to Agent from time to time solely for Agent's convenience in maintaining records of the Collateral, and any Borrower's failure to deliver any of such items to Agent shall not affect, terminate, modify or otherwise limit Agent's Lien with respect to the Collateral.

9.3. Environmental Reports. Furnish Agent, concurrently with the delivery of the financial statements referred to in Sections 9.7 and 9.8, with a certificate signed by the President, the Chief Financial Officer or any other financial officer of Borrowing Agent stating, to the best of his knowledge, that each Borrower is in compliance in all material respects with all Environmental Laws. To the extent any Borrower is not in compliance with the foregoing laws, the certificate shall set forth with specificity all areas of non-compliance and the proposed action such Borrower will implement in order to achieve full compliance.

9.4. Litigation. Promptly notify Agent in writing of any claim, litigation, suit or administrative proceeding affecting any Borrower or any Guarantor, whether or not the claim is covered by insurance, which in any such case affects the Collateral involving an amount in excess of \$300,000 or which could reasonably be expected to have a Material Adverse Effect.

9.5. Material Occurrences. Promptly notify Agent in writing upon the occurrence of: (a) any Event of Default or Default; (b) any event, development or circumstance whereby any financial statements or other reports furnished to Agent fail in any material respect to present fairly, in accordance with GAAP consistently applied, the financial condition or operating results of any Borrower as of the date of such statements; (c) any funding deficiency which, if not corrected as provided in Section 4971 of the Code, could subject any Borrower or any member of the Controlled Group to a tax imposed by Section 4971 of the Code; (d) each and every default by any Borrower which might result in the acceleration of the maturity of any Indebtedness with an aggregate principal amount in excess of \$300,000, including the names and addresses of the holders of such Indebtedness with respect to which there is a default existing or with respect to which the maturity has been or could be accelerated, and the amount of such Indebtedness; and (e) any other development in the business or affairs of any Borrower or any Guarantor which could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action Borrowers propose to take with respect thereto.

9.6. Government Receivables. Notify Agent promptly if any of its Receivables arise out of contracts between any Borrower and the United States, any state, or any department, agency or instrumentality of any of them.

9.7. Annual Financial Statements. Furnish Agent and Lenders within one hundred and twenty (120) days after the end of each fiscal year of Borrowers, financial statements of Borrowers on a consolidated basis including, but not limited to, statements of income and stockholders' equity and cash flow from the beginning of the current fiscal year to the end of such fiscal year and the balance sheet as at the end of such fiscal year, all prepared in accordance with GAAP applied on a basis consistent with prior practices, and in reasonable detail and reported upon without qualification by an independent certified public accounting firm selected by Borrowers and reasonably satisfactory to Agent (the "Accountants"). The report of the Accountants shall be accompanied by a statement of the Accountants certifying that (i) they have caused this Agreement to be reviewed, (ii) in making the examination upon which such report was based either no information came to their attention which to their knowledge constituted an Event of Default or a Default under this Agreement or any related agreement or, if such information came to their attention, specifying any such Default or Event of Default, its nature, when it occurred and whether it is continuing, and such report shall contain or have appended thereto calculations which set forth Borrowers' compliance with the requirements or restrictions imposed by Section 6.5 hereof. In addition, the reports shall be accompanied by a Compliance Certificate.

9.8. Quarterly Financial Statements. Furnish Agent and Lenders within forty five (45) days after the end of each fiscal quarter, an unaudited balance sheet of Borrowers on a consolidated basis and unaudited statements of income and stockholders' equity and cash flow of Borrowers on a consolidated basis reflecting results of operations from the beginning of the fiscal year to the end of such quarter and for such quarter, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year end adjustments that individually and in the aggregate are not material to Borrowers' business. The reports shall be accompanied by a Compliance Certificate.

9.9. Monthly Financial Statements. Furnish Agent and Lenders within thirty (30) days after the end of each month, an unaudited balance sheet of Borrowers on a consolidated basis and unaudited statements of income and stockholders' equity and cash flow of Borrowers on a consolidated basis reflecting results of operations from the beginning of the fiscal year to the end of such month and for such month, prepared on a basis consistent with prior practices and complete and correct in all material respects, subject to normal and recurring year end and quarter end adjustments. The reports shall be accompanied by a Compliance Certificate.

9.10. Other Reports. Furnish Agent (i) as soon as available, but in any event within ten (10) days after the issuance thereof, with copies of such financial statements, reports and returns as each Borrower shall send to its stockholders, and (ii) as soon as available, but in any event within five (5) days of the filing thereof with the SEC, with Borrowing Agent's annual and quarterly reports on Forms 10-K and 10-Q, respectively.

9.11. Additional Information. Furnish Agent with such additional information as Agent shall reasonably request in order to enable Agent to determine whether the terms, covenants, provisions and conditions of this Agreement have been complied with by Borrowers including, without the necessity of any request by Agent, (a) copies of all environmental audits and reviews, (b) at least thirty (30) days prior thereto (or such shorter period as may be agreed to by Agent), notice of any Borrower's opening of any new office or place of business or any Borrower's closing of any existing office or place of business, and (c) promptly upon any Borrower's learning thereof, notice of any material labor dispute to which any Borrower may become a party, any material strikes or walkouts relating to any of its plants or other facilities, and the expiration of any labor contract to which any Borrower is a party or by which any Borrower is bound.

9.12. Projected Operating Budget. Furnish Agent and Lenders, no later than thirty (30) days after the end of each Borrower's fiscal years commencing with the fiscal year ended January 31, 2016, a projected operating budget and cash flow of Borrowers on a consolidated basis for such fiscal year on a monthly and annual basis (including an income statement for each month and a balance sheet as at the end of the last month in each fiscal quarter), such projections to be accompanied by a certificate signed by the President or Chief Financial Officer of each Borrower to the effect that such projections have been prepared on the basis of sound financial planning practice consistent with past budgets and financial statements and that such officer has no reason to question the reasonableness of any material assumptions on which such projections were prepared.

9.13. Variances From Operating Budget. Furnish Agent, concurrently with the delivery of the financial statements referred to in Section 9.7 and each monthly report, a written report summarizing all material variances from budgets submitted by Borrowers pursuant to Section 9.12 and a discussion and analysis by management with respect to such variances.

9.14. Notice of Suits, Adverse Events. Furnish Agent with prompt written notice of (i) any lapse or other termination of any Consent issued to any Borrower by any Governmental Body or any other Person that is material to the operation of the Borrowers' business taken as a whole, (ii) any refusal by any Governmental Body or any other Person to renew or extend any such Consent; and (iii) copies of any periodic or special reports filed by any Borrower or any Guarantor with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Borrower or any Guarantor, or if copies thereof are requested by Lender, and (iv) copies of any material notices and other material communications from any Governmental Body or Person which specifically relate to any Borrower or any Guarantor.

