UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2016

☐ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition period from _____ to _____

Commission File Number: 001-33937

Live Ventures Incorporated

(Exact Name of Registrant as Specified in Its Charter)

Nevada	**85-0206668**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
325 E Warm Springs Road, Suite 102, Las Vegas, Nevada	**89119**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(702) 939-0231**

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.001 Par Value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web Site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

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

The aggregate market value of the registrant's common stock held by non-affiliates computed based on the closing sales price of such stock on March 31, 2016 was $23,434,284.

The number of shares outstanding of the registrant's common stock, as of December 19, 2016, was 2,847,636 shares.

DOCUMENTS INCORPORATED BY REFERENCE

None

LIVE VENTURES INCORPORATED

FORM 10-K
For the year ended September 30, 2016

TABLE OF CONTENTS

Forward-Looking Statements

This Annual Report on Form 10-K may include certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We may also make forward-looking statements in other reports filed with the Securities and Exchange Commission ("the SEC"), in materials delivered to our stockholders, in press releases, or in oral or written statements made by our management. These forward-looking statements, which are often characterized by the terms "may," "believes," "projects," "expects," "plans", or "anticipates," do not reflect historical facts but instead are based on our current assumptions and predictions regarding future events, such as business and financial performance.

Specific forward-looking statements contained in this portion of the Annual Report include, but are not limited to (i) statements that are based on current projections and expectations about the markets in which we operate, (ii) statements about current projections and expectations of general economic conditions, (iii) statements about specific industry projections and expectations of economic activity, (iv) statements relating to our future operations and prospects, and (v) statements about future results and future performance.

In addition to these statements and others described elsewhere in this report, other factors that could cause actual results to differ materially include competitive and cyclical factors relating to the floor covering industry, dependence of some of our businesses on key customers, requirements of capital, requirements of our lenders, product liabilities in excess of insurance, uncertainties relating to the integration of acquired businesses, general economic conditions affecting our business segments, technological developments, availability of raw materials or personnel, changes in governmental regulation and oversight, and domestic or international hostilities and terrorism.

Our future operations and prospects, including statements that are based on current projections and expectations about the markets in which we operate, and management's beliefs concerning future performance and capital requirements are based upon current available information. Actual results could differ materially from management's current expectations. Additional capital may be required and, if so, may not be available on reasonable terms, if at all, at the times and in the amounts we need.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, future performance and capital requirements to be materially different from those expressed or implied by such forward-looking statements. Some factors and risks that could so affect our results and achievements include the risk factors set forth below under the heading Item 1A. "Risk Factors."

Readers should carefully review such risk factors as they identify certain important factors and risks that could affect our results, future performance and capital requirements and cause them to materially differ from actual results and differ materially from those in the forward-looking statements and from historical trends. Those risk factors are not exclusive and are in addition to other factors and risks (i) that are discussed elsewhere in this Annual Report, in our filings with the SEC, and in materials incorporated therein by reference, (ii) that apply to companies generally, or (iii) that we are currently unable to identify or quantify or that we currently deem immaterial. In addition, the foregoing factors and risks may affect generally our business, results of operations and financial position.

Forward-looking statements speak only as of the date the statement was made. We do not undertake and specifically decline any obligation to update any forward-looking statements.

Any information contained on our website (www.live-ventures.com) or any other websites referenced in this Annual Report are not a part of this Annual Report.

PART I

ITEM 1. Business

Our Company

Live Ventures Incorporated is a holding company for diversified businesses. Commencing in fiscal year 2015, we began a strategic shift in our business plan away from solely providing online marketing solutions for small and medium business to acquiring profitable companies in various industries that have demonstrated a strong history of earnings power. Prior to that shift, we primarily promoted online marketing solutions to small and medium businesses to help them boost customer awareness, gain visibility and manage their online presence under our Velocity Local™ brand. In 2013 we launched LiveDeal.com, a real-time "deal engine" that connected restaurants across the United States and consumers via an online mobile platform. The LiveDeal.com platform targets restaurants in cities across the United States to help them use the platform to attract new customers. In addition, through our subsidiary, Modern Everyday, we maintain an online consumer products retailer.

We continue to actively evaluate and develop our products, services and our marketing strategies in our businesses. As a result of the shift in our strategy, as of the fiscal year ended September 30, 2015, we decided to cease operating Live Goods and DealTicker and we discontinued our suite of online presence marketing products and solutions under the Velocity Local™ brand. As a result of the shift to diversifying our operations by acquiring businesses in several industries, we expect that revenues from our online marketplace business segment and our legacy products will be continue to be diluted in the coming months and years.

Under the Live Ventures brand we seek opportunities to acquire profitable and well-managed companies. We work closely with consultants who help us identify target companies that fit within the criteria we have established for opportunities that will provide synergies with our businesses.

Products and Services

Recent Development

On November 3, 2016, we acquired 100% of Vintage Stock, V-Stock, Movie Trading Company and EntertainMart (collectively "Vintage Stock"). Vintage Stock is a leading specialty entertainment retailer. Since its founding in 1980, Vintage Stock has established a strong reputation for being America's largest entertainment superstore. Vintage Stock offers a large selection of entertainment products including new and pre-owned movies, video games and music products, as well as ancillary products such as books, comics, toys and collectibles all available in a single location. With its integrated buy-sell-trade business model, Vintage Stock buys, sells and trades new and pre-owned movies, music, video games, and collectibles through 32 Vintage Stock, 3 V-Stock, 13 Movie Trading company and 2 EntertainMart retail locations strategically positioned across Texas, Oklahoma, Kansas, Missouri, Colorado, Illinois and Arkansas. In calendar year 2015, Vintage Stock had revenue of $61.6M and net income of $12.2M

Manufacturing Segment

Marquis Industries, Inc.

In July 2015, we acquired a majority interest (80%) in Marquis Industries, Inc., a Georgia corporation, through our partially-owned subsidiary, Marquis Affiliated Holdings LLC. In November 2015, we acquired the remaining (20%) of Marquis. Marquis Industries is a leading carpet manufacturer and a manufacturer of innovative yarn products, as well as a reseller of hard surface flooring products. Over the last decade, Marquis has been an innovator and leader in the value-oriented polyester carpet sector, which is currently the market's fastest-growing fiber category. We focus on the residential, niche commercial, and hospitality end-markets and serve over 2,000 customers.

Since its founding in 1990, Marquis has built a strong reputation for outstanding value, styling, and customer service. Its innovation has yielded products and technologies that differentiate its brands in the flooring marketplace. Marquis's state-of-the-art operations enable high quality products, unique customization, and exceptionally short lead-times. Furthermore, the Company has recently invested in additional capacity to grow several attractive lines of business, including printed carpet and yarn extrusion. Through its A-O Division, utilizes its state-of-the-art yarn extrusion capacity to market monofilament textured yarn products to the artificial turf industry.

We operate our business through 13 divisions, each specializing in a distinct area of the business. Best Buy Flooring Source is the largest of all of the operating divisions with sales to over 2,000 carpet dealers. The following is a breakdown of each division and the specialized products sold:

Division	Products and/or Services
Best Buy flooring Source	All forms of carpets to dealers
Marquis Carpet	Carpet products to home centers
Best Buy Hard surface	Hard surface products manufactured by third parties to dealers
A-O Industries	Monofilament nylon, polypropylene and polyethylene yarns for the outdoor turf industry
Omega Pattern Works	Specialty printed carpet to the entertainment industry (bowling alleys, fund centers, movie theaters, casinos)
Astro Carpet Mills	Specialty printed carpet to the entertainment industry and artificial turf
Artisans Hospitality	Carpets to commercial and hospitality markets
Artisans Carpet	Carpets to carpet distributors
Trendsetters Rug	Development stage – printed carpets for educational markets
Dalton Carpet Depot	Sells specials and off grade carpet products to dealers
M&M Fibers	Extrusion carpet fiver division supplying raw material to Marquis
Quantum Textiles	Internal twisting and heat set yarn plant – some commission work for local mills
B&H Tufters	Internal tufting operations

Products

Carpets & Rugs

Marquis is a top 10 residential carpet manufacturer in the US and also produces innovative commercial products. Marquis has 21 running line styles offering outstanding quality and value. It also offers special value in polyester styles and residential nylon roll buy. Beginning in 2014, Marquis offered eight new carpet styles with 6.8 twists or better, six styles in ¼ gauge construction and to with a 1/8 gauge construction. These styles have some of the best performance ratings in the industry.

Hard Surfaces

In the past 10 years, Marquis has developed one of the strongest and most competitive, high styled hard surface lines on the market. The Best Buy Hard Surface running line is a mainstream line up of high styled luxury vinyl tile, several unique laminates and hand scraped engineered wood along with six individual series of vinyl. Best Buy Hard Surface also features hundreds of rolls of vinyl specials at promotional prices.

Yarns

Through its A-O Division, Marquis uses state-of-the-art yarn extrusion capacity to market monofilament textured yarn products to the artificial turf industry.

Industry and Market

Marquis is a significant flooring manufacturer within a fragmented industry composed of a wide variety of companies from small privately held firms to large multinationals. In 2015, the US floor covering industry had an estimated $20.5 billion in sales, up 4.4% over 2014's sales of $19.6 billion, which was an increase of 3.6% over 2013 sales of $18.9 billion.

Floor covering sales are influenced by the homeowner remodeling and residential builder markets, existing home sales and housing starts, average house size and home ownership. In addition, the level of sales in the floor covering industry is influenced by consumer confidence, spending for durable goods, the condition of residential and commercial construction, and overall strength of the economy.

Our Market

Carpet and Rugs

The carpet and rug industry had shipments of $8.87 billion in 2015 in the U.S., up 0.7% from 2014. The industry has two primary markets, residential and commercial, with the residential market making up the largest portion of the industry. The industry has two primary sub-markets, replacement and new construction, with replacement being the significant industry factor. Approximately 60% of industry shipments are made in response to residential replacement demand.

Residential products consist of broadloom carpets and rugs in a broad range of styles, colors and textures. Commercial products consist primarily of broadloom carpet and modular carpet tile for a variety of institutional applications such as office buildings, restaurant chains, schools and other commercial establishments. The carpet industry also manufactures carpet for the automotive, recreational vehicle, small boat and other industries.

The Carpet and Rug Institute (the "CRI") is the national trade association representing carpet and rug manufacturers. Information compiled by the CRI suggests that the domestic carpet and rug industry is comprised of fewer than 100 manufacturers, with a meaningful percentage of the industry's production concentrated in a limited number of manufacturers focused on the lower end of the price curve.

Hard Surfaces

Hard flooring surfaces such as ceramic, vinyl, hardwood, stone, and laminate have shipments of $9.09 billion in 2015 in the U.S., up 6% from 2014. As with carpet and rugs, the market is split between residential / commercial and replacement / new construction with residential replacement being the largest segment of the market.

Synthetic Turf

Northwest Georgia has become host to a relative of the carpet industry -a thriving synthetic turf industry. Early versions of fake grass, in domed and open-air sports stadiums, used to be referred to as "carpet" by the athletes who played upon it. Today it's more like a manmade organism, with advanced underlay, cushioning and drainage systems. AstroTurf, the granddaddy of artificial turf, is headquartered in Dalton, GA. Other major turf players in Georgia include Challenger Industries, Controlled Products, Synthetic Turf Resources, and Grass-Tex. Marquis, through its A-O Industries division, has developed significant yarn extrusion expertise and services the synthetic turf industry through the sale of highest quality yarns. Marquis is the only company in the industry able to efficiently perform certain texturizing processes that are valued by turf manufacturers.

Competition

Marquis is a fully integrated carpet mill, and as a result it is able to produce carpet at the lowest cost possible for its target price point. Marquis offers a one stop shop for soft and hard surface products, allowing its customers to save time and receive exceptional service. The company offers innovative products and has quick turnaround times turning a new product in two weeks from conception to delivery. The principal methods of competition are service, quality, price, product innovation and technology. Marquis' lean operating structure plus investments in manufacturing equipment, computer systems and marketing strategy contribute to its ability to provide exceptional value on the basis of performance, quality, style and service, rather than just competing on price.

Raw Materials and Suppliers

Our suppliers include Honeywell, DAK, Global Backing and Mattex. We believe that we will have access to an adequate supply of raw material on satisfactory commercial terms for the foreseeable future. We are not dependent on any one supplier.

Customers

Marquis sells products to flooring dealers, home centers, other flooring manufacturers and directly to the end user. Approximately 70% of sales are to a network of over 2,000 flooring dealers across several different end markets, geographies, and product lines. Management believes that the dealer market is the most profitable market for its products because it's a diversified customer base that values innovation, style and service. Dealer networks typically allow the Company to achieve higher margin, lower volume accounts. We have only one customer whose sales represent more than 10% of Marquis' total revenues. As a result we are not dependent on any one customer to sustain our revenue. Although we also sell our products to a limited number of retailers, sales to those retailers make up a very small percentage of Marquis' revenue.

Manufacturing

Marquis has a manufacturing facility with state-of-the-art equipment in all phases of its vertically integrated production, from extrusion of yarn to yarn processing to tufting carpet. Marquis manufactures high quality products and offer unique customization with exceptionally short lead-times. Marquis has recently invested in new, efficient equipment to expand it yarn extrusion capacity to enter new markets. The new equipment allows Marquis to reduce production costs and increase margins. Marquis has existing capacity to grow sales by 25% without additional investment.

Marketing

The Company has a team of 23 full-time salespeople who constantly deepen customer relationships throughout its markets.

Marketplace Platform Segment

LiveDeal.com

In September 2013, we launched LiveDeal.com. LiveDeal.com is a real-time "deal engine" connecting restaurants with consumers. LiveDeal.com provides marketing solutions to restaurants to boost customer awareness and merchant visibility on the Internet. Restaurants can sign up to use the LiveDeal platform at our website.

Highlights of LiveDeal.com include:

— an intuitive interface enabling restaurants to create limited-time offers and publish them immediately, or on a preset schedule that is fully customizable;

— state-of-the-art scheduling technology giving restaurants the freedom to choose the days, times and duration of the offers, enabling them to create offers that entice consumers to visit their establishment during their slower periods;

We were best known for migrating print yellow pages to the Internet in 1994 and began to develop the model for LiveDeal.com after having worked closely with well-known publishers in the daily deal market. In mid-2013, we tested the beta platform in a number of cities, and the model has been well received by restaurants, consumers, and various restaurant associations.

During fiscal 2014 we acquired three business that offer consumer products. We incorporated the sale of consumer products into our livedeal.com platform to increase our product offering. Below is a brief description of the businesses purchased in fiscal 2014:

Modern Everyday, Inc.,

Modern Everyday, Inc. ("MEI"), acquired in August 2014, has both a retail location and a web presence providing consumers with products that range from kitchen and dining products, apparel and sporting goods to children's toys and beauty products. Modern Everyday also has proprietary software that will give us the capability to track products and predict consumer behavior and spending habits.

DA Stores Asset Acquisition

On March 7, 2014, Live Goods acquired substantially all of the assets of DA Stores, LLC, a furniture retailer, which included inventory and equipment, furniture, software, hardware, and domain names. As of the fiscal year ended September 30, 2015, we decided to cease operating Live Goods.

DealTicker™

On May 6, 2014, Live Goods acquired DealTicker, an online platform company in the retail industry offering discounted products and services in the US and Canada This acquisition increased our ability to sell consumer goods online. For strategic reasons, we closed the operations of DealTicker.

Promotional Marketing

In November 2012, we commenced the sale of marketing tools that help local businesses manage their online presence under what was previously our Velocity Local™ brand, which we refer to as online presence marketing. In September 2015, we sold all of the assets of Velocity Local, and discontinued the business.

Our target customers were SMB owners who work long hours to deliver real value to their customers in their own communities that do not have the time or expertise to develop the powerful, multi-faceted, online marketing and advertising programs necessary for successful online marketing. We sourced local special deals and activities for SMBs. We offered our clients a solution that utilizes our business channels to market our clients' products and services to potential customers.

Prior to our launch of LiveDeal.com, our business strategy included partnering established strategic publishing partners to publish and sell our client's deals in exchange for a share of the revenue. We had entered into sourcing agreements with several reputable publishers who have large user bases, including Travelzoo, Google Local, and Amazon, and act as an intermediary to connect SMBs to our publishing partners. Our business relied in part on the ability of our partners to display our clients' deals to a large, relevant audience and to sell the offers. However, with the launch of LiveDeal.com, we focused our promotional marketing efforts and offer a substantial portion of those products and services through *our* own proprietary platform.

Marketing

General. We rely on telemarketing and online lead generation to drive customer acquisition. We have created our own telemarketing sales team which works with highly automated technology and specializes in creating, deploying and managing telemarketing campaigns quickly and efficiently. We believe that our telemarketing structure enables us to build and scale sales programs quickly.

We have long-standing relationships with data and lead providers, which enable us to source high quality leads and to focus our telemarketing efforts toward the demographics we believe most likely to result in long-term customers. We primarily market our products and services to SMBs in lists we acquire from third party data companies.

LiveDeal.com National Advertising Campaign. In 2014, we launched a 35 city advertising campaign to support the restaurant owners who have created more than 10,000 deals in over 8,000 restaurants in those 35 cities. The campaign, which includes TV, Radio and web-based ad delivery, is designed to expand awareness, increase user registrations and drive traffic into the restaurant locations that are utilizing the LiveDeal real-time "deal engine".