9.15. ERISA Notices and Requests. Furnish Agent within 5 Business Days written notice in the event that (i) any Borrower or any member of the Controlled Group knows or has reason to know that a Termination Event has occurred, together with a written statement describing such Termination Event and the action, if any, which such Borrower or any member of the Controlled Group has taken, is taking, or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, Department of Labor or PBGC with respect thereto, (ii) any Borrower or any member of the Controlled Group knows or has reason to know that a prohibited transaction (as defined in Section 406 of ERISA or 4975 of the Code) has occurred together with a written statement describing such transaction and the action which such Borrower or any member of the Controlled Group has taken, is taking or proposes to take with respect thereto, (iii) a funding waiver request has been filed with respect to any Pension Benefit Plan together with all communications received by any Borrower or any member of the Controlled Group with respect to such request, (iv) any increase in the benefits of any existing Plan or the establishment of any new Plan or the commencement of contributions to any Plan to which any Borrower or any member of the Controlled Group was not previously contributing shall occur, (v) any Borrower or any member of the Controlled Group shall receive from the PBGC a notice of intention to terminate a Plan or to have a trustee appointed to administer a Plan, together with copies of each such notice, (vi) any Borrower or any member of the Controlled Group shall receive any unfavorable determination letter from the Internal Revenue Service regarding the qualification of a Plan under Section 401(a) of the Code, together with copies of each such letter, (vii) any Borrower or any member of the Controlled Group shall receive a notice regarding the imposition of withdrawal liability, together with copies of each such notice; (viii) any Borrower or any member of the Controlled Group shall fail to make a required installment or any other required payment under the Code or ERISA on or before the due date for such installment or payment; or (ix) any Borrower or any member of the Controlled Group knows that (a) a Multiemployer Plan has been terminated, (b) the administrator or plan sponsor of a Multiemployer Plan intends to terminate a Multiemployer Plan, (c) the PBGC has instituted or will institute proceedings under Section 4042 of ERISA to terminate a Multiemployer Plan or (d) a Multiemployer Plan is subject to Section 432 of the Code or Section 305 of ERISA, except (with respect to any matter specified in any of the above clauses), for such matters as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

9.16. Additional Documents. Execute and deliver to Agent, upon request, such documents and agreements as Agent may, from time to time, reasonably request to carry out the purposes, terms or conditions of this Agreement.

9.17. Updates to Certain Loan Agreement Schedules. Deliver to Agent promptly as shall be required to maintain the related representations and warranties as true and correct, updates to Schedules 4.5 (Locations of equipment and Inventory), 5.2(a) (Formation and Qualification), 5.27 (Equity Interests), 5.28 (Commercial Tort Claims), 5.29 (Letter-of-Credit Rights) and 5.30 (Material Contacts); provided, that absent the occurrence and continuance of any Event of Default, such updates with respect shall be required solely on a monthly basis in connection with delivery of a Compliance Certificate with respect to the applicable month. Any such updated Schedules delivered by Borrowers to Agent in accordance with this Section 9.17 shall automatically and immediately be deemed to supplement or amend and restate, as applicable, the prior version of such Schedule previously delivered to Agent and attached to and made part of this Agreement

X. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an “Event of Default”:

10.1. Nonpayment. Failure by any Borrower to pay any principal or interest on the Obligations when due, whether at maturity or by reason of acceleration pursuant to the terms of this Agreement or by notice of intention to prepay, or by required prepayment or failure to pay when due any other liabilities or make any other payment, fee or charge provided for herein when due or in any Other Document;

10.2. Breach of Representation. Any representation or warranty made or deemed made by any Borrower or any Guarantor in this Agreement, any Other Document or any related agreement or in any certificate, document or financial or other statement furnished at any time in connection herewith or therewith shall prove to have been misleading in any material respect on the date when made or deemed to have been made;

10.3. Financial Information. Failure by any Borrower to (i) furnish financial information when due, (ii) furnish financial within five (5) Business Days of the date when requested for any information which is not due by a specified date under this Agreement or (iii) permit the inspection of its books or records;

10.4. Judicial Actions. Issuance of a notice of Lien (other than a Permitted Encumbrance), levy, assessment, injunction or attachment against any Borrower’s Inventory or Receivables or against a material portion of any Borrower’s other property;

10.5. Noncompliance. Except as otherwise provided for in Sections 10.1, 10.3 and 10.5(ii), (i) failure or neglect of any Borrower or any Guarantor to perform, keep or observe any term, provision, condition, covenant herein contained, or contained in any Other Document or any other agreement or arrangement, now or hereafter entered into between any Borrower or any Guarantor, and Agent or any Lender, or (ii) failure or neglect of any Borrower to perform, keep or observe any term, provision, condition or covenant, contained in Sections 4.6, 4.7, 4.9, 4.14, 4.17, 6.1, 6.3, 6.4, 6.7, 9.4, 9.6, 9.11 or 9.16 hereof which is not cured within fifteen (15) days from the occurrence of such failure or neglect;

10.6. Judgments. Any judgment or judgments are rendered against any Borrower or any Guarantor for an aggregate amount in excess of \$300,000 or against all Borrowers or Guarantors for an aggregate amount in excess of \$300,000 and (i) enforcement proceedings shall have been commenced by a creditor upon such judgment, (ii) there shall be any period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, shall not be in effect, or (iii) any such judgment results in the creation of a Lien upon any of the Collateral (other than a Permitted Encumbrance);

10.7. Bankruptcy. Any Borrower or any Guarantor shall (i) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of creditors, (iii) commence a voluntary case under any state or federal bankruptcy laws (as now or hereafter in effect), (iv) be adjudicated a bankrupt or insolvent, (v) file a petition seeking to take advantage of any other similar law providing for the relief of debtors, (vi) acquiesce to, or fail to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (vii) take any action for the purpose of effecting any of the foregoing;

10.8. Inability to Pay. Any Borrower or any Guarantor shall admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business;

10.9. Subsidiary Bankruptcy. Any Subsidiary of any Borrower or any Guarantor shall (i) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business, (iii) make a general assignment for the benefit of creditors, (iv) commence a voluntary case under any state or federal bankruptcy laws (as now or hereafter in effect), (v) be adjudicated a bankrupt or insolvent, (vi) file a petition seeking to take advantage of any other similar law providing for the relief of debtors, (vii) acquiesce to, or fail to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (viii) take any action for the purpose of effecting any of the foregoing;

10.10. [Reserved].

10.11. Lien Priority. Any Lien created hereunder or provided for hereby or under any related agreement to secure the Obligations for any reason ceases to be or is not a valid and perfected Lien having a first priority interest (except to the extent of Liens in respect of the PNC Credit Agreement (subject to the terms of the Intercreditor Agreement) and except as a result of any action taken by Agent or failure by Agent to maintain possession of Collateral);

10.12. [Reserved] ;

10.13. Cross Default. A default of the obligations of any Borrower under (a) the PNC Documents or (b) any other agreement to which it is a party shall occur which causes a Material Adverse Effect which default is not cured within any applicable grace period; provided that such obligations are for an aggregate amount in excess of \$300,000;

10.14. Breach of Guaranty or Pledge Agreement. Termination or breach of any Guaranty, Guarantor Security Agreement, Pledge Agreement or similar agreement executed and delivered to Agent in connection with the Obligations of any Borrower, or if any Guarantor attempts to terminate, challenges the validity of, or its liability under, any such Guaranty, Guarantor Security Agreement, Pledge Agreement or similar agreement;

10.15. Change of Ownership. Any Change of Ownership shall occur;

10.16. Invalidity. Any material provision of this Agreement or any Other Document shall, for any reason, cease to be valid and binding on any Borrower or any Guarantor, or any Borrower or any Guarantor shall so claim in writing to Agent or any Lender;

10.17. Licenses. (i) Any Governmental Body shall (a) revoke, terminate, suspend or adversely modify any license, permit, patent trademark or tradename of any Borrower or any Guarantor, the continuation of which is material to the continuation of any Borrower's or Guarantor's business, or (b) commence proceedings to suspend, revoke, terminate or adversely modify any such license, permit, trademark, tradename or patent and such proceedings shall not be dismissed or discharged within sixty (60) days, or (c) schedule or conduct a hearing on the renewal of any license, permit, trademark, tradename or patent necessary for the continuation of any Borrower's or any Guarantor's business and the staff of such Governmental Body issues a report recommending the termination, revocation, suspension or material, adverse modification of such license, permit, trademark, tradename or patent; or (ii) any agreement which is necessary or material to the operation of any Borrower's or any Guarantor's business shall be revoked or terminated and not replaced by a substitute acceptable to Agent within thirty (30) days after the date of such revocation or termination, and such revocation or termination and non-replacement would reasonably be expected to have a Material Adverse Effect;

10.18. Seizures. Any Receivables or any portion of the other Collateral in an amount in excess of \$300,000 shall be seized or taken by a Governmental Body, or any Borrower or any Guarantor or the title and rights of any Borrower, any Guarantor or any Original Owner which is the owner of such portion of the Collateral shall have become the subject matter of claim, litigation, suit or other proceeding which is reasonably likely, in the Permitted Discretion of Agent, upon final determination, result in impairment or loss of the security provided by this Agreement or the Other Documents;

10.19. Operations. The Borrower's operations taken as a whole are materially interrupted at any time for more than 10 consecutive days, unless such Borrower or Guarantor shall (i) be entitled to receive for such period of interruption, proceeds of business interruption insurance sufficient to assure that its per diem cash needs during such period is at least equal to its average per diem cash needs for the consecutive three month period immediately preceding the initial date of interruption and (ii) receive such proceeds in the amount described in clause (i) preceding not later than thirty (30) days following the initial date of any such interruption; provided, however, that notwithstanding the provisions of clauses (i) and (ii) of this section, an Event of Default shall be deemed to have occurred if such Borrower or Guarantor shall be receiving the proceeds of business interruption insurance for a period of thirty (30) consecutive days; or

10.20. Pension Plans. An event or condition specified in Sections 7.16 or 9.15 hereof shall occur or exist with respect to any Plan and, as a result of such event or condition, together with all other such events or conditions, any Borrower or any member of the Controlled Group shall incur, or in the opinion of Agent be reasonably likely to incur, a liability to a Plan or the PBGC (or both) which would reasonably be expected to have a Material Adverse Effect.

10.21. Reportable Compliance Event. The occurrence of any Reportable Compliance Event, or any Borrower's failure to immediately report a Reportable Compliance Event in accordance with Section 16.18 hereof.

XI. LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.

11.1. Rights and Remedies.

(a) Upon the occurrence of: (i) an Event of Default pursuant to Section 10.7 all Obligations shall be immediately due and payable and this Agreement shall be deemed terminated; and, (ii) any of the other Events of Default and at any time thereafter, at the option of Required Lenders all Obligations shall be immediately due and payable and Lenders shall have the right to terminate this Agreement. Upon the occurrence and during the continuance of any Event of Default, Agent shall have the right to exercise any and all rights and remedies provided for herein, under the Other Documents, of a secured party on default under the Uniform Commercial Code and at law or equity generally, including the right to foreclose the security interests granted herein and to realize upon any Collateral by any available judicial procedure and/or to take possession of and sell any or all of the Collateral with or without judicial process. Agent may enter any of any Borrower's premises or other premises without legal process and without incurring liability to any Borrower therefor, and Agent may thereupon, or at any time thereafter, in its discretion without notice or demand, take the Collateral and remove the same to such place as Agent may deem advisable and Agent may require Borrowers to make the Collateral available to Agent at a convenient place. With or without having the Collateral at the time or place of sale, Agent may sell the Collateral, or any part thereof, at public or private sale, at any time or place, in one or more sales, at such price or prices, and upon such terms, either for cash, credit or future delivery, as Agent may elect. Except as to that part of the Collateral which is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Agent shall give Borrowers reasonable notification of such sale or sales, it being agreed that in all events written notice mailed to Borrowing Agent at least ten (10) days prior to such sale or sales is reasonable notification. At any public sale Agent or any Lender may bid for and become the purchaser, and Agent, any Lender or any other purchaser at any such sale thereafter shall hold the Collateral sold absolutely free from any claim or right of whatsoever kind, including any equity of redemption and all such claims, rights and equities are hereby expressly waived and released by each Borrower. In connection with the exercise of the foregoing remedies, including the sale of Inventory, Agent is granted, to the extent assignable, for use only upon and during the continuance of an Event of Default, a royalty free, nonexclusive license and Agent is granted permission to use all of each Borrower's (a) Intellectual Property which are used or useful in connection with Inventory for the purpose of marketing, advertising for sale and selling or otherwise disposing of such Inventory and (b) Equipment for the purpose of completing the manufacture of unfinished goods. The cash proceeds realized from the sale of any Collateral shall be applied to the Obligations in the order set forth in Section 11.5 hereof. Noncash proceeds will only be applied to the Obligations as they are converted into cash. If any deficiency shall arise, Borrowers shall remain liable to Agent and Lenders therefor.

(b) To the extent that Applicable Law imposes duties on Agent to exercise remedies in a commercially reasonable manner, each Borrower acknowledges and agrees that it is not commercially unreasonable for Agent: (i) to fail to incur expenses reasonably deemed significant by Agent to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition; (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of; (iii) to fail to exercise collection remedies against Customers or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral; (iv) to exercise collection remedies against Customers and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists; (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature; (vi) to contact other Persons, whether or not in the same business as any Borrower, for expressions of interest in acquiring all or any portion of such Collateral; (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature; (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets; (ix) to dispose of assets in wholesale rather than retail markets; (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure Agent against risks of loss, collection or disposition of Collateral or to provide to Agent a guaranteed return from the collection or disposition of Collateral; or (xii) to the extent deemed appropriate by Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Agent in the collection or disposition of any of the Collateral. Each Borrower acknowledges that the purpose of this Section 11.1(b) is to provide non-exhaustive indications of what actions or omissions by Agent would not be commercially unreasonable in Agent's exercise of remedies against the Collateral and that other actions or omissions by Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 11.1(b). Without limitation upon the foregoing, nothing contained in this Section 11.1(b) shall be construed to grant any rights to any Borrower or to impose any duties on Agent that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this Section 11.1(b).

11.2. Agent's Discretion. Except as provided in this Agreement or any Other Document, Agent shall have the right in its sole discretion to determine which rights, Liens, security interests or remedies Agent may at any time pursue, relinquish, subordinate, or modify or to take any other action with respect thereto and such determination will not in any way modify or affect any of Agent's or Lenders' rights hereunder.