Our Market

More than 27 million SMBs operate in the United States today. While a majority of SMBs have a website, most of them are not optimized for mobile devices and therefore do not effectively generate business for the SMB. SMB owners frequently lack the time, expertise or resources necessary to make their website a relevant, effective part of their marketing efforts, or to exploit the additional internet marketing channels needed for successful online marketing. Our target customers are SMBs which normally do not market their products and services nationally, but wish to utilize local marketing opportunities, including local search, to promote their products and services.

Effective online marketing requires the dedication of time, the marshaling of resources, and the development of technological, language, presentation and other skills and expertise that few SMB owners have, or have the intention or realistic ability to acquire. We recognize that, to succeed, many SMB owners must remain intensely focused on the fundamentals of their business.

We believe that many SMB owners realize that an effective internet presence – including engaging with online and social tools – is essential to their marketing efforts, and SMBs are shifting their marketing budgets from traditional media to online channels. Accordingly, many SMBs need a partner with the necessary expertise and understanding to manage evolving internet audience acquisition services. We believe that this creates a large market opportunity for nimble, reliable and reputable service providers that help companies leverage these new channels efficiently and at affordable prices.

We see SMBs quickly adapting to the local and mobile marketing opportunities because of the great potential to retain existing and draw in new customers at affordable prices. We anticipate that soon most online searches will be conducted using a mobile phone, which greatly increases the effectiveness of mobile marketing.

Competition

General. Many of our competitors have access to greater capital resources than we do. These resources could enable our competitors to engage in advertising and other promotional activities that will enhance their brand name recognition and market share. We believe, however, that our products provide a simple and affordable way for our clients to create a web presence to market their products and services to local audiences. We further believe that we can compete effectively by continuing to provide quality services at competitive prices and by actively developing new products and services for potential clients that enable us to become a single vendor for the online marketing needs of SMBs.

Promotional Marketing. Our promotional marketing business (including our new LiveDeal.com platform) competes for local deals with several large competitors, such as Groupon and LivingSocial, and many smaller competitors. This business is part of a new market which has operated at a substantial scale for only a limited period of time. We expect competition in this market to continue to increase because no significant barriers to entry exist. Contracts with deal publishers typically contain exclusivity provisions which restrict SMBs from offering deals through other outlets.

We seek desirable local products and services which we can provide to our publishing partners. We believe that we are in a position to compete in this market successfully due to the unique features of our LiveDeal.com platform (as described above), our experienced sales managers, our experience at sourcing, selling and servicing large numbers of small business accounts, the comprehensiveness of our database, the effectiveness of our marketing programs, and the diversity of our publisher distribution network. Our distribution partnerships allow our clients to reach large audiences and promote their products and services in innovative ways.

The principal competitive factors in this market include personalization of service, ease of use, quality of services, availability of quality content, value-added products and services, access to consumers, effectiveness at driving business to our clients, and price.

Many boutique firms offer services similar to our online presence marketing products. Generally these small firms cannot provide all the comprehensive services we do. However, these small firms provide many options for web design, social media marketing, internet marketing, and search engine optimization.

Because of efficiencies stemming from our proprietary software and business structure, we are generally able to provide these services at a lower recurring cost and with lower upfront charges to commence a complete marketing campaign and build a client's mobile-optimized website.

We also compete against larger companies which offer a similar or more expanded set of products. Our principal competitive advantages over these companies are our lower prices and the better quality and service of our website design, particularly our web app platform. We believe our combination of outstanding service and low cost will enable us to provide a suite of attractive packages to our clients.

Intellectual Property

Our success will depend significantly on our ability to develop and maintain the proprietary aspects of our technology and operate without infringing upon the intellectual property rights of third parties. We currently rely primarily on a combination of copyright, trade secret and trademark laws, confidentiality procedures, contractual provisions, and similar measures to protect our intellectual property.

We estimate that reliance upon trade secrets and unpatented proprietary know-how will continue to be our principal method of protecting our trade secrets and other proprietary technologies. While we have hired third-party contractors to help develop our proprietary software and to provide various fulfillment services, we generally own (or have permissive licenses for) the intellectual property provided by these contractors. Our proprietary software is not substantially dependent on any third-party software, although our software does utilize open source code. Notwithstanding the use of this open source code, we do not believe our usage requires public disclosure of our own source code nor do we believe the use of open source code will have a material impact on our business.

We register some of our product names, slogans and logos in the United States. In addition, we generally require our employees, contractors and many of those with whom we have business relationships to sign non-disclosure and confidentiality agreements. Neither intellectual property laws, contractual arrangements, nor any of the other steps we have taken to protect our intellectual property, can ensure that third parties will not exploit our technologies or develop similar technologies.

Our proprietary publishing system provides an advanced set of integrated tools for design, service, and modifications to support our mobile web app services. Our mobile web app builder software enables easy and efficient design, end user modification and administration, and includes a variety of other tools accessible by our team members.

Services Segment

We continue to generate revenue from servicing our existing customers under our legacy product offerings, primarily our InstantProfile® line of products and services. These services primarily consist of directory listing services. Because of the change in our business strategy and product lines, we no longer accept new customers under our legacy product and service offerings.

Our service segment business operates in the highly competitive, rapidly expanding and evolving market for internet marketing for SMBs. Our largest competitors are local exchange carriers, which are widely known as regional telephone operators, and national search engines such as Yahoo! And Google, that are actively expanding their presence in the local search market. We compete with Yellow Pages services, advertising networks and outlets, and search engine optimization, as well as traditional offline media, such as traditional Yellow Pages directory publishers, television, radio and print share advertising. The principal competitive factors in this market include personalization of service, ease of use, quality of services, availability of quality content, value-added products and services, access to consumers, effectiveness at driving consumers to our clients, and price.

Corporate Offices

Our principal offices are located at 325 E. Warm Springs Road, Suite 102, Las Vegas, Nevada 89119, our telephone number is (702) 939-0231, and our corporate website (which does not form part of this report) is located at www.live-ventures.com.

Employees

As of September 30, 2016, we had 277 full-time employees and no part-time employees in the United States, none of whom is covered by a collective bargaining agreement.

ITEM 1A. Risk Factors

An investment in our common stock involves a substantial degree of risk. Before making an investment decision, you should give careful consideration to the following risk factors in addition to the other risks and information described in this report. The following risk factors, however, may not reflect all of the risks associated with our business or an investment in our common stock. The trading price of our common stock could decline significantly due to any of these risks and investors may lose all or part of their investments. In assessing these risks, investors should also refer to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements for the fiscal year that ended on September 30, 2016 and related notes.

RISKS RELATION TO OUR RESULTS OF OPERATIONS AND BUSINESS GENERALLY

Our results of operations could fluctuate due to factors outside of our control.

Our operating results have historically fluctuated significantly, and we could continue to experience fluctuations or revert to declining operating results due to factors that may or may not be within our control. Such factors include the following:

- fluctuating demand for our services, which may depend on a number of factors including:
- changes in economic conditions and our customers' profitability,
- changes in technologies favored by consumers,
- customer refunds or cancellations, and
- our ability to continue to bill through existing means;
- market acceptance of new or enhanced versions of our services or products;
- price competition or pricing changes by us or our competitors;

- new product offerings or other actions by our competitors;
- the ability of our check processing service providers to continue to process and provide billing information;
- the amount and timing of expenditures for expansion of our operations, including the hiring of new employees, capital expenditures, and related costs;
- technical difficulties or failures affecting our systems or the internet in general;
- a decline in internet traffic at our website; and
- the fixed nature of a significant amount of our operating expenses.

We expect that our anticipated future growth, including through potential acquisitions, may strain our management, administrative, operational and financial infrastructure, which could adversely affect our business.

We anticipate that significant expansion of our present operations will be required to capitalize on potential growth in market opportunities, and that this expansion will place a significant strain on our management, operational and financial resources. In order to manage our growth, we will be required to continue to implement and improve our operational, marketing and financial systems, to expand existing operations, to attract and retain superior management and personnel, and to train, manage and expand our employee base. We may not be able to expand our operations effectively, our systems, procedures and controls may be inadequate to support our expanded operations, and our management may fail to implement our business plan successfully.

We may not be able to secure additional capital to expand our operations.

Although we currently have no material long-term needs for capital expenditures, we will likely be required to make increased capital expenditures to fund our anticipated growth of operations, infrastructure, and personnel. In the future, we may need to seek additional capital through the issuance of debt or equity, depending upon our results of operations, market conditions or unforeseen needs or opportunities. Our future liquidity and capital requirements will depend on numerous factors, including:

- the pace of expansion of our operations;
- our need to respond to competitive pressures; and
- future acquisitions of complementary products, technologies or businesses.

The sale of additional equity or convertible debt securities could result in additional dilution to existing stockholders. We cannot provide assurance that any financing arrangements will be available in amounts or on terms acceptable to us, if at all.

We may be exposed to litigation, claims and other legal proceedings in the relating to its products, which could have a material adverse effect on the Company's business.

In the ordinary course of business, we may be subject to a variety of product-related claims, lawsuits and legal proceedings, including those relating to product liability, product warranty, product recall, personal injury, intellectual property infringement and other matters. A very large claim or several similar claims asserted by a large class of plaintiffs could have a material adverse effect on our business, if we are unable to successfully defend against or resolve these matters or if its insurance coverage is insufficient to satisfy any judgments against us or settlements relating to these matters. Although we have product liability insurance, the policies may not provide coverage for certain claims against us or may not be sufficient to cover all possible liabilities. Further, we may not be able to maintain insurance at commercially acceptable premium levels. Moreover, adverse publicity arising from claims made against us, even if the claims are not successful, could adversely affect our reputation or the reputation and sales of our products.

If we are not able to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial results, which could cause our stock price to fall or result in our stock being delisted.

Effective internal controls are necessary for us to provide reliable and accurate financial reports. We will need to devote significant resources and time to comply with the requirements of Sarbanes-Oxley with respect to internal control over financial reporting. In addition, Section 404 under Sarbanes-Oxley requires that we assess the design and operating effectiveness of our controls over financial reporting. Our ability to comply with the annual internal control report requirement will depend on the effectiveness of our financial reporting and data systems and controls across our company and our operating subsidiaries. We expect these systems and controls to become increasingly complex to the extent that we integrate acquisitions and as our business grows. To effectively manage this complexity, we will need to continue to improve our operational, financial, and management controls and our reporting systems and procedures. Any failure to implement required new or improved controls, or difficulties encountered in the implementation or operation of these controls, could harm our operating results or cause us to fail to meet our financial reporting obligations, which could adversely affect our business and jeopardize our listing on the NASDAQ Capital Market, either of which would harm our stock price.

Risks Related to Our New Business Strategy

We may experience certain risks associated with acquisitions, joint ventures and strategic investments.

We intend to grow our business through a combination of organic growth and acquisitions. Growth through acquisitions involves risks, many of which may continue to affect us after the acquisition. We cannot give assurance that an acquired company will achieve the levels of revenue, profitability and production that we expect. Acquisitions may require the issuance of additional securities or the incurrence of additional indebtedness, which may dilute the ownership interests of existing security holders or impose higher interest costs on us.

A failure to identify suitable acquisition candidates or partners for strategic investments and to complete acquisitions could have a material adverse effect on the Company's business.

As part of our new business strategy, we intend to pursue a wide array of potential strategic transactions, including acquisitions of complementary businesses, as well as strategic investments and joint ventures. Although we regularly evaluate such opportunities, we may not be able to successfully identify suitable acquisition candidates or investment opportunities, to obtain sufficient financing on acceptable terms to fund such strategic transactions, to complete acquisitions and integrate acquired businesses with the our existing businesses, or to manage profitably acquired businesses or strategic investments.

Acquisitions may result in dilutive issuances of equity securities, use of our cash resources, incurrence of debt and amortization of expenses related to intangible assets acquired. In addition, the process of integrating an acquired company, business or technology, which requires a substantial commitment of resources and management's attention, may create unforeseen operating difficulties and expenditures. The acquisition of a company or business is accompanied by a number of risks, including:

- exposure to unanticipated liabilities of an acquired company (or acquired assets);
- difficulties integrating or developing acquired technology into our services or acquired products or services into our operations, and unanticipated expenses or disruptions related to such integration;
- the potential loss of key partners or key personnel in connection with, or as the result of, a transaction;
- the impairment of relationships with clients of the acquired business, or our own clients, partners or employees, as a result of any integration of operations or the expansion of our offerings;
- the recording of goodwill and intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges;
- the diversion of the attention of our management team from other business concerns, including the day-to-day management of our businesses or the internal growth strategies that we are currently implementing;
- the risk of entering into markets or producing products where we have limited or no experience, including the integration or removal of the acquired or disposed technologies and products with or from our existing technologies and products; and
- the inability properly to implement or remediate internal controls, procedures and policies appropriate for a public company at businesses that prior to our acquisition were not subject to federal securities laws and may have lacked appropriate controls, procedures and policies.

The acquisition of new businesses is costly and such acquisitions may not enhance our financial condition.

Our growth strategy is to acquire companies and identify and acquire assets and technologies from companies in various industries that have a demonstrated history of strong earnings potential. The process to undertake a potential acquisition is time-consuming and costly. We expend significant resources to undertake business, financial and legal due diligence on our potential acquisition target and there is no guarantee that we will acquire the company after completing due diligence. Any future acquisitions will be subject to a number of challenges, including:

- Diversion of management time and resources and the potential disruption of our ongoing business;
- Difficulties in maintaining uniform standards, controls, procedures and policies;
- Potential unknown liabilities associated with acquired businesses;
- Difficulty of retaining key alliances on attractive terms with partners and suppliers;
- Difficulty of retaining and recruiting key personnel and maintaining employee morale

Our acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to goodwill and other intangible assets and exposure to undisclosed or potential liabilities of acquired companies. To the extent that the goodwill arising from the acquisitions carried on the financial statements do not pass the annual goodwill impairment test, excess goodwill will be charged to future earnings.

Because we do not intend to use our own employees or members of management to run the daily operations at our acquired companies, business operations might be interrupted if they were to resign.

As part of our acquisition strategy, we do not use our own employees or members of our management team to operate the acquired companies. Key management at these companies has been in place for several years and has established solid relationships with their customers. Competition for executive-level personnel is strong and we can make no assurance that we will be able to retain the highly effective executive employees. Although we have entered into employment agreements with executive management and provide incentives to stay with the business after its been acquired, if such key persons were to resign we might face impairment of relationships with remaining employees or customers, and might cause long-term customers to terminate their relationships with the acquired companies.

Risks Related to the Flooring Manufacturing Business

The floor covering industry is sensitive to changes in general economic conditions, such as consumer confidence and income, corporate and government spending, interest rate levels, availability of credit and demand for housing. Significant or prolonged declines in the U.S. or global economies could have a material adverse effect on the Company's business.

Downturns in the U.S. and global economies, along with the residential and commercial markets in such economies, negatively impact the floor covering industry and our flooring manufacturing business. Although the difficult economic conditions have improved in the U.S., there may be additional downturns that could cause the industry to deteriorate in the foreseeable future. A significant or prolonged decline in residential or commercial remodeling or new construction activity could have a material adverse effect on our business and results of operations.

We may be unable to predict customer preferences or demand accurately, or to respond to technological developments.

We operate in a market sector where demand is strongly influenced by rapidly changing customer preferences as to product design and technical features. Failure to quickly and effectively respond to changing customer demand or technological developments could have a material adverse effect on our business.

We face intense competition in the flooring industry that could decrease demand for our products or force us to lower prices, which could have a material adverse effect on our business.

The floor covering industry is highly competitive. We face competition from a number of manufacturers and independent distributors. Maintaining our competitive position may require substantial investments in the out product development efforts, manufacturing facilities, distribution network and sales and marketing activities. Competitive pressures may also result in decreased demand for our products or force us to lower prices. Moreover, a strong U.S. dollar combined with lower fuel costs may contribute to more attractive pricing for imports that compete with our products, which may put pressure on our pricing. Any of these factors could have a material adverse effect on our business.

In periods of rising costs, we may be unable to pass raw materials, energy and fuel-related cost increases on to its customers, which could have a material adverse effect on our business.

The prices of raw materials and fuel-related costs vary significantly with market conditions. Although we generally attempt to pass on increases in raw material, energy and fuel-related costs to our customers, our ability to do so is dependent upon the rate and magnitude of any increase, competitive pressures and market conditions for our products. There have been in the past, and may be in the future, periods of time during which increases in these costs cannot be recovered. During such periods of time, our business may be materially adversely affected.

Risks Related to Our Online Marketing Business

If we do not introduce new or enhanced offerings to our customers, we may be unable to attract and retain those customers, which would significantly impede our ability to generate revenue.

Our management team actively evaluates and improves our marketing efforts and our product and service offerings, as well as contracts with new partners and hires and trains personnel for management, sales and fulfillment. Any new product offering is subject to certain risks, including customer acceptance, competition, product differentiation, challenges relating to economies of scale and the ability to attract and retain qualified personnel, including management and designers. Many of our contracts with third party vendors, including our strategic partnerships, permit our partners to terminate the contract, with short or no prior notice, for convenience, as well as in the event we default under the terms of the contract for failing to meet our contractual obligations.

The development of new products involves considerable costs and any new product may not generate sufficient consumer interest and sales to become a profitable brand or to cover the costs of its development and subsequent promotions. There can be no assurance that we will be able to develop and grow our current offerings, or any other new offerings, to a point where they will become profitable, or generate positive cash flow. We may modify or terminate our current product and services offerings if our management determines that they are not yielding or will not yield desired results.