11.3. Setoff. Subject to Section 14.12, in addition to any other rights which Agent or any Lender may have under Applicable Law, upon the occurrence and during the continuance of an Event of Default hereunder, Agent and such Lender shall have a right, immediately and without notice of any kind, to apply any Borrower's property held by Agent and such Lender to reduce the Obligations.

11.4. Rights and Remedies not Exclusive. The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any rights or remedy shall not preclude the exercise of any other right or remedies provided for herein or otherwise provided by law, all of which shall be cumulative and not alternative.

11.5. Allocation of Payments After Event of Default. Notwithstanding any other provisions of this Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by Agent on account of the Obligations or any other amounts outstanding under any of the Other Documents or in respect of the Collateral may, at Agent's discretion, be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of Agent in connection with enforcing its rights and the rights of the Lenders under this Agreement and the Other Documents;

SECOND, to payment of any fees owed to Agent;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including reasonable attorneys' fees) of each of the Lenders to the extent owing to such Lender pursuant to the terms of this Agreement;

FOURTH, to the payment of all of the Obligations consisting of accrued fees and interest;

FIFTH, to the payment of the outstanding principal amount of the Obligations;

SIXTH, to all other Obligations and other obligations which shall have become due and payable under the Other Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; and (ii) each of the Lenders shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Term Loan held by such Lender bears to the aggregate then outstanding Term Loan) of amounts available to be applied pursuant to clauses "FOURTH", "FIFTH" and "SIXTH" above.

11.6. Intercreditor Agreement. Notwithstanding anything to the contrary contained herein, Agent and each Lender acknowledge that the Liens granted to Agent pursuant to this Agreement and Other Documents, the exercise of any right or remedy by Agent or the Lenders hereunder and thereunder are subject to the terms of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement or Other Documents, the terms of the Intercreditor Agreement shall govern and control.

XII. WAIVERS AND JUDICIAL PROCEEDINGS.

12.1. Waiver of Notice. Each Borrower hereby waives notice of non-payment of any of the Receivables, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Collateral received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

12.2. Delay. No delay or omission on Agent's or any Lender's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.3. Jury Waiver. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

XIII. EFFECTIVE DATE AND TERMINATION.

13.1. Term. This Agreement, which shall inure to the benefit of and shall be binding upon the respective successors and permitted assigns of each Borrower, Agent and each Lender, shall become effective on the date hereof and shall continue in full force and effect until March 9, 2021 (the "Term") unless sooner terminated as herein provided. Borrowers may terminate this Agreement at any time upon ten (10) Business Days' prior written notice and upon payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted.

13.2. Termination. The termination of the Agreement shall not affect any Borrower's, Agent's or any Lender's rights, or any of the Obligations having their inception prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into, rights or interests created or Obligations have been fully and indefeasibly paid, disposed of, concluded or liquidated. The security interests, Liens and rights granted to Agent and Lenders hereunder and the financing statements filed hereunder shall continue in full force and effect until the termination of this Agreement and the payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted. Accordingly, each Borrower waives any rights which it may have under the Uniform Commercial Code to demand the filing of termination statements with respect to the Collateral, and Agent shall not be required to send such termination statements to each Borrower, or to file them with any filing office, unless and until the termination of this Agreement and the payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until the termination of this Agreement and the payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted. Upon termination of this Agreement and the payment in full of the Obligations other than contingent indemnification Obligations for which no claim has been asserted, the Collateral shall be released from the Lien of this Agreement and each Other Document. Upon such release or any release of Collateral or any part thereof in accordance with the provisions of this Agreement, Agent shall, upon the request and at the sole cost and expense of the Borrowers, assign, transfer and deliver to the Borrowers, against receipt and without recourse to or warranty by Agent except as to the fact that Agent has not encumbered the released assets, such of the Collateral or any part thereof to be released (in the case of a release) as may be in possession of 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 financing statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

XIV. REGARDING AGENT.

14.1. Appointment. Each Lender hereby designates GACP to act as Agent for such Lender under this Agreement and the Other Documents. Each Lender hereby irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Other Documents and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto and Agent shall hold all Collateral, payments of principal and interest, fees, charges and collections (without giving effect to any collection days) received pursuant to this Agreement, for the ratable benefit of Lenders. Agent may perform any of its duties hereunder by or through its agents or employees. As to any matters not expressly provided for by this Agreement, Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding; provided, however, that Agent shall not be required to take any action which exposes Agent to liability or which is contrary to this Agreement or the Other Documents or Applicable Law unless Agent is furnished with an indemnification reasonably satisfactory to Agent with respect thereto.

14.2. Nature of Duties. Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Other Documents. Neither Agent nor any of its officers, directors, employees or agents shall be (i) liable for any action taken or omitted by them as such hereunder or in connection herewith, unless caused by their gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment), or (ii) responsible in any manner for any recitals, statements, representations or warranties made by any Borrower or any officer thereof contained in this Agreement, or in any of the Other Documents or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any of the Other Documents or for the value, validity, effectiveness, genuineness, due execution, enforceability or sufficiency of this Agreement, or any of the Other Documents or for any failure of any Borrower to perform its obligations hereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the Other Documents, or to inspect the properties, books or records of any Borrower. The duties of Agent as respects the Term Loan to Borrowers shall be mechanical and administrative in nature; Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender; and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon Agent any obligations in respect of this Agreement except as expressly set forth herein.

14.3. Lack of Reliance on Agent and Resignation. Independently and without reliance upon Agent or any other Lender, each Lender has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of each Borrower and each Guarantor in connection with the making and the continuance of the Term Loan hereunder and the taking or not taking of any action in connection herewith, and (ii) its own appraisal of the creditworthiness of each Borrower and each Guarantor. Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before making of the Term Loan or at any time or times thereafter except as shall be provided by any Borrower pursuant to the terms hereof. Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any agreement, document, certificate or a statement delivered in connection with or for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any Other Document, or of the financial condition of any Borrower or any Guarantor, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Other Documents or the financial condition of any Borrower, or the existence of any Event of Default or any Default.

Agent may resign on sixty (60) days' written notice to each of Lenders and Borrowing Agent and upon such resignation, the Required Lenders will promptly designate a successor Agent reasonably satisfactory to Borrowers.

Any such successor Agent shall succeed to the rights, powers and duties of Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent. After any Agent's resignation as Agent, the provisions of this Article XIV shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

14.4. Certain Rights of Agent. If Agent shall request instructions from Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any Other Document, Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from the Required Lenders; and Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, Lenders shall not have any right of action whatsoever against Agent as a result of its acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders.

14.5. Reliance. Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, order or other document or telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper person or entity, and, with respect to all legal matters pertaining to this Agreement and the Other Documents and its duties hereunder, upon advice of counsel selected by it. Agent may employ agents and attorneys-in-fact and shall not be liable for the default or misconduct of any such agents or attorneys-in-fact selected by Agent with reasonable care.

14.6. Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder or under the Other Documents, unless Agent has received notice from a Lender or Borrowing Agent referring to this Agreement or the Other Documents, describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that Agent receives such a notice, Agent shall give notice thereof to Lenders. Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided, that, unless and until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of Lenders.

14.7. Indemnification. To the extent Agent is not reimbursed and indemnified by Borrowers, each Lender will reimburse and indemnify Agent in proportion to its respective Term Loan Exposure, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against Agent in performing its duties hereunder, or in any way relating to or arising out of this Agreement or any Other Document; provided that, Lenders shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent’s gross (not mere) negligence or willful misconduct (as determined by a court of competent jurisdiction in a final non-appealable judgment).

14.8. Agent in Its Individual Capacity. With respect to the obligation of Agent to lend under this Agreement, the Term Loan made by it shall have the same rights and powers hereunder as any other Lender and as if it were not performing the duties as Agent specified herein; and the term “Lender” or any similar term shall, unless the context clearly otherwise indicates, include Agent in its individual capacity as a Lender. Agent may engage in business with any Borrower as if it were not performing the duties specified herein, and may accept fees and other consideration from any Borrower for services in connection with this Agreement or otherwise without having to account for the same to Lenders.

14.9. Delivery of Documents. To the extent Agent receives financial statements required under Sections 9.7, 9.8, 9.9, 9.12 and 9.13 from any Borrower pursuant to the terms of this Agreement which any Borrower is not obligated to deliver to each Lender, Agent will promptly furnish such documents and information to Lenders.

14.10. Borrowers' Undertaking to Agent. Without prejudice to their respective obligations to Lenders under the other provisions of this Agreement, each Borrower hereby undertakes with Agent to pay to Agent from time to time on demand all amounts from time to time due and payable by it for the account of Agent or Lenders or any of them pursuant to this Agreement to the extent not already paid. Any payment made pursuant to any such demand shall pro tanto satisfy the relevant Borrower's obligations to make payments for the account of Lenders or the relevant one or more of them pursuant to this Agreement.

14.11. No Reliance on Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any Borrower, its Affiliates or its agents, this Agreement, the Other Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any record-keeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or such other laws.

14.12. Other Agreements. Each of the Lenders agrees that it shall not, without the express consent of Agent, and that it shall, to the extent it is lawfully entitled to do so, upon the request of Agent, set off against the Obligations, any amounts owing by such Lender to any Borrower or any deposit accounts of any Borrower now or hereafter maintained with such Lender. Anything in this Agreement to the contrary notwithstanding, each of the Lenders further agrees that it shall not, unless specifically requested to do so by Agent, take any action to protect or enforce its rights arising out of this Agreement or the Other Documents, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the Other Documents shall be taken in concert and at the direction or with the consent of Agent or Required Lenders.

14.13. Collateral and Guaranty Matters. Each of the Lenders irrevocably authorize Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by Agent under this Agreement or any Other Document (i) pursuant to Section 13.2, (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any Other Document to a Person that is not a Borrower or a Guarantor, (iii) that constitutes Excluded Collateral, or (iv) if approved, authorized or ratified in writing in accordance with Section 16.2(b);

(b) to release any Guarantor from its obligations under this Agreement and Other Documents if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder; and

(c) to subordinate any Lien on any property granted to or held by Agent under this Agreement and Other Documents to the holder of any Lien on such property that is permitted by clause (h) of the definition of "Permitted Encumbrances" or a Lien permitted by clause (c) of the definition of "Permitted Encumbrances" securing any capital lease obligation permitted to be incurred under Section 7.6.

Upon request by Agent at any time, the Required Lenders will confirm in writing Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under this Agreement and Other Documents pursuant to this Section 14.13. In each case as specified in this Section 14.13, Agent will, at the Borrowers' expense, execute and deliver to the applicable Borrower or Guarantor such documents as such Borrower or Guarantor may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereunder the Other Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under this Agreement and the Other Documents, in each case in accordance with the terms of the Other Documents and this Section 14.13.

XV. BORROWING AGENCY.

15.1. Borrowing Agency Provisions.

(a) Each Borrower hereby irrevocably designates Borrowing Agent to be its attorney and agent and in such capacity to borrow, sign and endorse notes, and execute and deliver all instruments, documents, writings and further assurances now or hereafter required hereunder, on behalf of such Borrower or Borrowers, and hereby authorizes Agent to pay over or credit all loan proceeds hereunder in accordance with the request of Borrowing Agent.

(b) The handling of this credit facility as a co-borrowing facility with a borrowing agent in the manner set forth in this Agreement is solely as an accommodation to Borrowers and at their request. Neither Agent nor any Lender shall incur liability to Borrowers as a result thereof. To induce Agent and Lenders to do so and in consideration thereof, each Borrower hereby indemnifies Agent and each Lender and holds Agent and each Lender harmless from and against any and all liabilities, expenses, losses, damages and claims of damage or injury asserted against Agent or any Lender by any Person arising from or incurred by reason of the handling of the financing arrangements of Borrowers as provided herein, reliance by Agent or any Lender on any request or instruction from Borrowing Agent or any other action taken by Agent or any Lender with respect to this Section 15.1 except due to willful misconduct or gross (not mere) negligence by the indemnified party (as determined by a court of competent jurisdiction in a final and non-appealable judgment).

(c) All Obligations shall be joint and several, and each Borrower shall make payment upon the maturity of the Obligations by acceleration or otherwise, and such obligation and liability on the part of each Borrower shall in no way be affected by any extensions, renewals and forbearance granted to Agent or any Lender to any Borrower, failure of Agent or any Lender to give any Borrower notice of borrowing or any other notice, any failure of Agent or any Lender to pursue or preserve its rights against any Borrower, the release by Agent or any Lender of any Collateral now or thereafter acquired from any Borrower, and such agreement by each Borrower to pay upon any notice issued pursuant thereto is unconditional and unaffected by prior recourse by Agent or any Lender to the other Borrowers or any Collateral for such Borrower's Obligations or the lack thereof. Each Borrower waives all suretyship defenses.

15.2. Waiver of Subrogation. Each Borrower expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which such Borrower may now or hereafter have against the other Borrowers or other Person directly or contingently liable for the Obligations hereunder, or against or with respect to the other Borrowers' property (including, without limitation, any property which is Collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and payment in full of the Obligations hereunder other than contingent indemnification Obligations for which no claim has been asserted.

XVI. MISCELLANEOUS.

16.1. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York. Any judicial proceeding brought by or against any Borrower with respect to any of the Obligations, this Agreement, the Other Documents or any related agreement may be brought in any New York State Court or Federal Courts of competent jurisdiction located in the County of New York, in the City and State of New York, United States of America, and, by execution and delivery of this Agreement, each Borrower accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Each Borrower hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Borrowing Agent at its address set forth in Section 16.6 and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America, or, at Agent's option, by service upon Borrowing Agent which each Borrower irrevocably appoints as such Borrower's Agent for the purpose of accepting service within the State of New York. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against any Borrower in the courts of any other jurisdiction. Each Borrower waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Each Borrower waives the right to remove any judicial proceeding brought against such Borrower in any state court to any federal court. Any judicial proceeding by any Borrower (or Guarantor) against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a New York State Court or Federal Court located in the County of New York, in the City and State of New York.