Our product introductions and improvements, along with our other marketplace initiatives, are designed to capitalize on customer demands and trends. In order to be successful, we must anticipate and react to changes in these demands and trends, and to modify existing products or develop new products or processes to address them. Potential customers may not subscribe to our current offerings or other online marketing products and services that we may offer in the future, or may discontinue use . if they find these products and services to be too costly, or ineffective for meeting their business needs than other methods of advertising and marketing. Our business, prospects, financial condition or results of operations will be materially and adversely affected if we do not execute our strategy or our products and services are not adopted by a sufficient number of customers.

Our success depends upon our ability to establish and maintain relationships with our customers.

Our ability to generate revenue depends upon our ability to maintain relationships with our existing customers, to attract new customers to sign up for revenue-generating products and services, and to generate traffic to our customers' websites. We primarily use telemarketing efforts to attract new customers. These telemarketing efforts may not produce satisfactory results in the future. We attempt to maintain relationships with our customers through customer service and delivery of traffic to their businesses. An inability to either attract additional customers to use our service or to maintain relationships with our customers could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We face intense competition from companies that provide online marketing services with greater resources, which could adversely affect our growth and could lead to decreased revenues.

Content marketing and other online marketing services are emerging fields with a considerable amount of competitors in each field. Major internet companies, including Google, Microsoft, Verizon, AT&T and Yahoo!, currently market internet Yellow Pages, local search services and other products that directly compete with our legacy business as well as our new product offerings and major deal companies, like Groupon and Living Social, currently market daily deals that directly compete with our promotional marketing business. Other existing and potential competitors include website design and development service and software companies; internet service providers and application service providers; internet search engine providers; domain registrars; website hosting providers; local business directory providers; and ecommerce platform and service providers.

We may not compete effectively with existing and potential competitors for several reasons, including the following:

- some competitors have longer operating histories, larger and more established subscriber bases, and greater financial and other resources than we have and are in better financial condition than we are, enabling them to engage in more extensive research and development, more aggressive pricing policies, and more advertising and other promotional activities that will enhance their brand name recognition and increase their market share;
- some competitors may release free tools, including open source tools, which perform some or many of the services we offer to our customers;
- some competitors have better name recognition or reputations, as well as larger, more established, and more extensive marketing, customer service, and customer support capabilities than we have;
- some competitors may be able to better adapt to changing market conditions and customer demand; and
- barriers to entry are not significant, and new competitors may enter our markets or develop technologies that reduces the need for our services.
- Increased competitive pressure could lead to reduced market share, as well as lower prices and reduced margins, for our services.

As a result of an anticipated increase in competition in our markets, and the likelihood that some of this competition will come from companies with more established brands and resources than us, we believe brand name recognition and reputation will become increasingly important. If we are not successful in quickly building brand awareness, we could be placed at a competitive disadvantage to companies whose brands are more recognizable than ours.

We depend upon third parties to provide certain services and software, and our business may suffer if the relationships upon which we depend fail to produce the expected benefits or are terminated.

We depend upon third-party software to operate certain of our services. The failure of this software to perform as expected could have a material adverse effect on our business. Additionally, although we believe that several alternative sources for this software are available, any failure to obtain and maintain the rights to use such software could have a material adverse effect on our business, prospects, financial condition, and results of operations. We also depend upon third parties who provide the cloud computing services which host our customers' websites, including the mobile web apps, to be sufficiently reliable and provide sufficient capacity and bandwidth so that our business can function properly and our customers' websites are responsive to current and anticipated traffic. Any restrictions or interruption in those providers' services or connection to the internet could have a material adverse effect on our business, prospects, financial condition, and results of operations. If we are forced to switch hosting facilities, we may not be successful in finding an alternative service provider on acceptable terms or in hosting the required computer servers and implementing the required technology ourselves. We may also be limited in our remedies against these providers in the event of a failure of service.

We may not be able to adequately protect our intellectual property rights.

Our success depends both on our internally developed technology and licensed third party technology. We rely on a variety of trademarks, service marks, and designs to promote our brand names and identity. We also rely on a combination of contractual provisions, confidentiality procedures, and trademark, copyright, trade secrecy, unfair competition, and other intellectual property laws to protect the proprietary aspects of our products and services. Legal standards relating to the validity, enforceability, and scope of the protection of certain intellectual property rights in internet-related industries are uncertain and still evolving. The steps we take to protect our intellectual property rights may not be adequate to protect our intellectual property and may not prevent our competitors from gaining access to our intellectual property and proprietary information. In addition, we cannot provide assurance that courts will always uphold our intellectual property rights or enforce the contractual arrangements that we have entered into to obtain and protect our proprietary technology.

Third parties, including our partners, contractors or employees, may infringe or misappropriate our copyrights, trademarks, service marks, trade dress, and other proprietary rights. Any such infringement or misappropriation could have a material adverse effect on our business, prospects, financial condition, and results of operations. In addition, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights, which may result in the dilution of the brand identity of our services.

We may decide to initiate litigation in order to enforce our intellectual property rights or to determine the validity and scope of our proprietary rights. Any such litigation could result in substantial expense, and may not adequately protect our intellectual property rights. In addition, we may be exposed to future litigation by third parties based on claims that our products or services infringe or misappropriate their intellectual property rights. Any such claim or litigation against us, whether or not successful, could result in substantial costs and harm our reputation. In addition, such claims or litigation could force us to do one or more of the following:

- cease selling or using any of our products and services that incorporate the subject intellectual property, which would adversely affect our revenue;
- attempt to obtain a license from the holder of the intellectual property right alleged to have been infringed or misappropriated, which license may not be available on reasonable terms; and
- attempt to redesign or, in the case of trademark claims, rename our products or services to avoid infringing or misappropriating the intellectual property rights of third parties, which may be costly and time-consuming.

Even if we were to prevail, such claims or litigation could be time-consuming and expensive to prosecute or defend, and could result in the diversion of our management's time and attention. These expenses and diversion of managerial resources could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We may be subject to intellectual property claims that create uncertainty about ownership or use of technology essential to our business and divert our managerial and other resources.

Our success depends, in part, on our ability to operate without infringing the intellectual property rights of others. Third parties may, in the future, claim our current or future services, products, trademarks, technologies, business methods or processes infringe their intellectual property rights, or challenge the validity of our intellectual property rights. We may be subject to patent infringement claims or other intellectual property infringement claims that would be costly to defend and could limit our ability to use certain critical technologies or business methods. We may also become subject to interference proceedings conducted in the patent and trademark offices of various countries to determine the priority of inventions.

The defense and prosecution, if necessary, of intellectual property suits, interference proceedings and related legal and administrative proceedings can become very costly and may divert our technical and management personnel from their normal responsibilities. We may not prevail in any of these suits or proceedings. An adverse determination of any litigation or defense proceedings could require us to pay substantial compensatory and exemplary damages, could restrain us from using critical technologies, business methods or processes, and could result in us losing, or not gaining, valuable intellectual property rights.

Furthermore, due to the voluminous amount of discovery frequently conducted in connection with intellectual property litigation, some of our confidential information could be disclosed to competitors during this type of litigation. In addition, public announcements of the results of hearings, motions or other interim proceedings or developments in the litigation could be perceived negatively by investors, and thus have an adverse effect on the trading price of our common stock.

We may be required to expand or upgrade our infrastructure.

Our ability to provide high-quality services largely depends upon the efficient and uninterrupted operation of our computer and communications systems. We (or our third party service providers) may be required to expand or upgrade our (or their) technology, infrastructure, fulfillment capabilities, or customer support capabilities in order to accommodate any significant growth in customers or to replace aging or faulty equipment or technologies. We (or they) may not be able to project accurately the rate or timing of increases, if any, in the use of our services or expand and upgrade our (or their) systems and infrastructure to accommodate these increases in a timely manner.

Any expansion of our (or our third party service providers') infrastructure may require us (or them) to make significant upfront expenditures for servers, routers, computer equipment, and additional internet and intranet equipment, as well as to increase bandwidth for internet connectivity. Any such expansion or enhancement may cause system disruptions.

Our (or our third party service providers') inability to expand or upgrade our technology, infrastructure, fulfillment capabilities, customer support capabilities or equipment as required or without disruptions could impair the reputation of our brand and our services and diminish the attractiveness of our service offerings to our clients.

We may fail to retain existing merchants, or add new merchants, in our promotional marketing business.

Our promotional marketing business depends in part on our strategic partners to publish discounted products and services we source from our SMB clients. We depend on our ability to attract and retain SMBs that are prepared to offer products or services on compelling terms through our strategic partners. We are a recent entrant to this market and we do not have long-term arrangements to guarantee the availability of deals that offer attractive quality, value and variety to consumers or favorable payment terms to us. We must continue to attract and retain merchants in various geographical areas to our promotional marketing business in order to increase revenue and achieve profitability. If new merchants do not find our marketing and promotional services effective, or if existing merchants do not believe that utilizing our products provides them with a long-term increase in customers, revenues or profits, they may stop making offers through us. In addition, we may experience attrition in our merchants in the ordinary course of business resulting from several factors, including losses to competitors and merchant closures or bankruptcies. If we are unable to attract new merchants in numbers sufficient to grow our promotional marketing business, or if too many merchants are unwilling to offer products or services with compelling terms through our strategic partners, or to offer favorable payment terms to us, we may sell fewer daily deals and our operating results will be adversely affected.

Our promotional marketing business depends heavily on our strategic partners.

Our promotional marketing business is highly dependent upon our ability to sell discounted products and services offered by our SMB clients through our strategic partners. Unlike many of our established competitors, we currently lack a significant subscriber base for selling these offers to potential customers of these SMB clients. Instead, we rely on our strategic partners, some of whom have extremely large user bases, to publish these offers to reach these potential customers. We do not have long-term relationships with these strategic partners. Our agreements with these strategic partners generally permit our partners to terminate the agreement with short or no prior notice, for convenience, and/or do not require our partners to publish the offers we source from our SMB clients.

We may not be able to adapt as the internet, mobile technologies and customer demands continue to evolve.

The internet, e-commerce, the online marketing industry and mobile devices are characterized by:

- rapid technological change;
- changes in customer and user requirements and preferences;
- frequent new product and service introductions embodying new technologies and business logic; and
- the emergence of new industry standards and practices that could render our existing service offerings, technology, and hardware and software infrastructure obsolete.

In order to compete successfully in the future, we must:

- enhance our existing services and develop new services and technology that address the increasingly sophisticated and varied needs of our prospective or current customers;
- license, develop or acquire technologies useful in our business on a timely basis; and
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

Our failure to respond in a timely manner to changing market conditions or client requirements could have a material adverse effect on our business, prospects, financial condition, and results of operations.

Our business could be negatively impacted if the security of our or our partners' equipment becomes compromised.

To the extent that our activities involve the storage and transmission of proprietary information about our customers or users, security breaches could damage our reputation and expose us to a risk of loss or litigation and possible liability. We may be required to expend significant capital and other resources to protect against security breaches or to minimize problems caused by security breaches. Our (or our third party service providers') security measures may not prevent security breaches. The failure to prevent these security breaches or a misappropriation of proprietary information may have a material adverse effect on our business, prospects, financial condition, and results of operations.

We are subject to a number of risks related to credit card payments.

We bill a large portion of our clients using credit and debit cards. For credit and debit card payments, we pay interchange and other fees, which may increase over time and raise our operating expenses and adversely affect our net income. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. We believe we are compliant with the Payment Card Industry Data Security Standard, which incorporates Visa's Cardholder Information Security Program and MasterCard's Site Data Protection standard. However, there is no guarantee that we will maintain such compliance or that compliance will prevent illegal or improper use of our payment system. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our clients. A failure to adequately control fraudulent credit card transactions would result in significantly higher credit card-related costs and could have a material adverse effect on our business, financial condition or results of operations.

Risks Related to the Internet

We may be unable to keep pace with rapid technological change in the internet industry.

In order to remain competitive, we will be required continually to enhance and improve the functionality and features of our existing products and services, which could require us to invest significant capital or make substantial changes to our personnel, technologies or equipment. If our competitors introduce new products and services embodying new technologies or if new industry standards and practices emerge, our existing services, technologies, and systems may become obsolete or uncompetitive. We may not have the funds or technical knowledge to upgrade our services, technologies, or systems. If we face material delays in introducing new or enhanced products and services, our customers and users may select those of our competitors, in which event our business, prospects, financial condition, and results of operations could be materially and adversely affected.

Regulation of the internet may adversely affect our business.

The laws governing the internet remain largely unsettled, even in areas where legislation has been enacted. It may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, defamation, product liability, and taxation apply to the internet and internet services. Unfavorable resolution of these issues may substantially harm our business and operating results.

Due to the increasing popularity and use of the internet and online services such as online Yellow Pages, federal, state, local, and foreign governments may adopt laws and regulations, or amend existing laws and regulations, with respect to the internet and other online services. These laws and regulations may affect issues such as user privacy, pricing, content, taxation, copyrights, distribution, product liability and quality of products and services. In addition, the growth and development of the market for electronic commerce may prompt calls for more stringent consumer protection laws, both in the United States and abroad, that may impose additional burdens on companies conducting business over the internet, including those covering user privacy, data protection, spyware, "do not email" lists, "do not call" lists, access to high speed and broadband service. Other laws and regulations that have been adopted, or may be adopted in the future, that may affect our business include pricing, taxation (including sales, value-added and other transactional taxes), tariffs, patents, copyrights, trademarks, trade secrets, export of encryption technology, electronic contracting, click-fraud, acceptable content, search terms, lead generation, behavioral targeting, consumer protection, and quality of products and services. Any new legislation could hinder the growth in use of the internet generally or in our industry and could impose additional burdens on companies conducting business online, which could, in turn, decrease the demand for our products and services, increase our cost of doing business, or otherwise have a material adverse effect on our business, prospects, financial condition, and results of operations.

Our internet business is subject to an uncertain and developing regulatory environment.

While relatively few laws and regulations apply specifically to internet businesses, the application of other laws and regulations to internet businesses, including ours, is unclear in many instances. There remains significant legal uncertainty in a variety of areas, including intellectual property, user privacy, the positioning of sponsored listings on search results pages, defamation, taxation, product liability, and the regulation of content in various jurisdictions.

Compliance with federal laws relating to the internet and internet businesses may impose upon us significant costs and risks, or may subject us to liability if we do not successfully comply with their requirements, whether intentionally or unintentionally. Specific federal laws that impact our business include The Digital Millennium Copyright Act of 1998, The Communications Decency Act of 1996, The Children's Online Privacy Protection Act of 1998 (including related Federal Trade Commission regulations), The Protect Our Children Act of 2008, and The Electronic Communications Privacy Act of 1986, among others. For example, the Digital Millennium Copyright Act, which is in part intended to reduce the liability of online service providers for listing or linking to third-party websites that include materials that infringe the rights of others, was adopted by Congress in 1998. If we violate the Digital Millennium Copyright Act we could be exposed to costly and time-consuming copyright litigation.

Our utilization of ACH billing exposes us to review by the National Automated Clearing House Association. Future actions from these and other regulatory agencies could expose us to substantial liability in the future, including fines and criminal penalties, preclusion from offering certain products or services, and the prevention or limitation of certain marketing practices.

Existing laws and regulations and any future regulation may have a material adverse effect on our business. For example, we believe that our direct marketing programs meet existing requirements of the Federal Trade Commission, or FTC. Any changes to FTC requirements or changes in our direct or other marketing practices, however, could result in our marketing practices failing to comply with FTC regulations, or could require us to change our marketing strategies or practices, which could adversely impact our ability to acquire new clients.

The application of certain laws and regulations to our promotional marketing business, as a new product category, is uncertain. These include federal and state laws governing considered gift cards, gift certificates, stored value cards or prepaid cards, such as the federal Credit Card Accountability Responsibility and Disclosure Act of 2009, or the CARD Act, and unclaimed and abandoned property laws. Numerous class action lawsuits that have been filed in federal and state court claiming that vouchers used in promotional marketing are subject to the CARD Act and various state laws governing gift cards and that the defendants have violated these laws by issuing vouchers with expiration dates and other restrictions. If we are required to alter our promotional marketing business practices as a result of any laws and regulations, our revenue could decrease, our costs could increase and our business could otherwise be harmed. In addition, the costs and expenses associated with defending any actions related to such additional laws and regulations and any payments of related penalties, judgments or settlements could adversely impact our financial condition and results of operations.

We may not be able to obtain internet domain names that we would like to have.

We believe that our existing internet domain names are an extremely important part of our business. We may desire, or it may be necessary in the future, to use these or other domain names in the United States and internationally. Various internet regulatory bodies regulate the acquisition and maintenance of domain names in the United States and other countries. These regulations are subject to change. Governing bodies may establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may be unable to acquire or maintain relevant domain names in all countries in which we plan to conduct business in the future.

The extent to which laws protecting trademarks and similar proprietary rights will be extended to protect domain names currently is not clear. We therefore may be unable to prevent competitors from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our domain names, trademarks, trade names, and other proprietary rights. We cannot provide assurance that potential users and customers will not confuse our domain names, trademarks, and trade names with other similar names and marks. If that confusion occurs, we may lose business to a competitor and some customers and users may have negative experiences with other companies that those customers and users erroneously associate with us.

Our business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by man-made problems such as computer viruses or terrorism.

Our service systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on our business, operating results and financial condition, and our insurance coverage will likely be insufficient to compensate us for losses that may occur. Our servers may also be vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, loss of critical data or the unauthorized disclosure of confidential intellectual property or client data. We may not have sufficient protection or recovery plans in certain circumstances, such as natural disasters affecting the Las Vegas or San Diego area, and our business interruption insurance may be insufficient to compensate us for losses that may occur. As we rely heavily on our servers, computer and communications systems and the internet to conduct our business and provide high quality customer service, such disruptions could negatively impact our ability to operate our business, which could have a material and adverse effect on our operating results and financial condition.

If we are sued for content distributed through, or linked to by, our website or those of our customers, we may be required to spend substantial resources to defend ourselves and could be required to pay monetary damages.

We aggregate and distribute third-party data and other content over the internet. In addition, third-party websites are accessible through our website or those of our customers. As a result, we could be subject to legal claims for defamation, negligence, intellectual property infringement, product or service liability or other torts. Other claims may be based on errors or false or misleading information provided on or through our website or websites of our customers, or on links to sexually explicit or gambling websites and sexually explicit advertisements. We may need to expend substantial resources to investigate and defend these claims, regardless of whether we successfully defend against them. While we carry general business insurance, the amount of coverage we maintain may not be adequate. In addition, implementing measures to reduce our exposure to this liability may require us to spend substantial resources and limit the attractiveness of our products or services to users.

If our security measures are breached and unauthorized access is obtained to a client's data, our service may be perceived as not being secure and clients may curtail or stop using our service.

Our service may involve the storage and transmission of clients' proprietary information, such as credit card and bank account numbers, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. Our payment services may be susceptible to credit card and other payment fraud schemes, including unauthorized use of credit cards, debit cards or bank account information, identity theft or merchant fraud.

If our security measures are breached in the future as a result of third-party action, employee error, malfeasance or otherwise, and as a result, someone obtains unauthorized access to our clients' data, our reputation could be damaged, our business may suffer and we could incur significant liabilities. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and frequently are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose sales and clients.

Our revenue may be negatively affected if we are required to charge sales tax or other transaction taxes on all or a portion of our past and future sales to customers located in jurisdictions where we are currently not collecting and reporting tax.

We generally do not charge, collect or have imposed upon us sales, value added (VAT) or other transaction taxes related to the products and services we sell, except for certain corporate level taxes and transaction level taxes outside of the United States. However, the federal, state, and local governments or one or more foreign countries may seek to impose sales or other transaction tax obligations on us in the future. A successful assertion by any tax jurisdiction in which we do business that we should be collecting sales or other transaction taxes on the sale of our products or services, or the adoption of new laws to require us to collect such taxes, could result in substantial tax liabilities related to past sales, create increased administrative burdens or costs, discourage customers from purchasing or continuing to purchase products or services from us, decrease our ability to compete or otherwise substantially harm our business and results of operations.

Risks Related to Our Securities

Stock prices of technology companies have declined precipitously at times in the past and the trading price of our common stock is likely to be volatile, which could result in substantial losses to investors.

The trading price of our common stock has been highly volatile over the past few years and investors could experience losses in response to factors including the following, many of which are beyond our control:

- decreased demand in the internet services sector;
- variations in our operating results;
- announcements of technological innovations or new products or services by us or our competitors;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- our failure to meet analysts' expectations;
- changes in operating and stock price performance of other technology companies similar to us;
- conditions or trends in the technology industry, the online marketing industry or the mobile device industry;
- additions or departures of key personnel or strategic partners; and
- future sales of our debt or equity securities, including common stock.

Domestic and international stock markets often experience significant price and volume fluctuations that are unrelated or disproportionate to the operating performance of companies with securities trading in those markets. These fluctuations, as well as political events, terrorist attacks, threatened or actual war, and general economic conditions unrelated to our performance, may adversely affect the price of our common stock. In the past, securities holders of other companies often have initiated securities class action litigation against those companies following periods of volatility in the market price of those companies' securities. If the market price of our stock fluctuates and our stockholders initiate this type of litigation, we could incur substantial costs and experience a diversion of our management's attention and resources, regardless of the outcome. This could materially and adversely affect our business, prospects, financial condition, and results of operations.

Due to our concentrated stock ownership, public stockholders may have no effective voice in our management and the trading price of our common stock may be adversely affected.

Isaac Capital Group LLC (ICG) is the beneficial owner of approximately 49.5% of our outstanding shares of common stock. Jon Isaac, our Chairman, CEO and President, is the President and sole member of ICG and accordingly has the sole power to vote the shares of our common stock owned by ICG, and as a result, is able to exercise significant influence over all matters that require us to obtain shareholder approval, including the election of directors to our board and approval of significant corporate transactions that we may consider, such as a merger or other sale of our company or its assets. Moreover, such a concentration of voting power could have the effect of delaying or preventing a third party from acquiring us at a premium. This significant concentration of share ownership may also adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with concentrated stock ownership.

We do not anticipate paying dividends on our common stock in the foreseeable future.

With the exception of dividends payable to our series E preferred stockholders, we do not intend to pay cash dividends in the foreseeable future due to our limited funds for operations. Therefore, any return on your investment would likely come only from an increase in the market value of our common stock.

Certain provisions of Nevada law, in our organizational documents and in contracts to which we are party may prevent or delay a change of control of our company.

We are subject to the Nevada anti-takeover laws regulating corporate takeovers. These anti-takeover laws prevent Nevada corporations from engaging in a merger, consolidation, sales of its stock or assets, and certain other transactions with any stockholder, including all affiliates and associates of the stockholder, who owns 10% or more of the corporation's outstanding voting stock, for three years following the date that the stockholder acquired 10% or more of the corporation's voting stock, except in certain situations. In addition, our amended and restated articles of incorporation and bylaws include a number of provisions that may deter or impede hostile takeovers or changes of control or management. These provisions include the following:

- the authority of our Board of Directors to issue up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences, and privileges of these shares, without stockholder approval;
- stockholders must comply with advance notice requirements to transact any business at the annual meeting;
- all stockholder actions must be effected at a duly called meeting of stockholders and not by written consent, unless such action or proposal is first approved by our Board of Directors;
- special meetings of the stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, or the President of our company;
- a director may be removed from office only for cause by the holders of at least two-thirds of the voting power entitled to vote at an election of directors;
- our Board of Directors is expressly authorized to alter, amend or repeal our bylaws;
- newly-created directorships and vacancies on our Board of Directors may only be filled by a majority of remaining directors, and not by our stockholders; and
- Cumulative voting is not allowed in the election of our directors.

These provisions of Nevada law and our articles and bylaws could prohibit or delay mergers or other takeover or change of control of our company and may discourage attempts by other companies to acquire us, even if such a transaction would be beneficial to our stockholders.

Our common stock may be subject to the "penny stock" rules as promulgated under the Securities Exchange Act of 1934.

In the event that no exclusion from the definition of "penny stock" under the Securities Exchange Act of 1934, as amended, is available, then any broker engaging in a transaction in our common stock will be required to provide its customers with a risk disclosure document, disclosure of market quotations, if any, disclosure of the compensation of the broker-dealer and its sales person in the transaction, and monthly account statements showing the market values of our securities held in the customer's accounts. The bid and offer quotation and compensation information must be provided prior to effecting the transaction and must be contained on the customer's confirmation of sale. Certain brokers are less willing to engage in transactions involving "penny stocks" as a result of the additional disclosure requirements described above, which may make it more difficult for holders of our common stock to dispose of their shares.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

We lease approximately 11,000 square feet of space located at 325 East Warm Springs Road, Suite 102, Las Vegas Nevada, 89119 which we utilize as principal executive and administrative officers and our call center. We currently pay approximately $13,720 in monthly rent for the call center, which is subject to annual increases. Our lease for this space ends on approximately March 31, 2017; however, we have the option to extend the lease for one additional lease term of three years. We also lease space in San Diego, California, where we utilize approximately 1,600 square feet. This office is currently being provided to us by a company that is a related party to the Isaac Capital Group LLC, one of our largest stockholders which is owned by Jon Isaac, our President and CEO and a director.

On June 14, 2016, we entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was $10,000,000, which consisted of $644,479 from the sale of the land and a note payable of $9,355,521. In connection with the transaction, we entered into a lease with a 15 year term commencing on the closing of the transaction, which provides the Company an option to extend the lease upon the expiration of its term. The initial annual lease rate is $59,614.

Marquis operates out of eight buildings.
2743 Highway 76, Chatsworth, GA Corporate offices and warehouse, 25,930 square feet
325 Smyrna Church Rd, Chatsworth, GA Warehouse 31,682 square feet
242 Treadwell Rd, Chatsworth, GA Office and storage 37,000 square feet
1978 HW 52 Alt, Chatsworth, GA Tufting Department 68,000 square feet
1642 Duvall Rd, Chatsworth, GA Machine Storage and Forklift 30,716 square feet
1805 South Hamilton, Dalton, GA Storage and Extrusion 51,000 square feet
2669 Lakeland Rd, Dalton, GA Yarn Processing Facility 74,546 square feet
716 River Street, Calhoun, GA 100,000 square feet

ITEM 3. Legal Proceedings

Except as described below, we are not a party to, and none of our property was the subject of, any material pending legal proceedings, other than ordinary routine litigation incidental to our business. While we currently believe that the ultimate outcome of these routine proceedings will not have a material adverse effect on our consolidated financial condition or results of operations, litigation is subject to inherent uncertainties. An unfavorable ruling could result in a material adverse impact on our net income and financial condition in the period in which a ruling occurs. Moreover, routine litigation, even if not meritorious, could result in the expenditure of significant financial and managerial resources and could adversely affect our net income and financial condition.

J3 Harmon LLC v. LiveDeal, Inc.

On February 9, 2012, J3 Harmon LLC, which we refer to as J3, filed a lawsuit against us in the superior court for Maricopa County in the State of Arizona, alleging breach of a commercial lease agreement. J3 sought damages for alleged unpaid rents during the lease term as well as alleged damages for storage costs after the expiration of the lease term. We denied the allegations and asserted various affirmative defenses. In September 2012, the Maricopa county Superior Court entered a judgment in favor of J3 in the sum of $62,886.13. We appealed this judgment.

On October 1, 2013, the Arizona court of appeals affirmed in part and reversed in part of the principal damages and remanded the matter for judgment. Subsequently, the Maricopa county superior court entered Judgement on Mandate against the Company in the principal sum of $46,636.31 and attorneys' fees of $5,624.40, with post-judgment interest from October 3, 2012. There is no further basis for appeal by the Company. Therefore the matter is concluded. We are not aware of any post-judgment collection activity, which has been undertaken. As of September 30, 2016, the payment of this judgment has not been paid and the Company recorded an accrual of $52,261 related to this matter.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock

Our common stock is traded on the NASDAQ Capital Market under the symbol "LIVE".

The following table sets forth the quarterly high and low sales prices per share of our common stock during the last two fiscal years. All prices reflect a reverse stock split one-for-six (1:6) effective for stockholders of record as of December 5, 2016.

	Quarter Ended	High	Low
2016	October 1 – December 31, 2015	$ 15.54	$ 7.68
	January 1 – March 31, 2016	$ 10.08	$ 6.36
	April 1 – June 30, 2016	$ 11.40	$ 8.64
	July 1 – September 30, 2016	$ 13.80	$ 9.18
2015	October 1 – December 31, 2014	$ 23.52	$ 12.54
	January 1 – March 31, 2015	$ 22.68	$ 16.98
	April 1 – June 30, 2015	$ 20.16	$ 14.88
	July 1 – September 30, 2015	$ 15.48	$ 8.58

Holders of Record

On September 30, 2016, there were approximately 99 holders of record of our common stock according to our transfer agent. We have no record of the number of stockholders who hold our common stock in "street name" with various brokers.

Dividend Policy

We have two classes of authorized preferred stock. Our Series E Preferred Stock has 127,840 shares issued and outstanding. Each share of Series E Preferred Stock is entitled to and receives a dividend of $0.015 per year. At September 30, 2016, the company had accrued but unpaid preferred stock dividends totaling $959. These accrued and unpaid dividends were paid in October 2016.

Our Series B Convertible Preferred Stock, as of the date of this Report has 0 shares issued and outstanding. The shares, as a series, are entitled to dividends on an as-if converted to Common Stock basis, if, when, and as dividends on our Common Stock are declared by the Board of Directors, subject to a $1.00 (in the aggregate for all then-issued and outstanding shares of Series B Convertible Preferred Stock).

Presently, we do not pay dividends on our common stock. Our declaration and payment of cash dividends in the future and the amount thereof will depend upon our results of operations, financial condition, cash requirements, future prospects, limitations imposed by credit agreements or indentures governing debt securities and other factors deemed relevant by our Board of Directors.

Issuer Purchases of Equity Securities

On January 21, 2016, the Company announced a $10 Million dollar common stock repurchase program. Below are the treasury stock purchases since inception of the program.

Period	Number of Shares	Average Purchase Price Paid	Number of Purchases as Part of a Publicly Announced Plan or Program	Maximum Amount that May be Purchased Under the Plan or Program
January 2016	–	$ –	–	$ 10,000,000
February 2016	4,752	$ 8.98	4,752	$ 9,957,335
March 2016	4,167	$ 9.03	4,167	$ 9,919,708
April 2016	–	$ –	–	$ 9,919,708
May 2016	9,698	$ 10.37	9,698	$ 9,819,143
June 2016	1,994	$ 10.45	1,994	$ 9,798,307
July 2016	9,511	$ 10.31	9,511	$ 9,700,285
August 2016	–	$ –	–	$ 9,700,285
September 2016	–	$ –	–	$ 9,700,285

Securities Authorized for Issuance under Equity Compensation Plans

Reference is made to Notes 8, 9 and 10 of the notes to our consolidated financial statements for certain disclosures about our equity compensation plans.

Recent Sales of Unregistered Securities

As of September 15, 2016 the Company is obligated to issue and certificate 58,333 shares of the Company's common stock to Norvalk S.A.S for software licensed to the Company. The Shares as of this report have not been issued.

As of September 15, 2016 the Company is obligated to issue and certificate 55,888 shares of the Company's Convertible Series B Preferred shares to Kingston Diversified Holdings LLC pursuant to agreement. The Shares as of this report have not been issued.

ITEM 6. Selected Financial Data

Not applicable.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the year ended September 30, 2016, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" (hereafter referred to as "MD&A") should be read in conjunction with the consolidated financial statements, including the related notes, appearing in Part I, Item 8 of this Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

Note about Forward-Looking Statements

This Annual Report on Form 10-K includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "intends," "plans," "expects," or "anticipates," and do not reflect historical facts.

Specific forward-looking statements contained in this portion of the Annual Report include, but are not limited to statements that are based on current projections and expectations about the markets in which we operate, (ii) statements about current projections and expectations of general economic conditions, (iii) statements about specific industry projections and expectations of economic activity, (iv) statements relating to our future operations and prospects, (v) statements about future results and future performance, (vi) statements that the cash on hand and additional cash generated from operations together with potential sources of cash through issuance of debt or equity will provide the company with sufficient liquidity for the next 12 months; and (vii) statements that the outcome of pending legal proceedings will not have a material adverse effect on business, financial position and results of operations, cash flow or liquidity.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results, future performance and capital requirements and cause them to materially differ from those contained in the forward-looking statements include those identified in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 under Item 1A "Risk Factors", as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may generally affect our business, results of operations and financial position. Forward-looking statements speak only as of the date the statements were made. We do not undertake and specifically decline any obligation to update any forward-looking statements. Any information contained on our website www.live-ventures.com or any other websites referenced in this Annual Report are not part of this Annual Report.

Our Company

Live Ventures Incorporated is a holding company for diversified businesses, which, together with our subsidiaries, we refer to as the "Company", "Live Ventures", "we", "us" or "our." Commencing in fiscal year 2015, we began a strategic shift in our business plan away from solely providing online marketing solutions for small and medium businesses to acquiring profitable companies in various industries that have demonstrated a strong history of earnings power. Prior to that shift, we primarily promoted online marketing solutions to small and medium businesses ("SMB's") to help them boost customer awareness, gain visibility and manage their online presence under our Velocity Local™ brand. In 2013 we launched LiveDeal.com, real-time "deal engine" that connects restaurants across the United States and consumers via an online and mobile platform. The LiveDeal.com platform targets restaurants in cities across the United States to help them use the platform to attract new customers. In addition, through our subsidiary, Modern Everyday, we maintain an online consumer products retailer.

We continue to actively evaluate and develop our products, services and our marketing strategies in our businesses. As a result of the shift in our strategy, as of the fiscal year ended September 30, 2015, we decided to cease operating Live Goods and DealTicker and we discontinued our suite of online presence marketing products and solutions under the Velocity Local™ brand. Due to the shift in our business to diversifying our operations by acquiring businesses in several industries, we expect that revenues from our online marketplace business segment and our legacy products and services segment will continue to be diluted in the coming months and years.

Under the Live Ventures brand we seek opportunities to acquire profitable and well-managed companies. We will work closely with consultants who will help us identify target companies that fit within the criteria we have established for opportunities that will provide synergies with our businesses.

Our principal offices are located at 325 E. Warm Springs Road, Suite 102, Las Vegas, Nevada 89119, our telephone number is (702) 939-0231, and our corporate website (which does not form part of this report) is located at www.live-ventures.com. Our common stock trades on the NASDAQ Capital Market under the symbol "LIVE".

Recent Development

On November 3, 2016, we acquired 100% of Vintage Stock, V-Stock, Movie Trading Company and EntertainMart (collectively "Vintage Stock"). Vintage Stock is a leading specialty entertainment retailer. Since its founding in 1980, Vintage Stock has established a strong reputation for being America's largest entertainment superstore. Vintage Stock offers a large selection of entertainment products including new and pre-owned movies, video games and music products, as well as ancillary products such as books, comics, toys and collectibles all available in a single location. With its integrated buy-sell-trade business model, Vintage Stock buys, sells and trades new and pre-owned movies, music, video games, and collectibles through 32 Vintage Stock, 3 V-Stock, 13 Movie Trading company and 2 EntertainMart retail locations strategically positioned across Texas, Oklahoma, Kansas, Missouri, Colorado, Illinois and Arkansas. In calendar year 2015, Vintage Stock had revenue of $61.6M and net income of $12.2M.