16.2. Entire Understanding.

(a) This Agreement and the documents executed concurrently herewith contain the entire understanding between each Borrower, Agent and each Lender and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing, signed by each Borrower's, Agent's and each Lender's respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Each Borrower acknowledges that it has been advised by counsel in connection with the execution of this Agreement and Other Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

(b) The Required Lenders, Agent with the consent in writing of the Required Lenders, and Borrowers may, subject to the provisions of this Section 16.2 (b), from time to time enter into written supplemental agreements to this Agreement or the Other Documents executed by Borrowers, for the purpose of adding or deleting any provisions or otherwise changing, varying or waiving in any manner the rights of Lenders, Agent or Borrowers thereunder or the conditions, provisions or terms thereof or waiving any Event of Default thereunder, but only to the extent specified in such written agreements; provided, however, that no such supplemental agreement shall, without the consent of all Lenders:

- (i) increase or decrease the Term Loan Commitment or the Term Loan of any Lender;
- (ii) extend the due date for any amount payable hereunder, or decrease the rate of interest or reduce any fee payable by Borrowers to Lenders pursuant to this Agreement;
- (iii) alter the definition of the term Required Lenders or alter, amend or modify this Section 16.2(b);
- (iv) release any Collateral during any calendar year (other than in accordance with the provisions of this Agreement) having an aggregate value in excess of \$1,000,000;
- (v) change the rights and duties of Agent without the consent of Agent;
- (vi) [reserved];
- (vii) [reserved]; or
- (viii) release any Guarantor except as expressly provided hereby.

Any such supplemental agreement shall apply equally to each Lender and shall be binding upon Borrowers, Lenders and Agent and all future holders of the Obligations. In the case of any waiver, Borrowers, Agent and Lenders shall be restored to their former positions and rights, and any Event of Default waived shall be deemed to be cured and not continuing, but no waiver of a specific Event of Default shall extend to any subsequent Event of Default (whether or not the subsequent Event of Default is the same as the Event of Default which was waived), or impair any right consequent thereon.

In the event that Agent requests the consent of a Lender pursuant to this Section 16.2 and such consent is denied, then GACP may, at its option, require such Lender to assign its interest in the Term Loan to GACP or to another Lender or to any other Person designated by Agent (the “Designated Lender”), for a price equal to (i) the then outstanding principal amount thereof plus (ii) accrued and unpaid interest and fees due such Lender, which interest and fees shall be paid when collected from Borrowers. In the event GACP elects to require any Lender to assign its interest to GACP or to the Designated Lender, GACP will so notify such Lender in writing within forty five (45) days following such Lender’s denial, and such Lender will assign its interest to GACP or the Designated Lender no later than five (5) days following receipt of such notice pursuant to a Term Loan Transfer Supplement executed by such Lender, GACP or the Designated Lender, as appropriate, and Agent.

16.3. Successors and Assigns; Participations.

(a) This Agreement shall be binding upon and inure to the benefit of Borrowers, Agent, each Lender, all future holders of the Obligations and their respective successors and assigns, except that no Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Agent and each Lender.

(b) Each Borrower acknowledges that in the regular course of commercial banking business one or more Lenders may at any time and from time to time sell participating interests in the Term Loans to other financial institutions (each such transferee or purchaser of a participating interest, a “Participant”). Each Participant may exercise all rights of payment (including rights of set-off) with respect to the portion of the Term Loans held by it or other Obligations payable hereunder as fully as if such Participant were the direct holder thereof provided that Borrowers shall not be required to pay to any Participant more than the amount which it would have been required to pay to Lender which granted an interest in the Term Loans or other Obligations payable hereunder to such Participant had such Lender retained such interest in the Term Loan hereunder or other Obligations payable hereunder and in no event shall Borrowers be required to pay any such amount arising from the same circumstances and with respect to the same Term Loans or other Obligations payable hereunder to both such Lender and such Participant. Each Borrower hereby grants to any Participant a continuing security interest in any deposits, moneys or other property actually or constructively held by such Participant as security for the Participant’s interest in the Term Loan.

(c) Any Lender, with the consent of Agent which shall not be unreasonably withheld or delayed, may sell, assign or transfer all or any part of its rights and obligations under or relating to Term Loans under this Agreement and the Other Documents to one or more additional banks or financial institutions or Persons (other than to any natural Person, any Borrower, any Guarantor or any Affiliate of any Borrower or Guarantor) (each a "Purchasing Lender" and together with each Participant, each a "Transferee" and collectively, the "Transferees"), in minimum amounts of not less than \$1,000,000, pursuant to a Term Loan Transfer Supplement, executed by a Purchasing Lender, the transferor Lender, and Agent and delivered to Agent for recording. Upon such execution, delivery, acceptance and recording, from and after the transfer effective date determined pursuant to such Term Loan Transfer Supplement, (i) Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Term Loan Transfer Supplement, have the rights and obligations of a Lender thereunder as set forth therein, and (ii) the transferor Lender thereunder shall, to the extent provided in such Term Loan Transfer Supplement, be released from its obligations under this Agreement, the Term Loan Transfer Supplement creating a novation for that purpose. Such Term Loan Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of the Term Loans arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Each Borrower hereby consents to the addition of such Purchasing Lender and the resulting adjustment of the Term Loans arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Other Documents. Borrowers shall execute and deliver such further documents and do such further acts and things in order to effectuate the foregoing.

(d) [reserved].

(e) Agent shall maintain at its address a copy of each Term Loan Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of each Lender and the outstanding principal, accrued and unpaid interest and other fees due hereunder. The entries in the Register shall be conclusive, in the absence of manifest error, and each Borrower, Agent and Lenders may treat each Person whose name is recorded in the Register as the owner of the Term Loan recorded therein for the purposes of this Agreement. The Register shall be available for inspection by Borrowing Agent or any Lender at any reasonable time and from time to time upon reasonable prior notice. Agent shall receive a fee in the amount of \$3,500 payable by the applicable Purchasing Lender upon the effective date of each transfer or assignment (other than to an intermediate purchaser) to such Purchasing Lender.

(f) Each Borrower authorizes each Lender to disclose to any Transferee and any prospective Transferee any and all financial information in such Lender's possession concerning such Borrower which has been delivered to such Lender by or on behalf of such Borrower pursuant to this Agreement or in connection with such Lender's credit evaluation of such Borrower.

16.4. Application of Payments. Agent shall have the continuing and exclusive right to apply or reverse and re-apply any payment and any and all proceeds of Collateral to any portion of the Obligations. To the extent that any Borrower makes a payment or Agent or any Lender receives any payment or proceeds of the Collateral for any Borrower's benefit, which are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other party under any bankruptcy law, common law or equitable cause, then, to such extent, the Obligations or part thereof intended to be satisfied shall be revived and continue as if such payment or proceeds had not been received by Agent or such Lender.