Manufacturing Segment

In July 2015, we acquired a majority interest in Marquis Industries, Inc., a Georgia corporation, through our partially-owned subsidiary, Marquis Affiliated Holdings LLC, Marquis Industries is a leading carpet manufacturer and a manufacturer of innovative yarn products, as well as a reseller of hard surface flooring products. Over the last decade, Marquis has been an innovator and leader in the value-oriented polyester carpet sector, which is currently the market's fastest-growing fiber category. We focus on the residential, niche commercial, and hospitality end-markets and serve over 2,000 customers.

Since its founding in 1990, Marquis has built a strong reputation for outstanding value, styling, and customer service. Its innovation has yielded products and technologies that differentiate its brands in the flooring marketplace. Marquis's state-of-the-art operations enable high quality products, unique customization, and exceptionally short lead-times. Furthermore, the Company has recently invested in additional capacity to grow several attractive lines of business, including printed carpet and yarn extrusion. Through its A-O Division, utilizes its state-of-the-art yarn extrusion capacity to market monofilament textured yarn products to the artificial turf industry.

Marketplace Platform Segment

In September 2013, we launched LiveDeal.com. LiveDeal.com is a unique, real-time "deal engine" connecting merchants with consumers. Currently, we provide marketing solutions to a growing base of restaurants to boost customer awareness and merchant visibility on the Internet. We believe that we have developed the first-of-its-kind web/mobile platform providing restaurants with full control and flexibility to instantly publish customized offers whenever they wish to attract customers. Restaurants can sign up to use the LiveDeal platform at our website.

Highlights of LiveDeal.com include:

- an intuitive interface enabling restaurants to create limited-time offers and publish them immediately, or on a preset schedule that is fully customizable;
- state-of-the-art scheduling technology giving restaurants the freedom to choose the days, times and duration of the offers, enabling them to create offers that entice consumers to visit their establishment during their slower periods;
- advanced publishing options allowing restaurants to manage traffic by limiting the number of available vouchers to consumers;
- superior geo-location technology allowing multi-location restaurants to segment offers by location, attracting customers to slower locations while eliminating potential over-crowding at busier sites;
- innovating proprietary restaurant indexing methodology; and
- a user-friendly mobile and desktop web interface allowing consumers to easily browse, download, and instantly redeem "live" offers found on LiveDeal.com based on their location.

In 2014, the Livedeal.com iOS mobile App was approved by Apple for inclusion in Apple's App store, and the Android App became available to the public in the Google Play Store.

We believe one of the primary challenges facing the dining industry is the inefficient and limited number of ways restaurants are able to market offers and promotions to their potential customers. Daily deal companies typically dictate offer terms, such as the discount amount and redemption details. This not only erodes potential profits for restaurant owners but could also drive traffic during already-busy periods for the restaurants. LiveDeal's model benefits both the restaurant and the consumer because it provides the restaurant the opportunity to create any offer they choose, limit the number of potential claimants of their promotion, publish the offer on days and at times of their choosing, and provides customers with relevant offers they can easily and quickly redeem while creating a cost-effective model for LiveDeal to grow and easily scale its operations. We expect to initially derive revenues through premium placement on the site, and we are also exploring various options for monetizing the website.

The Company, best known for migrating print yellow pages to the Internet in 1994, began to develop the model for LiveDeal.com after having worked closely with well-known publishers in the daily deal market. In mid-2013, we tested the beta platform in a number of cities, and the model has been well received by restaurants, consumers, and various restaurant associations. We launched LiveDeal.com in the San Diego and Los Angeles, California markets in September 2013 and December 2013, respectively. This year we launched a massive advertising campaign directed at over 35 cities to support the restaurant owners who have created more than 10,000 deals in over 8,000 restaurants in those cities. The Company believes it can cost-effectively expand into other cities due to the scalability of the LiveDeal.com platform, as restaurants can curate deals through our account managers or create specials on their own. In addition, individual customers transact directly with the restaurant, eliminating the need for the Company to act as an intermediary in the sale.

In order to leverage our consumer base, during fiscal 2014 we acquired three business that offer consumer products. We plan to incorporate the sale of consumer products into our livedeal.com website to make it a vertically integrated one-stop shop for all the needs of the everyday consumer. Below is a brief description of the business purchased in fiscal 2014.

Modern Everyday, Inc.,

Modern Everyday, Inc. ("MEI"), acquired in August 2014, has a web presence providing consumers with products that range from kitchen and dining products, apparel and sporting goods to children's toys and beauty products. Modern Everyday also has proprietary software that will give us the capability to track products and predict consumer behavior and spending habits.

Services Segment

We developed and market a suite of products and services designed to meet the online marketing needs of SMBs at affordable prices. In August 2012, we commenced sourcing local deal and activities to strategic publishing partners under our LiveDeal ® brand, which we refer to as promotional marketing. In November 2012, we commenced the sale of marketing tools that help local businesses manage their online presence under our Velocity Local ™ brand, which we refer to as online presence marketing. Our target customers for our LiveDeal ® brands are SMB owners who work long hours to deliver real value to their customers in their own communities that do not have the time or expertise to develop the powerful, multi-faceted, online marketing and advertising programs necessary for successful online marketing. Our offerings draw on a decade of experience servicing SMBs in the internet technology environment.

We continue to generate a significant portion of our revenue from servicing our existing customers under our legacy product offerings, primarily our InstantProfile ® line of products and services. Because of the change in our business strategy and product lines, we no longer accept new customers under our legacy product offerings.

Business Acquisition

On July 6 and July 7, 2015, we, through our newly formed, wholly-owned subsidiary, Live Ventures, Inc. ("Live Ventures"), entered into a series of agreements in connection with our indirect purchase of Marquis Industries, Inc., a Georgia corporation ("Marquis"), and its subsidiaries. Marquis is a specialty, high-performance carpet yarn manufacturer, hard-surfaces re-seller, and top 10 high-end residential carpet manufacturer; in the United States. The purchase and financing transactions were, in the aggregate, valued at approximately $30 million. The purchase was effectuated between Marquis Affiliated Holdings LLC, a Delaware limited liability company ("Marquis Holdings") that is 80% owned by Live Ventures. The remaining 20% of Marquis Holdings was owned by the former owners of Marquis Industries. In connection with the purchase and finance transaction, various persons and entities entered into a series of agreements (each of which is dated on or about July 6, 2015, with funding occurring on July 6 and July 7, 2015).

Effective November 30, 2015, we purchased the remaining 20% interest in Marquis for $2,000,000 of which $1,500,000 was paid in cash and a note payable of $500,000 due February 1, 2016. The $500,000 note was paid in January 2016. The excess of the non-controlling interest at November 30, 2015 over the $2,000,000 purchase price of $78,038 has been recorded directly to additional paid in capital.

Critical Accounting Estimates and Assumptions

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make many estimates and assumptions that may materially affect both our consolidated financial statements and related disclosures, such as reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period, and the comparability of the information presented over different reporting periods. Estimates and assumptions are based on management's experience and other information available prior to the issuance of our financial statements. Our actual realized results may differ materially from management's initial estimates as reported. Summaries of our significant accounting policies are detailed in the notes to the consolidated financial statements, which are an integral component of this filing.

The discussion in this section of "critical" accounting estimates and assumptions is according to the disclosure guidelines of the SEC, wherein:

- the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and

- the impact of the estimates and assumptions on our financial condition or operating performance is material.

Besides those meeting these "critical" criteria, we make many other accounting estimates and assumptions in preparing our financial statements and related disclosures. Although not associated with “highly uncertain matters,” these estimates and assumptions are also subject to revision as circumstances warrant, and materially different results may sometimes occur.

The following summarizes “critical” estimates and assumptions made by management in the preparation of the consolidated financial statements and related disclosures.

Revenue Recognition

Manufacturing Segment

The Manufacturing Segment derives revenue primarily from the sale of carpet products; including shipping and handling amounts, which are recognized when the following criteria are met: there is persuasive evidence that a sales agreement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Delivery is not considered to have occurred until the customer takes title to the goods and assumes the risks and rewards of ownership, which is generally on the date of shipment. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. Revenues are recorded net of taxes collected from customers.

MarketPlace Platform Segment

The MarketPlace Platform Segment derives product revenue primarily from direct and fulfillment partner sales. Product revenue is recognized when the following revenue recognition criteria are met: there is persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Currently, all direct and fulfillment partner product revenue is recorded on a gross basis, as the Company is the primary obligor. Revenues are recorded net of taxes collected from customers.

In addition, the MarketPlace Platform Segment derives revenue from its sales through its strategic publishing partners of discounted goods and services offered by its merchant clients (“Deals”) when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectability is reasonably assured. These criteria are met when the number of customers who purchase the daily deal exceeds the predetermined threshold, where, if applicable, the Deal has been electronically delivered to the purchaser and a listing of Deals sold has been made available to the merchant. At that time, the Company’s remaining obligations to the merchant, for which it is serving as an agent, are substantially complete. The Company’s remaining obligations, which are limited to remitting payment to the merchant, are inconsequential or perfunctory. The Company recognizes revenue in an amount equal to the net amount it retains from the sale of Deals after paying an agreed upon percentage of the purchase price to the featured merchant excluding any applicable taxes. Revenue is recorded on a net basis because the Company is acting as an agent of the merchant in the transaction.

The Company evaluates the criteria outlined in ASC Topic 605-45, *Principal Agent Considerations*, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When the Company is the primary obligor in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenue is recorded gross. If the Company is not the primary obligor in the transaction and amounts earned are determined using a fixed percentage, revenue is recorded on a net basis.

For both Deals revenue and product revenue, at the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized.

Services Segment

The Services Segment recognizes revenue from directory subscription services as billed for and accepted by the customer. Directory services revenue is billed and recognized monthly for directory services subscribed. The Company has historically utilized outside billing companies to perform billing services through ACH withdrawals. For billings via ACH withdrawals, revenue is recognized when such billings are accepted by the customer. Customer refunds are recorded as an offset to gross Services Segment revenue.

Revenue for billings to certain customers that are billed directly by the Company and not through outside billing companies is recognized based on estimated future collections which are reasonably assured. The Company continuously reviews this estimate for reasonableness based on its collection experience.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts, which includes allowances for customer refunds, dilution and fees from Local Exchange Carrier ("LEC") billing aggregators and other uncollectible accounts. The determination of the allowance for doubtful accounts is dependent on many factors, including regulatory activity, changes in fee schedules by LEC service providers and recent historical trends.

Inventories

Inventories are valued at the lower of the inventory's cost (first in, first out basis) or the current market price of the inventory. Management compares the cost of inventory with its market value and an allowance is made to write down inventory to market value, if lower. Management also reviews inventory to determine if excess or obsolete inventory is present and an allowance is made to reduce the carrying value for inventory for such excess and or obsolete inventory.

Carrying Value of Intangible Assets

Our intangible assets consist of licenses for the use of internet domain names or universal resource locators, or URLs, capitalized website development costs and software, other information technology licenses, customer lists, non-compete agreements and marketing and technology-related intangibles acquired through acquisitions. All these assets are capitalized at their original cost (or at fair value for assets acquired through business combinations) and amortized over their estimated useful lives. We capitalize internally generated software and website development costs in accordance with the provisions of the FASB Accounting Standards Codification ("ASC") ASC 350, "Intangibles – Goodwill and Other".

We evaluate the recoverability of the carrying amount of intangible assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be fully recoverable. In the event of such changes, impairment would be assessed if the expected undiscounted net cash flows derived for the asset are less than its carrying amount.

Stock-Based Compensation

From time to time we grant restricted stock awards and options to employees, non-employees and our executives and directors. Such awards are valued based on the grant date fair-value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the vesting period.

Income Taxes

Income taxes are accounted for using the asset and liability method as prescribed by ASC 740 "Income Taxes". Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance would be provided for those deferred tax assets for which if it is more likely than not that the related benefit will not be realized.

We have estimated net deferred income tax assets (net of valuation allowances) of $12,524,582 at September 30, 2016 and $0 as of September 30, 2015. A full valuation allowance was established against all net deferred tax assets as of September 30, 2015 based on estimates of recoverability. We have determined that a valuation allowance is no longer necessary given our ability to generate sufficient profits from our new business lines. Therefore, no valuation allowance has been recorded at September 30, 2016.

Results of Operations

The following sets forth a discussion of our financial results for the year ended September 30, 2016 as compared to the year ended September 30, 2015. In evaluating our business, management reviews several key performance indicators including new customers, total customers in each line of business, revenues per customer, and customer retention rates. However, given the changing nature of our business strategy, we do not believe that presentation of these metrics would reveal any meaningful trends in our operations that are not otherwise apparent from the discussion of our financial results below. Generally, the significant changes in the results of operations when compared to the prior periods as noted below is a result of the acquisition of Marquis Industries we made in July 2015. Segment information is provided through operating income. We have three segments to our business, Marketplace Platform, Manufacturing and Services. For purposes of segment reporting, corporate income and expense is reported in the Marketplace Platform segment.

	Revenues			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ 5,438,007	$ 15,868,448	$ (10,430,441)	-65.7%
Manufacturing	72,509,357	16,006,683	56,502,674	353.0%
Services	1,006,883	1,494,735	(487,852)	-32.6%
Year Ended September 30,	$ 78,954,247	$ 33,369,866	$ 45,584,381	136.6%

Revenues for the year ended September 30, 2016 increased by $45,584,381 or 136.6% as compared to the year ended September 30, 2015, primarily due to the acquisition of Marquis Industries in July 2015. Revenue from our online marketplace platform segment decreased by $10,430,441 or 65.7% from $15,868,448 for the year ended September 30, 2015 to $5,438,007 for the year ended September 30, 2016. The significant decrease is due to declining revenue of our Modern Everyday subsidiary and the company's overall strategy of not committing additional resources to this segment. We expect revenue for the marketplace platform segment to continue to decrease in the future. Revenue from our manufacturing segment increased from $16,006,683 for the year ended September 30, 2015 to $72,509,357 for the year ended September 30, 2016. Revenue from our services segment decreased by $487,852 or 32.6% from $1,494,735 for the year ended September 30, 2015 to $1,006,883 for the year ended September 30, 2016. We expect revenue from this segment to continue to decrease in the future.

	Cost of Revenues			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ 4,199,690	$ 10,144,262	$ (5,944,572)	-58.6%
Manufacturing	54,737,622	11,819,657	42,917,965	363.1%
Services	42,065	151,553	(109,488)	-72.2%
Year Ended September 30,	$ 58,979,377	$ 22,115,472	$ 36,863,905	166.7%

Cost of revenues increased for the year ended September 30, 2016 as compared to the year ended September 30, 2015, by $36,863,905 or 166.7%. The increase in cost of revenues for the year ended September 30, 2016 is primarily due to the increase in revenue as a result of our acquisition of Marquis Industries in July 2015 and a full twelve months of operations in fiscal year 2016.

Marketplace Platform segment cost of revenue decreased by $5,944,572 or 58.6% for the year ended September 30, 2016 as compared to the year ended September 30, 2015. Cost of revenues were higher for this segment as a percent of revenue; 77.2% vs. 63.9% for fiscal years 2016 and 2015, respectively. This increase is due to selling a mix of lower margin products.

Manufacturing segment cost of revenue increased by $42,917,965 or 363.1% for the year ended September 30, 2016 as compared to the year ended September 30, 2015. Cost of revenues were higher for this segment as a percent of revenue; 75.5% vs. 73.8% for fiscal years 2016 and 2015, respectively. This increase is a combination of greater manufacturing efficiencies, selling a mix of higher margin products and absorbing approximately $1.1M in fair value adjustments to inventory.

Services segment cost of revenue decreased by $109,488 or 72.2% for the year ended September 30, 2016 as compared to the year ended September 30, 2015. Cost of revenues were lower for this segment as a percent of revenue; 4.2% vs. 10.1% for the fiscal years 2016 and 2015, respectively. This decrease is the result of cost reduction and improved efficiencies gained in delivering the services rendered.

	Gross Profit			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ 1,238,317	$ 5,724,186	$ (4,485,869)	-78.4%
Manufacturing	17,771,735	4,187,026	13,584,709	324.4%
Services	964,818	1,343,182	(378,364)	-28.2%
Year Ended September 30,	$ 19,974,870	$ 11,254,394	$ 8,720,476	77.5%

Gross profit increased for the year ended September 30, 2016 by $11,279,405 or 100.2%, as compared to the year ended September 30, 2015,

Marketplace Platform segment gross profit decreased for the year ended September 30, 2016 by $4,485,869 or 78.4%, as compared to the year ended September 30, 2015 primarily due to decreased segment revenue and a higher cost mix of products sold. Gross profits as a percent of revenue were 22.8% vs. 36.1% for fiscal year 2016 and 2015, respectively. Gross profits decreased in fiscal year 2016 by $3,762,547 attributable to the decrease in revenue of $10,430,441 and by a gross profit margin decline of 13.3% on Marketplace Platform segment revenue which accounted for an additional decrease in gross profits of $723,322, for a combined decrease in gross profits of $4,485,869 for the Marketplace Platform segment.