16.5. Indemnity. Each Borrower shall indemnify Agent, each Lender and each of their respective officers, directors, Affiliates, attorneys, employees and agents from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including reasonable fees and disbursements of counsel) which may be imposed on, incurred by, or asserted against Agent or any Lender in any claim, litigation, proceeding or investigation instituted or conducted by any Governmental Body or instrumentality or any other Person with respect to any aspect of, or any transaction contemplated by, or referred to in, or any matter related to, this Agreement or the Other Documents, whether or not Agent or any Lender is a party thereto, except to the extent that any of the foregoing arises out of the gross negligence or willful misconduct of the party being indemnified (as determined by a court of competent jurisdiction in a final and non-appealable judgment). Without limiting the generality of the foregoing, this indemnity shall extend to any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including fees and disbursements of counsel) asserted against or incurred by any of the indemnitees described above in this Section 16.5 by any Person under any Environmental Laws by reason of any Borrower's or any other Person's failure to comply with laws applicable to Hazardous Substances. Additionally, if any taxes (excluding taxes imposed upon or measured solely by the net income of Agent and Lenders or Excluded Taxes, but including any intangibles taxes, stamp tax, recording tax or franchise tax) shall be payable by Agent, Lenders or Borrowers on account of the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any of the Other Documents, or the creation or repayment of any of the Obligations hereunder, by reason of any Applicable Law now or hereafter in effect ("Other Taxes"), Borrowers will pay (or will promptly reimburse Agent and Lenders for payment of) all such taxes, including interest and penalties thereon, and will indemnify and hold the indemnitees described above in this Section 16.5 harmless from and against all liability in connection therewith.

16.6. Notice. Any notice or request hereunder may be given to Borrowing Agent or any Borrower or to Agent or any Lender at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice, request, demand, direction or other communication (for purposes of this Section 16.6 only, a "Notice") to be given to or made upon any party hereto under any provision of this Loan Agreement shall be given or made by telephone or in writing (which includes by means of electronic transmission (i.e., "e-mail") or facsimile transmission or by setting forth such Notice on a site on the World Wide Web (a "Website Posting") if Notice of such Website Posting (including the information necessary to access such site) has previously been delivered to the applicable parties hereto by another means set forth in this Section 16.6) in accordance with this Section 16.6. Any such Notice must be delivered to the applicable parties hereto at the addresses and numbers set forth under their respective names on Section 16.6 hereof or in accordance with any subsequent unrevoked Notice from any such party that is given in accordance with this Section 16.6. Any Notice shall be effective:

- (a) In the case of hand-delivery, when delivered;
- (b) If given by mail, four days after such Notice is deposited with the United States Postal Service, with first-class postage prepaid, return receipt requested;
- (c) In the case of a telephonic Notice, when a party is contacted by telephone, if delivery of such telephonic Notice is confirmed no later than the next Business Day by hand delivery, a facsimile or electronic transmission, a Website Posting or an overnight courier delivery of a confirmatory Notice (received at or before noon on such next Business Day);

- (d) In the case of a facsimile transmission, when sent to the applicable party's facsimile machine's telephone number, if the party sending such Notice receives confirmation of the delivery thereof from its own facsimile machine;
- (e) In the case of electronic transmission, when actually received;
- (f) In the case of a Website Posting, upon delivery of a Notice of such posting (including the information necessary to access such site) by another means set forth in this Section 16.6; and
- (g) If given by any other means (including by overnight courier), when actually received.

Any Lender giving a Notice to Borrowing Agent or any Borrower shall concurrently send a copy thereof to Agent, and Agent shall promptly notify the other Lenders of its receipt of such Notice.

- (A) If to Agent or GACP at:

GACP FINANCE CO., LLC
73 Old Ridgefield Road, Suite 6
Wilton, CT 06897
Attention: Robert Louzan
Telephone: 203-663-5101
Email: rlouzan@gacapitalpartners.com

with an additional copy to:

Paul Hastings LLP
If before May 1, 2016:
75 East 55th Street
New York, New York 10022

If after May 1, 2016:
200 Park Avenue
New York, New York 10166
Attention: Leslie Plaskon, Esq.
Telephone: (212) 318-6000
Facsimile: (212) 319-4090

- (B) If to a Lender, as specified on the signature pages hereof
- (C) If to Borrowing Agent or any Borrower:

EVINE Live Inc.
6740 Shady Oak Road
Eden Prairie, Minnesota 55344
Attention: Chief Financial Officer
Telephone: 952-943-6000
Facsimile: 952-943-6111

with a copy to:

Davis & Gilbert LLP
1740 Broadway
New York, New York 10019
Telephone: (212) 468-4966
Facsimile: (212) 974-6931

16.7. Survival. The obligations of Borrowers under Sections 3.6, 3.7, 3.8, 4.19(h), and 16.5 and the obligations of Lenders under Section 14.7, shall survive termination of this Agreement and the Other Documents and payment in full of the Obligations.

16.8. Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under Applicable Laws or regulations, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

16.9. Expenses. All costs and expenses including attorneys' fees (which in the case of clauses (b) and (e) shall be reasonable) and disbursements incurred by Agent on its behalf or on behalf of Lenders (a) in all efforts made to enforce payment of any Obligation or effect collection of any Collateral or enforcement of this Agreement or any of the Other Documents, or (b) in connection with the entering into, modification, amendment and administration of this Agreement or any of the Other Documents or any consents or waivers hereunder or thereunder and all related agreements, documents and instruments, or (c) in instituting, maintaining, preserving, enforcing and foreclosing on Agent's security interest in or Lien on any of the Collateral, or maintaining, preserving or enforcing any of Agent's or any Lender's rights hereunder or under any of the Other Documents and under all related agreements, documents and instruments, whether through judicial proceedings or otherwise, or (d) in defending or prosecuting any actions or proceedings arising out of or relating to Agent's or any Lender's transactions with any Borrower or any Guarantor or (e) in connection with any advice given to Agent or any Lender with respect to its rights and obligations under this Agreement or any of the Other Documents and all related agreements, documents and instruments shall be part of the Obligations.

16.10. Injunctive Relief. Each Borrower recognizes that, in the event any Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, or threatens to fail to perform, observe or discharge such obligations or liabilities, any remedy at law may prove to be inadequate relief to Lenders; therefore, Agent, if Agent so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

16.11. Consequential Damages. Neither Borrower, Agent nor any Lender, nor any agent or attorney for any of them, shall be liable to any party hereto (or any Affiliate of any such Person) for indirect, punitive, exemplary or consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations or as a result of any transaction contemplated under this Agreement or any Other Document.

16.12. Captions. The captions at various places in this Agreement are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement.

16.13. Counterparts; Facsimile Signatures. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or electronic transmission shall be deemed to be an original signature hereto.