Manufacturing segment gross profit increased for the year ended September 30, 2016 by $13,584,709 or 324.4%, as compared to the year ended September 30, 2015 primarily due to the increase in revenues from our acquisition of Marquis Industries in July 2015 and a full twelve months of operations in fiscal year 2016. Gross profits as a percent of revenue were 28.0% vs. 26.2% for fiscal year 2016 and 2015, respectively. Gross profits increased in fiscal year 2016 by $14,803,701 attributable to the increase in revenue of $56,502,674 and by a gross profit margin decrease of 1.7% on manufacturing segment revenue which accounted for an additional decrease in gross profits of $1,218,992, for a combined increase in gross profits of $13,584,709 for the manufacturing segment.

Services segment gross profit decreased for the year ended September 30, 2016 by $378,364 or 28.2%, as compared to the year ended September 30, 2015 primarily due to decreased services revenue and cancellations. Gross profits as a percent of revenue were 95.5% vs. 89.9% for fiscal year 2016 and 2015, respectively. Gross profits decreased in fiscal year 2016 by $437,994 attributable to the decrease in revenue of $487,852, partially offset by gross profit margin improvement of 5.9% on services segment revenue which accounted for an increase in gross profits of $59,630, for a net decrease in gross profits of $378,364 for the services segment.

	General and Administrative Expenses			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ 4,398,392	$ 8,625,038	$ (4,226,646)	-49.0%
Manufacturing	4,141,853	2,131,586	2,010,267	94.3%
Services	3,632	235,732	(232,100)	-98.5%
Year Ended September 30,	$ 8,543,877	$ 10,992,356	$ (2,448,479)	-22.3%

General and administrative expenses decreased for the year ended September 30, 2016 as compared to year ended September 30, 2015 by $2,448,479 or 22.3%.

Marketplace platform segment general and administrative expenses decreased for the year ended September 30, 2016 by $4,226,646 or 49.0% as compared to the year ended September 30, 2015. Marketplace platform segment general and administrative expenses include recurring corporate expenses. General and administrative expense for this segment increased as a percent of revenue to 80.1% vs. 54.4% for fiscal year 2016 and 2015, respectively. During fiscal 2015, we issued 100,000 shares of our common stock to two of our executives valued at $1,518,000 as a bonus for services rendered during fiscal years 2012, 2013 and 2014. We also issued 191,136 shares of our common stock to employees, consultants and directors for services rendered valued at $498,059. In addition we issued 75,000 stock options to one of our executives that resulted in a charge to earnings of $636,142 during the year ended September 30, 2015. We expect our marketplace platform segment general and administrative expenses to remain at the current fiscal 2016 level for the near future.

Manufacturing segment general and administrative expense increased by $2,010,267 or 94.3% for the year ended September 30, 2016 as compared to the year ended September 30, 2015. General and administrative expenses were lower for this segment as a percent of revenue; 5.7% vs. 13.3% for fiscal years 2016 and 2015, respectively. The increase in general and administrative expenses is the result of a full 12 months of operation compared to almost 3 months in fiscal year 2015 and the seasonality of larger general and administrative expenses at year end. We expect general and administrative expenses for this segment to remain at the fiscal year 2016 run rate for the near future.

Services segment general and administrative expenses decreased for the year ended September 30, 2016 by $232,100 or 98.5% as compared to the year ended September 30, 2015. Management has reduced general and administrative expenses for this segment to an absolute minimum. We expect general and administrative expense for this segment to remain low going forward.

	Sales and Marketing Expenses			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ 2,012,331	$ 5,193,413	$ (3,181,082)	-61.3%
Manufacturing	7,100,413	1,491,937	5,608,476	375.9%
Services	–	(517)	517	-100.0%
Year Ended September 30,	$ 9,112,744	$ 6,684,833	$ 2,427,911	36.3%

Sales and marketing expense increased for the year ended September 30, 2016 as compared to year ended September 30, 2015 by $2,427,911 or 36.3%.

Marketplace platform sales and marketing expense decreased for the year ended September 30, 2016 by $3,181,082 or 61.3% as compared to the year ended September 30, 2015. Sales and marketing expense as a percent of revenue was 37.0% and 32.7% for fiscal year 2016 and 2015, respectively. Expect sales and marketing expense for this segment to continue at the current percent level relative to revenue in the near future.

Manufacturing sales and marketing expense increased for the year ended September 30, 2016 by $5,608,476 or 375.9% primarily due to the increase in expenses associated with sales and marketing activities from our acquisition of Marquis Industries in July 2015 and a full twelve months of operations in fiscal year 2016. Sales and marketing expense were higher for this segment as a percent of revenue; 9.8% vs. 9.3% for fiscal years 2016 and 2015, respectively. We expect sales and marketing expense for this segment to continue at the current percent level relative to revenue in the near future.

We expect the services segment not to have much if any sales and marketing expense in the near future.

	Impairment of Intangible Assets			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ –	$ 3,713,472	$ (3,713,472)	100.0%
Manufacturing	–	–	–	
Services	–	–	–	
Year Ended September 30,	$ –	$ 3,713,472	$ (3,713,472)	

During the year ended September 30, 2015, we determined that certain of our marketplace platform segment intangible assets and goodwill were impaired and took a charge to earnings of $3,713,472. There were no such charges during 2016.

	Operating Income (Loss)			
	2016	2015	Change	Percent
Segment:				
Market Platform	$ (5,172,406)	$ (11,807,737)	$ 6,635,331	56.2%
Manufacturing	6,529,469	563,503	5,965,966	1058.7%
Services	961,186	1,107,967	(146,781)	-13.2%
Year Ended September 30,	$ 2,318,249	$ (10,136,267)	$ 12,454,516	

Operating income increased for the year ended September 30, 2016 as compared to year ended September 30, 2015 by $12,454,516.

Marketplace platform segment improved its operating loss in fiscal 2016 by $6,635,331 mainly due to the absence of intangible impairment of $3,713,472, a decrease in revenue of $10,430,441 offset by a decrease in cost of revenue of $5,944,572, a decrease in general and administrative expense of $4,226,646, and a decrease in sales and marketing expense of $3,181,082.

Manufacturing segment had an increase in operating income of $5,965,966. This increase was mainly due to having a full year of results for fiscal year 2016 vs. the short period of July 2, 2015 through September 30, 2015 included in fiscal 2015 results. Revenue increased by $56,502,674 partially offset by an increase in cost of revenue of $42,917,965, and increase in general and administrative expense of $2,010,267 and an increase in sales and marketing expense of $5,608,476.

Services segment had a decrease in operating income of $146,781, primarily due to a decrease in revenue of $487,852 partially offset by a decrease in cost of revenue of $109,488, a decrease in general and administrative expense of $232,100 and an increase in sales and marketing expense of $517.

Total Other Income (Expense)

	Total Other Income (Expense)			
	2016	2015	Change	Percent
Year Ended September 30,	$ 3,142,581	$ (4,200,018)	$ 7,342,599	

Total Other Income (Expense) increased for the year ended September 30, 2016 as compared to the year ended September 30, 2015 by $7,342,599.

Interest expense decreased by $465,114 in fiscal year 2016 primarily due to the absence of interest expense incurred during the year ended September 30, 2015, relating to the amortization of debt discounts, the issuance of warrants upon the conversion of debt and the issuance of common stock for the original issue discount on a $10 million credit facility. There was a $2,800,000 fee incurred as it relates to the modification of the Kingston agreement.

Other income increased for the year ended September 30, 2016 as compared to the year ended September 30, 2015 by $2,387,097. Vendor and note settlements represent $1,733,674 of the increase from fiscal 2016 vs. 2015. Gain on asset sales were $179,983 of the increase. The balance of the increase in other income $473,440 represented refunds received and a small amount of rental income.

There was a bargain purchase gain on acquisition of Marquis in the amount of $4,573,968. This gain was the result of fair value changes made to the acquired assets and liabilities at the end of the measurement period for Marquis that were ultimately different than the provisional amounts as follows: Goodwill $(800,000), Customer Relationships – intangible $439,039, Inventory $1,080,051, Prepaid expenses $114,304, Machinery & Equipment $2,659,104 and Buildings and Land $1,081,470.

There was no gain on derivative liability in fiscal 2016, therefore a decrease of $83,580 in total other income (expense) for the year ended September 30, 2016 as compared to the year ended September 30, 2015.

Net Income (Loss) Attributable to Live Venture, Incorporated

	Net Income (loss) attributable to Live Ventures, Incorporated			
	2016	2015	Change	Percent
Year Ended September 30,	$ 17,829,857	$ (14,666,129)	$ 32,495,986	

Net Income increased by $32,495,986 for the year ended September 30, 2016, as compared to the net loss for the year ended September 30, 2015. Operating income increased by $12,454,516, total other income (expense) increased by $7,342,599, the provision for non-controlling interest increased by $170,350 and the provision for income taxes decreased by $12,869,221. At June 30, 2016, we evaluated and reduced our valuation allowance against our deferred tax assets based on the continuing profitable operations and the federal income taxes to be incurred from our Marquis1 subsidiary that can be offset against the Company net operating loss carryforwards.

Liquidity and Capital Resources

The Company's cash and cash equivalents at September 30, 2016 was $770,895 compared to $2,727,818 at September 30, 2015, a decrease of $1,956,923. The principal reason for this decrease was the cash used to purchase the non-controlling interest (20%) in Marquis Industries, Inc. in November 2015.

Cash Flows from Operating Activities

Net cash provided by operations was $6,061,778 for the year ended September 30, 2016 as compared to net cash used by operations of $1,017,401 for the same period in 2015. This change of $7,079,179 was due to an increase in net income of $32,666,336, an increase in non-cash depreciation expense of $2,077,559, an increase due to a non-cash write-down of inventory of $1,080,051, an increase in non-cash inventory obsolescence reserve of $448,422, and a net increase in other non-cash operating activities of $234,447; partially offset by an increase in deferred tax assets of $12,524,582, a decrease in non-cash interest expense associated with loan fees and convertible debt and warrants of $1,395,724, a decrease in non-cash note and agreement settlements including contingent liability settlements of $1,278,941, a decrease related to the gain on bargain purchase of acquisition of $4,573,968, a decrease in non-cash impairment of intangible assets of $3,713,472, a decrease of non-cash issuance of common stock for services of $1,996,060, a decrease of working capital accounts net of the change in cash and cash equivalents of $3,488,497, and a decrease of stock based compensation expense of $456,392.

Net cash used by changes in working capital accounts net of cash and cash equivalents was $1,631,699 for the year ended September 30, 2016 as compared to net cash provided by changes in working capital accounts net of cash and cash equivalents of $1,856,798 for the same period in 2015. This change, a net decrease in the change in working capital accounts net of cash and cash equivalents of $3,488,497 was due to a decrease in the change in income tax payable of $752,000, a decrease in the change in inventory of $334,815, a decrease in change of deposits of $12,746 and an decrease in the change in prepaid expenses and other current assets, including deposits made for equipment purchases of $3,299,100; partially offset by an increase in change in accounts payable of $751,779, and an increase in the change in trade and other receivables of $7,504 and an increase in the change in accrued liabilities of $150,881.

Our primary source of cash inflows is from customer receipts from sales on account, factor accounts receivable proceeds and net remittances from directory services customers processed in the form of ACH billings. Our most significant cash outflows include payments for raw materials, general operating expenses, including payroll costs, and general and administrative expenses that typically occur within close proximity of expense recognition.

Cash Flows from Investing Activities

Our cash flows used in investing activities during the year ended September 30, 2016 consisted of $1,376,685 of equipment purchases; offset by the proceeds from the sale of land in the amount of $653,857. Our cash flows used in investing activities during the year ended September 30, 2015 consisted of $5,503,056 for the acquisition of a new subsidiary Marquis, net of $496,944 cash acquired; $64,820 of expenditures for intangible assets and $151,937 of purchases of equipment, offset by proceeds of $153,500 from the sale of assets.

Cash Flows from Financing Activities

Our cash flows used in financing activities during the year ended September 30, 2016 consisted of repayment of notes payable of $17,109,250, repayment of the related party note payable in the amount of $4,495,825, payment of debt issuance costs of $415,757 related to the Store Capital Acquisitions, LLC loan, purchase of treasury stock $300,027, payment of preferred stock dividends of $1,917 and purchase of the non-controlling interest in Marquis of $2,000,000; offset by borrowing from the Revolver loan of $1,739,825 and $15,287,078 from the issuance of notes payable. Our cash flows from financing activities during the year ended September 30, 2015 consisted of $538,441 from the sale of shares of our common stock, $1,247,185 from the issuance of notes payable, $1,200,000 contribution from the non-controlling interest in Marquis, $100,000 from issuances of convertible debt offset by repayment of notes payable of $1,886,859 and payment of preferred stock dividends of $1,917.

Working Capital

We had working capital of $11,247,427 as of September 30, 2016 compared to working capital of $14,812,654 as of September 30, 2015 with current assets decreasing by $993,292 and current liabilities decreasing by $2,571,935 from September 30, 2015 to September 30, 2016. Such changes in working capital were primarily attributable to the decrease in inventory and the use of cash to acquire the non-controlling interest (20%) in Marquis and pay down of long-term debt.

At-The-Market Offerings of Common Stock (Chardan Capital Markets LLC)

During the year ended September 30, 2015, we sold 25,833 shares of our common stock resulting in gross proceeds of $546,652, in an at-the-market offering, in which Chardan Capital Markets LLC (“Chardan”) was our agent. The Company received net proceeds of $538,441. The Company paid Chardan a total commission of $8,211 in connection with such sales.

Revolver Loan and Term Loan

In connection with the purchase of Marquis Industries Inc., we entered into an agreement with Bank of America for a Term and Revolving Loan for approximately $7.8 million for the term component and approximately $15 million for the revolving component. As part of the Bank of America Revolving Loan, Marquis may borrow up to $15 million (based on eligibility). At September 30, 2016 we had $222,590 and $0 outstanding on the Revolver Loan and Term Loan, respectively. At September 30, 2015 we had $7,225,745 and $7,628,438 outstanding on the Revolver Loan and Term Loan, respectively. The loan availability on the Revolver Loan fluctuates and is dependent upon levels of inventory and accounts receivable to determine a borrowing base from which Revolver Loan availability is determined.

Equipment Loan

On June 20, 2016 and August 5, 2016, Marquis entered into a transaction (“the Equipment Loan”) with Banc of America Leasing & Capital, LLC., which provided $5 Million, secured by equipment. At September 30, 2016 we had $4,931,937 outstanding on the Equipment Loan.

Real Estate Financing

On June 14, 2016, we entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis Industries, Inc. ("Marquis") and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was $10,000,000, which consisted of $644,479 from the sale of the land and a note payable of $9,355,521. In connection with the transaction, we entered into a lease with a 15 year term commencing on the closing of the transaction, which provides the Company an option to extend the lease upon the expiration of its term. The initial annual lease rate is $59,614. The proceeds from this transaction were used to pay down the Revolver and Term loans, and related party loan, as well as purchasing a building from the previous owners of Marquis that was not purchased in the July 2015 transaction. At September 30, 2016 we had $9,351,796 outstanding on the Store Capital Acquisition, LLC loan, and there is un-amortized transaction costs associated with this loan in the sum of $414,025.

Future Sources of Cash; New Products and Services

We will require additional capital to finance our planned business operations, fund our growing operations including the recent acquisition of Marquis, and develop other new products and services. In addition, we may require additional capital to finance acquisitions or other strategic investments in our business. Other sources of financing may include stock issuances and additional loans; or other forms of financing. Any financing obtained may further dilute or otherwise impair the ownership interest of our existing stockholders. If we are unable to generate positive cash flows or raise additional capital in a timely manner or on acceptable terms, we may (i) not be able to make acquisitions or other strategic investments in our business, (ii) modify, delay or abandon some or all of our business plans, and/or (iii) be forced to cease operations.

While we believe that our existing cash on hand is sufficient to finance our operations for the next twelve months, there can be no assurance that we will generate profitability or positive operating cash flows in the near future. To the extent that we cannot achieve profitability, or positive operating cash flows, our business will be materially and adversely affected. Further, our business is likely to experience significant volatility in our revenues, operating losses, personnel involved, products or services for sale, and other business parameters, as management implements our new strategies and responds to operating results.

Contractual Obligations

The following table summarizes our contractual obligations consisting of operating lease agreements and debt obligations and the effect such obligations are expected to have on our future liquidity and cash flows:

	Payments due by Period				
	Less than One Year	One to Three Years	Three to Five Years	More Than Five Years	Total
Notes payable	$ 1,789,289	$ 2,271,327	$ 2,616,782	$ 9,208,788	$ 15,886,186
Notes payable - related party	–	–	–	2,000,000	2,000,000
Lease obligations	116,124	158,277	217,404	2,948,078	3,439,883
Total	$ 1,905,413	$ 2,429,604	$ 2,834,186	$ 14,156,866	$ 21,326,069

Off-Balance Sheet Arrangements

At September 30, 2016, we had no off-balance sheet arrangements, commitments or guarantees that require additional disclosure or measurement.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

As of September 30, 2016, we did not participate in any market risk-sensitive commodity instruments for which fair value disclosure would be required. We believe we are not subject in any material way to other forms of market risk, such as foreign currency exchange risk or foreign customer purchases (of which there were none in fiscal year 2015 or 2016) or commodity price risk.

ITEM 8. Financial Statement and Supplementary Data

LIVE VENTURES INCORPORATED AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Contents

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of
Live Ventures, Inc. and Subsidiaries:

We have audited the accompanying consolidated balance sheets of Live Ventures, Inc. and Subsidiaries (the "Company") as of September 30, 2016 and 2015, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that we considered appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Live Ventures, Inc. and Subsidiaries as of September 30, 2016 and 2015, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ Anton & Chia, LLP

Newport Beach, California
December 28, 2016

LIVE VENTURES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2016	September 30, 2015
Assets		
Cash and cash equivalents	$ 770,895	$ 2,727,818
Trade and other receivables, net	8,334,801	8,243,992
Inventories, net	11,053,085	13,335,598
Prepaid expenses and other current assets	5,059,981	1,522,027
Total current assets	25,218,762	25,829,435
Property and equipment, net	14,014,501	12,481,901
Deposits and other assets	19,765	36,090
Deferred taxes	12,524,582	–
Intangible assets, net	1,689,790	1,516,930
Goodwill	–	800,000
Total assets	$ 53,467,400	$ 40,664,356
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 5,402,654	$ 5,536,796
Accrued liabilities	6,396,772	3,660,949
Income tax payable	–	376,000
Current portion of long term debt	1,789,290	1,443,036
Total current liabilities	13,588,716	11,016,781
Notes payable, net of current portion	13,682,872	14,568,190
Note payable, related party	2,000,000	6,495,825
Contingent consideration from business combination	–	316,000
Total Liabilities	29,271,588	32,396,796
Commitment and contingencies	–	–
Stockholders' equity:		
Series E convertible preferred stock, $0.001 par value, 200,000 shares authorized, 127,840 shares issued and outstanding at September 30, 2016 and September 30, 2015, liquidation preference $38,352	10,866	10,866
Common stock, $0.001 par value, 10,000,000 shares authorized, 2,819,327 shares issued and 2,789,205 shares outstanding at September 30, 2016; 2,817,169 shares issued and 2,817,169 shares outstanding at September 30, 2015	2,819	2,817
Paid in capital	53,319,217	52,965,036
Treasury stock (30,122 shares)	(300,027)	–
Accumulated deficit	(28,837,063)	(46,665,003)
Total Live Ventures stockholders' equity	24,195,812	6,313,716
Noncontrolling interest	–	1,953,844
Total equity	24,195,812	8,267,560
Total liabilities and equity	$ 53,467,400	$ 40,664,356

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

LIVE VENTURES, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended September 30,	
	2016	**2015**
Revenues	$ 78,954,247	$ 33,369,866
Cost of revenues	58,979,377	22,115,472
Gross profit	19,974,870	11,254,394
Operating expenses:		
General and administrative expenses	8,543,877	10,992,356
Sales and marketing expenses	9,112,744	6,684,833
Impairment of intangible assets	–	3,713,472
Total operating expenses	17,656,621	21,390,661
Operating income (loss)	2,318,249	(10,136,267)
Other income (expense):		
Interest expense, net	(4,020,547)	(4,485,661)
Other income	2,589,160	202,063
Bargain purchase gain on acquisition	4,573,968	–
Gain on derivative liability	–	83,580
Total other income (expense), net	3,142,581	(4,200,018)
Income (loss) before provision for income taxes	5,460,830	(14,336,285)
Provision for income taxes		
Current tax expense:		
Federal	–	320,000
State	31,361	56,000
Total Current tax expense	31,361	376,000
Deferred tax expense:		
Federal	(12,524,582)	–
State	–	–
Total Deferred tax expense	(12,524,582)	–
Total provision (benefit) for income taxes	(12,493,221)	376,000
Net income (loss)	17,954,051	(14,712,285)
Net income (loss) attributed to noncontrolling interest	124,194	(46,156)
Net income (loss) attributed to Live Ventures, Incorporated	$ 17,829,857	$ (14,666,129)
Earnings (loss) per share:		
Basic	$ 6.33	$ (5.58)
Diluted	$ 5.40	$ (5.58)
Weighted average common shares outstanding:		
Basic	2,815,072	2,627,636
Diluted	3,303,698	2,627,636

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

LIVE VENTURES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Preferred Stock		Paid-In	Treasury	Accumulated		Noncontrolling	Total
	Shares	Amount	Shares	Amount	Capital	Stock	Deficit	Total	Interest	Equity
Balance, September 30, 2014	2,420,875	$ 2,420	127,840	$ 10,866	$ 45,050,287	$ –	$ (31,996,953)	$ 13,066,620	$ –	$ 13,066,620
Series E preferred stock dividends	–	–	–	–	–	–	(1,921)	(1,921)	–	(1,921)
Stock based compensation	–	–	–	–	712,538	–	–	712,538	–	712,538
Repricing of stock option exercise price	–	–	–	–	54,677	–	–	54,677	–	54,677
Value of warrants issued with debt conversion	–	–	–	–	1,853,473	–	–	1,853,473	–	1,853,473
Beneficial conversion feature on convertible debt	–	–	–	–	100,000	–	–	100,000	–	100,000
Issuance of common stock for services	131,856	132	–	–	2,015,927	–	–	2,016,059	–	2,016,059
Issuance of common stock for cash	25,833	26	–	–	538,415	–	–	538,441	–	538,441
Issuance of common stock for conversion of debt	133,563	134	–	–	635,622	–	–	635,756	–	635,756
Issuance of common stock for loan fees	105,042	105	–	–	2,004,097	–	–	2,004,202	–	2,004,202
Fair value of noncontrolling interest	–	–	–	–	–	–	–	–	2,000,000	2,000,000
Net loss	–	–	–	–	–	–	(14,666,129)	(14,666,129)	(46,156)	(14,712,285)
Balance, September 30, 2015	2,817,169	2,817	127,840	10,866	52,965,036	–	(46,665,003)	6,313,716	1,953,844	8,267,560
Series E preferred stock dividends	–	–	–	–	–	–	(1,917)	(1,917)	–	(1,917)
Stock based compensation	–	–	–	–	256,146	–	–	256,146	–	256,146
Issuance of common stock for services	2,158	2	–	–	19,997	–	–	19,999	–	19,999
Purchase of noncontrolling interest	–	–	–	–	78,038	–	–	78,038	(2,078,038)	(2,000,000)
Purchase of treasury stock	–	–	–	–	–	(300,027)	–	(300,027)	–	(300,027)
Net income	–	–	–	–	–	–	17,829,857	17,829,857	124,194	17,954,051
Balance, September 30, 2016	2,819,327	$ 2,819	127,840	$ 10,866	$ 53,319,217	$ (300,027)	$ (28,837,063)	$ 24,195,812	$ –	$ 24,195,812

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

LIVE VENTURES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30,	
	2016	**2015**
OPERATING ACTIVITIES:		
Net income (loss)	$ 17,954,051	$ (14,712,285)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,125,311	1,047,752
Non-cash interest expense associated with convertible debt and warrants	4,749	2,198,003
Non-cash interest expense associated with loan fees	2,801,732	2,004,202
Non-cash change in fair value of derivative liability	–	(83,580)
Non-cash note and agreement reductions due to settlement	(962,941)	–
Stock based compensation expense	256,146	712,538
Repricing of stock option exercise price	–	54,677
Non-cash issuance of common stock for services	19,999	2,016,059
Provision for uncollectible accounts	53,727	24,819
Non-cash write-down of inventory	1,080,051	–
Reserve for obsolete inventory	703,532	255,110
Change in deferred taxes	(12,524,582)	–
Change in contingent liability	(316,000)	–
(Gain) on Bargain purchase of acquisition	(4,573,968)	–
(Gain) Loss on disposal of property and equipment	71,670	(104,966)
Impairment of intangible assets	–	3,713,472
Changes in assets and liabilities:		
Accounts receivable	(144,536)	(152,040)
Prepaid expenses and other current assets	(3,423,650)	(124,550)
Inventories	1,578,981	1,913,796
Deposits and other assets	16,325	29,071
Accounts payable	(134,142)	(885,921)
Accrued liabilities	851,323	700,442
Income tax payable	(376,000)	376,000
Net cash provided by (used in) operating activities	6,061,778	(1,017,401)
INVESTING ACTIVITIES:		
Acquisition of businesses, net of cash acquired	–	(5,503,056)
Proceeds from the sale of property and equipment	653,857	153,500
Expenditures for intangible assets	–	(64,820)
Purchases of property and equipment	(1,376,685)	(151,937)
Net cash used in investing activities	(722,828)	(5,566,313)
FINANCING ACTIVITIES:		
Net borrowings under revolver loans	1,739,825	–
Issuance of common stock for cash, net of issuance costs	–	538,441
Payments on notes payable	(17,109,250)	(1,886,859)
Payments on notes payable, related party	(4,495,825)	–
Payments on debt issue costs	(415,757)	–
Payments of preferred stock dividends	(1,917)	(1,917)
Purchase of treasury stock	(300,027)	–
Contribution of noncontrolling interest	–	1,200,000
Payment for the purchase of the noncontrolling interest	(2,000,000)	–
Proceeds from issuance of notes payable	15,287,078	1,247,185
Proceeds from issuance of convertible debt	–	100,000
Net cash provided by (used in) financing activities	(7,295,873)	1,196,850
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,956,923)	(5,386,864)
CASH AND CASH EQUIVALENTS, beginning of period	2,727,818	8,114,682
CASH AND CASH EQUIVALENTS, end of period	$ 770,895	$ 2,727,818

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

Supplemental cash flow disclosures:		
Interest paid	$ 1,247,659	$ 24,312
Income taxes paid	$ 466,000	$ –
Noncash financing and investing activities:		
Non-cash changes in Fair Value of Assets Acquired - Marquis Industries:		
Goodwill	$ (800,000)	–
Intangible - Customer Relationships	439,039	–
Inventory	1,080,051	–
Prepaid expenses	114,304	–
Machinery & Equipment	2,659,104	–
Buildings & Land	1,081,470	–
Total Non-cash changes in Fair Value of Assets Acquired - Marquis Industries	$ 4,573,968	–
Recognition of contingent beneficial conversion feature	$ –	$ 100,000
Conversion of notes payable and accrued interest into common stock	$ –	$ 635,756
Accrued and unpaid dividends	$ 959	$ 959
Note payable issued for purchase of noncontrolling interest	$ 500,000	$ –

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

Note 1: Background and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Live Ventures, Incorporated, a Nevada corporation, and its subsidiaries (collectively the "Company"). Commencing in fiscal year 2015, the Company began a strategic shift in its business plan away from providing online marketing solutions for small and medium business to acquiring profitable companies in various industries that have demonstrated a strong history of earnings power. The company continues to actively develop, revise and evaluate its products, services and its marketing strategies in its businesses. The Company has three operating segments for fiscal years 2016 and 2015 – Manufacturing, Marketplace Platform and Services. Under the Live Ventures brand the Company seeks opportunities to acquire profitable and well-managed companies. The Company believes that with the proper positioning and its investment capital these companies can become very profitable. Although the Company will continue to operate LiveDeal.com and our other subsidiaries that are online consumer products retailers, the Company will no longer limit its operations to the online marketplace. With its acquisition of Marquis Industries, Inc., the Company became engaged in the manufacture and sale of carpet and the sale of vinyl and wood floorcoverings.

Effective October 7, 2015, the Company changed its corporate name from LiveDeal, Inc. to Live Ventures Incorporated.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements for fiscal years 2016 and 2015 include the accounts of Live Ventures Incorporated and its wholly-owned subsidiaries. In addition, on July 6, 2015, The Company acquired 80% of Marquis Industries, Inc. and subsidiaries ("Marquis"). The results of Marquis have been included in the consolidated financial statements of the Company since that date. Effective November 30, 2015, the Company acquired the remaining 20% of Marquis. All intercompany transactions and balances have been eliminated in consolidation.

Non-Controlling Interest

On July 6, 2015, the Company, through Marquis Affiliated Holdings, LLC, a wholly owned subsidiary of the Company, acquired 80% interest in Marquis. The transaction was accounted for under the acquisition method of accounting, with the purchase price allocated based on the fair value of the individual assets acquired and liabilities assumed.

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, "*Consolidation,*" which governs the accounting for and reporting of non-controlling interests ("NCI's") in partially owned consolidated subsidiaries and the loss control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCI's be treated as a separate component of equity, not as a liability, that increases and decreases in the parent's ownership interest that leave control intact be treated as an equity transaction rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might results in a deficit balance. This standard also required changes to certain presentation and disclosure requirements.

The net income (loss) attributed to the NCI is separately designated in the accompanying consolidated statements of operations. Losses attributable to the NCI in a subsidiary may exceed the NCI's interests in the subsidiary's equity. The excess attributable to the NCI is attributed to those interests. The NCI shall continue to attribute its share of losses, if applicable, even if that attribution results in a deficit NCI balance.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in connection with the accompanying consolidated financial statements include the estimate of dilution and fees associated with Local Exchange Carrier ("LEC") billings, the estimated reserve for doubtful current and long-term trade and other receivables, the estimated reserve for excess and obsolete inventory, estimated forfeiture rates for stock-based compensation, fair values in connection with the analysis of goodwill, other intangibles and long-lived assets for impairment, current portion of notes payable, valuation allowance against deferred tax assets and estimated useful lives for intangible assets and property and equipment.

Financial Instruments

Financial instruments consist primarily of cash equivalents, trade and other receivables, advances to affiliates and obligations under accounts payable, accrued expenses and notes payable. The carrying amounts of cash equivalents, trade receivables and other receivables, accounts payable, accrued expenses and notes payable approximate fair value because of the short maturity of these instruments.

Cash and Cash Equivalents

Cash and Cash equivalents consist of highly liquid investments with a maturity of three months or less at the time of purchase. Fair value of cash equivalents approximates carrying value.

Trade and Other Receivables

The Company grants trade credit to customers under credit terms that it believes are customary in the industry it operates and does not require collateral to support customer trade receivables. Some of the Company's trade receivables are factored primarily through two factors. Factored trade receivables are sold without recourse for substantially all of the balance receivable for credit approved accounts. The factor purchases the trade receivable(s) for the gross amount of the respective invoice(s), less factoring commissions, trade and cash discounts. The factor charges the Company a factoring commission for each trade account, which is between 0.75-1.00% of the gross amount of the invoice(s) factored on the date of the purchase, plus interest calculated at 3.25%-6% per annum. The minimum annual commission due the factor is $75,000 per contract year. The total amount of trade receivables factored was $4,545,269 and $4,772,004 for fiscal years 2016 and 2015, respectively.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts, which includes allowances for accounts and factored trade and other receivables, customer refunds, dilution and fees from LEC billing aggregators and other uncollectible accounts. The allowance for doubtful accounts is based upon historical bad debt experience and periodic evaluations of the aging and collectability of the trade and other receivables. This allowance is maintained at a level which the Company believes is sufficient to cover potential credit losses and trade and other receivables are only written off to bad debt expense as uncollectible after all reasonable collection efforts have been made. The Company has also purchased accounts receivable credit insurance to cover non-factored trade and other receivables which helps reduce potential losses due to doubtful accounts. At September 30, 2016 and 2015, the allowance for doubtful accounts was $1,161,434 and $1,107,707, respectively.

Inventories

Inventories are valued at the lower of the inventory's cost (first in, first out basis) or the current market price of the inventory. Management compares the cost of inventory with its market value and an allowance is made to write down inventory to market value, if lower. Management also reviews inventory to determine if excess or obsolete inventory is present and an allowance is made to reduce the carrying value for inventory for such excess and or obsolete inventory. At September 30, 2016 and 2015, the allowance for obsolete inventory was $1,105,810 and $402,278, respectively.

Property and Equipment

Property and Equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Depreciation expense was $2,895,132 and $472,220 for the years ended September 30, 2016 and 2015, respectively.

Goodwill and Intangibles

The Company accounts for purchased goodwill and intangible assets in accordance with ASC 350, *Intangibles—Goodwill and Other*. Under ASC 350, purchased goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis. Goodwill represents the excess of purchase price over the underlying net assets of business acquired. Intangible assets with finite lives are amortized over their useful lives. Upon acquisition, critical estimates are made in valuing acquired intangible assets, which include but are not limited to: future expected cash flows from customer contracts, customer lists, and estimating cash flows from projects when completed; tradename and market position, as well as assumptions about the period of time that customer relationships will continue; and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from the assumptions used in determining the fair values.

The Company assesses whether goodwill impairment exists using both the qualitative and quantitative assessments. The qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If based on this qualitative assessment the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount or if the Company elects not to perform a qualitative assessment, a quantitative assessment is performed using a two-step approach required by ASC 350 to determine whether a goodwill impairment exists.

The first step of the quantitative test is to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further evaluation is required and no impairment loss is recognized. If the carrying amount exceeds the fair value, then the second step is required to be completed, which involves allocating the fair value of the reporting unit to each asset and liability using the guidance in ASC 805 ("*Business Combinations, Accounting for Identifiable Intangible Assets in a Business Combination*"), with the excess being applied to goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill. The determination of the fair value of our reporting units is based, among other things, on estimates of future operating performance of the reporting unit being valued. We are required to complete an impairment test for goodwill and record any resulting impairment losses at least annually. Changes in market conditions, among other factors, may have an impact on these estimates and require interim impairment assessments.

When performing the two-step quantitative impairment test, the Company's methodology includes the use of an income approach which discounts future net cash flows to their present value at a rate that reflects the Company's cost of capital, otherwise known as the discounted cash flow method ("DCF"). These estimated fair values are based on estimates of future cash flows of the businesses. Factors affecting these future cash flows include the continued market acceptance of the products and services offered by the businesses, the development of new products and services by the businesses and the underlying cost of development, the future cost structure of the businesses, and future technological changes. The Company also incorporates market multiples for comparable companies in determining the fair value of our reporting units. Any such impairment would be recognized in full in the reporting period in which it has been identified.