16.14. Construction. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, schedules or exhibits thereto.

16.15. Confidentiality; Sharing Information. Agent, each Lender and each Transferee shall hold all non-public information obtained by Agent, such Lender or such Transferee pursuant to this Agreement (whether received prior to or following the Closing Date) in accordance with Agent's, such Lender's and such Transferee's customary procedures for handling confidential information of this nature; provided, however, Agent, each Lender and each Transferee may disclose such confidential information (a) to its examiners, Affiliates, outside auditors, counsel and other professional advisors, (b) to Agent, any Lender or to any prospective Transferees on a confidential basis, and (c) as required or requested by any Governmental Body or representative thereof or pursuant to legal process; provided, further that (i) unless specifically prohibited by Applicable Law, Agent, each Lender and each Transferee shall use its reasonable best efforts prior to disclosure thereof, to notify the applicable Borrower of the applicable request for disclosure of such non-public information (A) by a Governmental Body or representative thereof (other than any such request in connection with an examination of the financial condition of a Lender or a Transferee by such Governmental Body) or (B) pursuant to legal process and (ii) in no event shall Agent, any Lender or any Transferee be obligated to return any materials furnished by any Borrower other than those documents and instruments in possession of Agent or any Lender in order to perfect its Lien on the Collateral once the Obligations have been paid in full and this Agreement has been terminated. Each Borrower acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to such Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each Borrower hereby authorizes each Lender to share any information delivered to such Lender by such Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such Subsidiary or Affiliate of such Lender, it being understood that any such Subsidiary or Affiliate of any Lender receiving such information shall be bound by the provisions of this Section 16.15 as if it were a Lender hereunder. Such authorization shall survive the repayment of the other Obligations and the termination of this Agreement.

16.16. Publicity. Each Borrower and each Lender hereby authorizes Agent to, following the Borrowing Agent's review and comments thereon make appropriate announcements of the financial arrangement entered into among Borrowers, Agent and Lenders, including announcements which are commonly known as tombstones, in such publications and to such selected parties as Agent shall in its sole and absolute discretion deem appropriate.

16.17. Certifications from Banks and Participants: USA PATRIOT Act.

(a) Each Lender or assignee or participant of a Lender that is not incorporated under the Laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA PATRIOT Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA PATRIOT Act and the applicable regulations: (1) within 10 days after the Closing Date, and (2) as such other times as are required under the USA PATRIOT Act.

(b) The USA PATRIOT Act requires all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Lender may from time to time request, and Borrower shall provide to Lender, Borrower's name, address, tax identification number and/or such other identifying information as shall be necessary for Lender to comply with the USA PATRIOT Act and any other Anti-Terrorism Law.

16.18. Anti-Money Laundering/International Trade Law Compliance. Each Borrower represents and warrants to Agent, as of the date of this Agreement, the making of the Term Loan, the date of any renewal, extension or modification of this Agreement, and at all times until this Agreement has been terminated and all Obligations have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (b) the Term Loans will not be used to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any law, regulation, order or directive enforced by any Compliance Authority; (c) the funds used to repay the Obligations are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by any Anti-Terrorism Laws. The Borrowers covenant and agree that they shall promptly notify Agent in writing upon the occurrence of a Reportable Compliance Event.

16.19. Intercreditor Agreement. Each Lender (a) hereby consents to the priority of the Liens securing the Obligations on the terms set forth in the Intercreditor Agreement, (b) hereby agrees that it will be bound by and will take no actions contrary to the provisions of the Intercreditor Agreement and (c) hereby authorizes and instructs Agent to enter into the Intercreditor Agreement.

Each of the parties has signed this Agreement as of the day and year first above written.

EVINE LIVE INC.

By: _____
Name: _____
Title: _____

VALUEVISION INTERACTIVE, INC.

By: _____
Name: _____
Title: _____

VVI FULFILLMENT CENTER, INC.

By: _____
Name: _____
Title: _____

VALUEVISION MEDIA ACQUISITIONS, INC.

By: _____
Name: _____
Title: _____

VALUEVISION RETAIL, INC.

By: _____
Name: _____
Title: _____

NORWELL TELEVISION, LLC

By: _____
Name: _____
Title: _____

AGENT:

GACP FINANCE CO., LLC , as Agent

By: _____

LENDERS:

GACP I, L.P. , as Lender

By: _____

Term Loan Commitment: \$17,000,000

Address:

GACP I, L.P.
Attn.: Grace L. Wang
11100 Santa Monica Blvd., Suite 800
Los Angeles, California 90025

EVINE Live Secures \$17 Million Bank Term Loan and Reiterates Preliminary Fourth Quarter Results

MINNEAPOLIS, MN – March 10, 2016 – EVINE Live Inc. (NASDAQ: EVLV) announced today that it has secured a 5-year bank term loan with GACP Finance Co., LLC for \$17 million.

EVINE Live expects to use the borrowings for general corporate purposes as well as to strengthen the overall liquidity position of the company. The term loan bears interest at Libor plus 11.00%, and matures in March of 2021.

“For 2016, our primary focus is to improve our execution on the fundamentals of our business, both from a profitability perspective as well as from a balance sheet perspective,” said Bob Rosenblatt, Interim CEO. “This incremental liquidity is part of our integrated plan to ensure we have the flexibility to be opportunistic with our business operations in order to drive improving profitability and value for all of our stakeholders. In addition, we are reiterating our preliminary fourth quarter results.”

The Company will report Q4 and FY 2015 results after the market close on March 22, with a conference call at 8:30am EST on March 23.

About EVINE Live Inc.

EVINE Live Inc. (NASDAQ: EVLV) is a digital commerce company that offers a compelling mix of proprietary, exclusive and name brands directly to consumers in an engaging and informative shopping experience via television, online and on mobile. EVINE Live reaches approximately 88 million cable and satellite television homes 24 hours a day with entertaining content that invites its community of customers to shop, share and smile in a comprehensive digital shopping experience.

Please visit www.evine.com/ir for more investor information.

Contacts

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Jason Iannazzo
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jiannazzo@evine.com
(952) 943-6126

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This release may contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may be identified by words such as anticipate, believe, estimate, expect, intend, predict, hope, should, plan, will or similar expressions. Any statements contained herein that are not statements of historical fact may be deemed forward-looking statements. These statements are based on management's current expectations and accordingly are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to various important factors, including (but not limited to): consumer preferences, spending and debt levels; the general economic and credit environment; interest rates; seasonal variations in consumer purchasing activities; the ability to achieve the most effective product category mixes to maximize sales and margin objectives; competitive pressures on sales; pricing and gross sales margins; the level of cable and satellite distribution for our programming and the associated fees; our ability to establish and maintain acceptable commercial terms with third-party vendors and other third parties with whom we have contractual relationships, and to successfully manage key vendor relationships and develop key partnerships and proprietary brands; our ability to manage our operating expenses successfully and our working capital levels; our ability to remain compliant with our long-term credit facility covenants; our ability to successfully transition our brand name and corporate name; customer acceptance of our new branding strategy and our repositioning as a digital commerce company; the market demand for television station sales; changes to our management and information systems infrastructure; challenges to our data and information security; changes in governmental or regulatory requirements; litigation or governmental proceedings affecting our operations; significant public events that are difficult to predict, or other significant television-covering events causing an interruption of television coverage or that directly compete with the viewership of our programming; our ability to obtain and retain key executives and employees; our ability to attract new customers and retain existing customers; changes in shipping costs; our ability to offer new or innovative products and customer acceptance of the same; changes in customer viewing habits or television programming; and the risks identified under “Risk Factors” in our recently filed Form 10-K and any additional risk factors identified in our periodic reports since the date of such Form 10-K. More detailed information about those factors is set forth in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this announcement. We are under no obligation (and expressly disclaim any such obligation) to update or alter the Company’s forward-looking statements whether as a result of new information, future events or otherwise.