The Company recorded goodwill of $1,169,904 related to its acquisition of Modern Everyday, Inc. in fiscal year 2014 and a provisional $800,000 of goodwill related to its acquisition of Marquis in fiscal 2015. It has subsequently been determined that there will be no goodwill related to its acquisition of Marquis. The final purchase price allocation for Marquis and applicable adjustments to record purchased assets and assumed liabilities at fair value was completed in the fourth quarter of 2016. See Footnote 16. As of September 30, 2016 and 2015, the Company performed the required impairment review. During the impairment review at September 30, 2015, the Company determined that based upon the projected future discounted cash flows generated that its goodwill purchased associated with Modern Everyday, Inc. was impaired and took a charge to earnings of $1,169,904

During the year ended September 30, 2015, the Company also determined that based upon the projected future cash flows generated that certain of its intangible assets were impaired and took a charge to earnings of $2,543,568. There were no impairment losses associated with goodwill or other intangibles for the year ended September 30, 2016.

Revenue Recognition

Manufacturing Segment

The Manufacturing Segment derives revenue primarily from the sale of carpet products; including shipping and handling amounts, which are recognized when the following criteria are met: there is persuasive evidence that a sales agreement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Delivery is not considered to have occurred until the customer takes title to the goods and assumes the risks and rewards of ownership, which is generally on the date of shipment. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. Revenues are recorded net of taxes collected from customers.

MarketPlace Platform Segment

The MarketPlace Platform Segment derives product revenue primarily from direct and fulfillment partner sales. Product revenue is recognized when the following revenue recognition criteria are met: there is persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectability is reasonably assured. Currently, all direct and fulfillment partner product revenue is recorded on a gross basis, as the Company is the primary obligor. Revenues are recorded net of taxes collected from customers.

In addition, the MarketPlace Platform Segment derives revenue from its sales through its strategic publishing partners of discounted goods and services offered by its merchant clients ("Deals") when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectability is reasonably assured. These criteria are met when the number of customers who purchase the daily deal exceeds the predetermined threshold, where, if applicable, the Deal has been electronically delivered to the purchaser and a listing of Deals sold has been made available to the merchant. At that time, the Company's remaining obligations to the merchant, for which it is serving as an agent, are substantially complete. The Company's remaining obligations, which are limited to remitting payment to the merchant, are inconsequential or perfunctory. The Company recognizes revenue in an amount equal to the net amount it retains from the sale of Deals after paying an agreed upon percentage of the purchase price to the featured merchant excluding any applicable taxes. Revenue is recorded on a net basis because the Company is acting as an agent of the merchant in the transaction.

The Company evaluates the criteria outlined in ASC Topic 605-45, *Principal Agent Considerations*, in determining whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When the Company is the primary obligor in a transaction, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, or has several but not all of these indicators, revenue is recorded gross. If the Company is not the primary obligor in the transaction and amounts earned are determined using a fixed percentage, revenue is recorded on a net basis.

For both Deals revenue and product revenue, at the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized.

Services Segment

The Services Segment recognizes revenue from directory subscription services as billed for and accepted by the customer. Directory services revenue is billed and recognized monthly for directory services subscribed. The Company has utilized outside billing companies to perform direct ACH withdrawals. For billings via ACH withdrawals, revenue is recognized when such billings are accepted by the customer. Customer refunds are recorded as an offset to gross Services Segment revenue.

Revenue for billings to certain customers that are billed directly by the Company and not through outside billing companies is recognized based on estimated future collections which are reasonably assured. The Company continuously reviews this estimate for reasonableness based on its collection experience.

Shipping and Handling

The Company classifies shipping and handling charged to customers as revenues and classifies costs relating to shipping and handling as cost of revenues.

Advertising Expense

Advertising expense is charged to operations as incurred. Advertising expense totaled $1,247,383 and $177,249 for the years ended September 30, 2016 and 2015.

Legal Expense

The Company expenses legal costs associated with loss contingencies as incurred.

Fair Value Measurements

ASC Topic 820, “Fair Value Measurements and Disclosures,” requires disclosure of the fiar value of financial instruments held by the Company. ASC topic 825, “Financial Instruments,” defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows: Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets. Level 2 – to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company’s derivative instruments were reported at fair value using Level 2 inputs as discussed in Note 5. Also, the Company had a purchase price contingency that is discussed in Note 13.

The Company uses Level 2 inputs for its valuation methodology for the warrant derivative liabilities as their fair values were determined by using a probability weighted average Black-Scholes-Merton pricing model based on various assumptions. The Company’s derivative liability is adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives.

Income Taxes

The Company accounts for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided on deferred taxes if it is determined that it is more likely than not that the asset will not be realized. The Company recognizes penalties and interest accrued related to income tax liabilities in the provision for income taxes in its Consolidated Statements of Operations.

Significant management judgment is required to determine the amount of benefit to be recognized in relation to an uncertain tax position. The Company uses a two-step process to evaluate tax positions. The first step requires an entity to determine whether it is more likely than not (greater than 50% chance) that the tax position will be sustained. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The amounts ultimately paid upon resolution of issues raised by taxing authorities may differ materially from the amounts accrued and may materially impact the financial statements of the Company in future periods.

Stock-Based Compensation

The company from time to time grants restricted stock awards and options to employees, non-employees and company executives and directors. Such awards are valued based on the grant date fair-value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the vesting period.

Earnings (Loss) Per Share

Earnings (Loss) per share is calculated in accordance with ASC 260, "*Earnings Per share*". Under ASC 260 basic net earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period except that it does not include unvested restricted stock subject to cancellation. Diluted net Earnings (Loss) per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of warrants, options, restricted shares and convertible preferred stock. The dilutive effect of outstanding restricted shares, options and warrants is reflected in diluted earnings (loss) per share by application of the treasury stock method. Convertible preferred stock is reflected on an if-converted basis.

Segment Reporting

ASC Topic 280, "*Segment Reporting*," requires use of the "management approach" model for segment reporting. The management approach model is based on the way a company's management organizes segments within the company for making operating decisions and assessing performance. The company determined it has three reportable segments (See Note 17).

Derivative Financial Instruments

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes-Merton option pricing model to value stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. There were no derivative financial instruments as of September 30, 2016 and 2015, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the previously reported net income or stockholders' equity.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), Revenue from Contracts with Customers (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early adoption is not permitted. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard.

In August, 2015, the FASB issued ASU No. 2015-04, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendment in this ASI defers the effective date of ASI No. 2014-09 for all entities for one year. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in ASU 2014-09 to annual reporting periods beginning December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 31, 2016, including interim reporting periods within that reporting period.

In January 2015, the FASB issued Accounting Standards Update No. 2015-01, *Income Statement – Extraordinary and Unusual items (Subtopic 225-20)*, Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary items (ASU 2015-01). The amendment eliminates from U.S. GAAP the concept of extraordinary items. This guidance is effective for the company in the first quarter of fiscal 2017. Early adoption is permitted and allows the company to apply the amendment prospectively or retrospectively. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February, 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU 2015-02 provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). ASU 2015-02 is effective for periods beginning December 15, 2015. The adoption of ASU 2015-02 is not expected to have a material effect on the Company's consolidated financial statements. Early adoption is permitted.

In September, 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805*". Topic 805 requires that an acquirer retrospectively adjust provisional amounts recognized in a business combination, during the measurement period. To simplify the accounting for adjustments made to provisional amounts, the amendments in the update require that the acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amount is determined. The acquirer is required to also record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. In addition an entity is required to present separately on the face of the income statement or disclose in the notes to the financial statements the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective for fiscal years beginning December 15, 2015. The Company is currently evaluating ASU 2015-16 and has not determined the impact it may have on the Company's consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* ASU 2015-03 requires companies to present debt issuance costs as a direct deduction from the carrying value of that debt liability. ASU 2015-03 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is allowed for financial statements that have not been previously issued. Entities would apply the new guidance retrospectively to all prior periods. The Company decided to early adopt ASU 2015-03 in June of 2016. The adoption of ASU 2015-03 is not expected to have a material on the Company's consolidated results of operations, financial position or cash flows.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Subtopic 740-10): Balance Sheet Classification of Deferred Taxes.* ASU 2015-17 requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. ASU 2015-17 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is allowed for financial statements that have not been previously issued. Entities may elect to adopt the guidance either prospectively or retrospectively to all prior periods (i.e., the balance sheet for each period is adjusted). The Company has decided to early adopt ASU 2015-17. All deferred tax assets and liabilities are classified as noncurrent on the balance sheet retrospectively to all prior periods.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize assets and liabilities for most leases. ASU 2016-02 is effective for annual periods beginning after December 15, 2018. Early adoption is permitted. Full retrospective application is prohibited. ASU 2016-02's transition provision is applied using a modified retrospective approach at the beginning of the earliest comparative period presented in the financial statements. The Company is currently evaluating ASU 2016-02 and has not determined the impact it may have on the Company's consolidated results of operations, financial position or cash flows nor decided on the method of adoption.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission are not believed by management to have a material impact on the Company's present or future financial statements.

Note 3: Balance Sheet Detail Information

Balance Sheet information is as follows:

	September 30, 2016	September 30, 2015
Trade and other receivables, current, net:		
Accounts receivable, current	$ 9,151,663	$ 9,007,127
Less: Allowance for doubtful accounts	(816,862)	(763,135)
	$ 8,334,801	$ 8,243,992
Trade and other receivables, long term, net:		
Accounts receivable, long term	$ 344,572	$ 344,572
Less: Allowance for doubtful accounts	(344,572)	(344,572)
	$ –	$ –
Total trade and other receivables, net:		
Gross trade and other receivables	$ 9,496,235	$ 9,351,699
Less: Allowance for doubtful accounts	(1,161,434)	(1,107,707)
	$ 8,334,801	$ 8,243,992
Components of allowance for doubtful accounts are as follows:		
Allowance for dilution and fees on amounts due from billing aggregators	$ 1,063,617	$ 1,063,617
Allowance for customer refunds	1,230	1,715
Allowance for other trade receivables	96,587	42,375
	$ 1,161,434	$ 1,107,707
Inventory		
Raw materials	$ 6,664,286	$ 6,715,298
Work in progress	773,238	836,837
Finished goods	4,721,371	6,185,741
	12,158,895	13,737,876
Less: Obsolescence reserve	(1,105,810)	(402,278)
	$ 11,053,085	$ 13,335,598
Property and equipment, net:		
Land and improvements	$ –	$ 687,999
Building and improvements	6,780,959	4,202,000
Transportation equipment	77,419	77,419
Machinery and equipment	10,211,565	7,676,561
Furnishings and fixtures	192,701	211,701
Office, computer equipment and other	216,793	244,674
	17,479,437	13,100,354
Less: Accumulated depreciation	(3,464,936)	(618,453)
	$ 14,014,501	$ 12,481,901
Intangible assets, net:		
Domain name and marketing related intangibles	$ 18,957	$ 18,957
Website and technology related intangibles	–	25,300
Customer Relationships intangible	402,452	–
Purchased software	1,500,000	1,500,000
	1,921,409	1,544,257
Less: Accumulated amortization	(231,619)	(27,327)
	$ 1,689,790	$ 1,516,930
Accrued liabilities:		
Accrued payroll and bonuses	$ 685,410	$ 731,782
Accrued software costs	584,500	1,500,000
Accrued fee due Kingston Diversified Holdings LLC	2,800,000	–
Accrued expenses - other	2,326,862	1,429,167
	$ 6,396,772	$ 3,660,949

Note 4: Goodwill and other Intangibles

The Company's intangible assets consist of licenses for the use of internet domain names, Universal Resource Locators, or URL's, capitalized website development costs, other information technology licenses, software, a covenant not to compete, and marketing and technology related intangibles acquired through the acquisition of LiveDeal, Inc. As a result of the acquisition of Modern Everyday Inc., the Company recorded goodwill of $1,169,904. In addition as a result of the acquisition of Marquis Industries, Inc., the Company initially recorded provisional goodwill of $800,000. As a result of management finalizing the fair values of assets and liabilities in the fourth quarter of fiscal 2016, provisional goodwill was removed and a new intangible asset, customer relationships – Marquis was recorded in the sum of $439,039. All such assets are capitalized at their original cost and amortized over their estimated useful lives as follows: domain name and marketing – 3 to 20 years; website and technology – 3 to 5 years; software – 5 years, customer relationships – 15 years and covenant not to compete – 4 years. Goodwill is not amortized, but evaluated for impairment on at least an annual basis.

During the year ended September 30, 2015, the Company purchased software for $1,500,000. Effective September 15, 2016 the Company and the licenser and developer of the software reached agreement whereby the company would pay for the software by issuing to licensor 58,333 of the Company's common shares to settle the accrued but unpaid obligation. The shares were not issued prior to September 30, 2016, and the accrued obligation of $584,500 will remain in accrued expense until the shares are issued. As a result of this agreement, the Company recorded $915,500 of other income.

During the year ended September 30, 2015, the Company determined that certain of its long-lived intangible assets and goodwill were impaired and took a charge to earnings of $2,543,568 and $1,169,904, respectively for a total of $3,713,472.

The following summarizes estimated future amortization expense related to intangible assets that have net balances as of September 30, 2016:

2017	$	245,179
2018		243,555
2019		243,555
2020		243,555
2021		243,555
Thereafter		470,392
	$	1,689,791

Note 5: Derivative Liability

The February 2014 convertible note discussed in Note 6 had a reset provision and a dilutive issuance clause that gave rise to a derivative liability. The reset provision provided for the conversion price to be adjusted downward in the event that the Company issued any securities at a price per share lower than the then-current conversion price; provided, however, that in no event shall the conversion price per common share be less than $1.00.

The fair value of the derivative liability was recorded and shown separately under current liabilities. Changes in the fair value of the derivative liability were recorded in the consolidated statement of operations under other income (expense).

The Company evaluates all of its agreements to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The range of significant assumptions which the Company used to measure the fair value of the derivative liability at September 30, 2014 was as follows:

	Inception		September 30, 2014	
Stock price	$	42.84	$	17.88
Risk free rate		0.11%		0.13%
Volatility		142%		94%
Exercise prices	$	48.72	$	17.58
Term (years)		1.00		0.42

The February 2014 convertible note was repaid during the year ended September 30, 2015; therefore there was not a related derivative liability at September 30, 2015. There were no new derivative liabilities for year ended September 30, 2016.

Derivative liability balance, September 30, 2014	$	83,580
Issuance of derivative liability during the year ended September 30, 2015		–
Change in derivative liability during the year ended September 30, 2015		(83,580)
Derivative liability balance, September 30, 2015	$	–

Note 6: Notes Payable

Revolver Loan and Term Loan

In connection with the purchase of Marquis Industries Inc. and subsidiaries ("Marquis"), the Company entered into an agreement with Bank of America for a Term and Revolving Loan for approximately $7.8 million for the term component and approximately $15 million for the revolving component. As part of the Bank of America Revolving Loan, Marquis may borrow up to $15 million (based on eligibility).

The Bank of America term loan bears interest at a variable rate based on a base rate plus a margin. The current base rate is the greater of (a) Bank of America prime rate, (b) the current federal funds rate plus 0.50%, or (c) 30-day LIBOR plus 1.00% plus the margin, which varies, depending on the fixed coverage ratio table below. Levels I – IV which determine the interest rate to be charged, is based on the fixed charge coverage ratio.

Fixed Coverage Ratio Table

Level	Fixed Charge Coverage Ratio	Base Rate Revolver	LIBOR Revolver	Base Rate Term	LIBOR Term Loans
I	>2.00 to 1.00	0.50%	1.50%	0.75%	1.75%
II	<2.00 to 1.00 but >1.50 to 1.00	0.75%	1.75%	1.00%	2.00%
III	<1.50 to 1.00 but >1.20 to 1.00	1.00%	2.00%	1.25%	2.25%
IV	<1.2 to 1.00	1.25%	2.25%	1.50%	2.50%

The Revolver and Term loans are cross-collateralized with substantially all real and personal property of Marquis. As of September 30, 2016 the Company was at Level IV and on September 30, 2015 the Company was at Level II. The Term Loan component is due and payable in July 2020, which is when the Revolving Loan component terminates.

The Revolver and Term loans contain covenants that require, among other things, for the Company to maintain a fixed charge coverage ratio of at least 1.05 to 1, tested as of the last day of each month for the twelve consecutive months ending on such day. On October 20, 2016, it was agreed that Level IV interest rates would be applicable until October 20, 2017, and then the Level would be adjusted up or down on a quarterly basis going forward based upon the above fixed coverage ratio table.

Real Estate Transaction

On June 14, 2016, the Company entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis Industries, Inc. ("Marquis") and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was $10,000,000, which consisted of $644,479 from the sale of the land and a note payable of $9,355,521. The company recognized a loss of $43,520 on the sale of the land. In connection with the transaction, the Company entered into a lease with a 15 year term commencing on the closing of the transaction, which provides the Company an option to extend the lease upon the expiration of its term. The initial annual lease rate is $59,614. The proceeds from this transaction were used to pay down the Revolver and Term loans, and related party loan, as well as purchasing a building from the previous owners of Marquis that was not purchased in the July 2015 transaction. The note payable bears interest at 9.25% per annum, with principal and interest due monthly. The note payable matures June 13, 2056. For the first five years of the note payable, there is a pre-payment penalty of 5%, which declines by 1% for each year the loan remains un-paid. At the end of 5 years, there is no pre-payment penalty. In connection with the note payable, the Company incurred $415,757 in transaction costs that are being recognized as a debt issuance costs that will be amortized to interest expense over the term of the note payable.

February 2014 Convertible Note Transaction

On February 27, 2014, the Company issued a one year convertible note to an otherwise unaffiliated, non-institutional third party in the principal amount of $323,595. The note (i) was unsecured, (ii) bears interest at the rate of six percent per annum, and (iii) was issued without any original issue discount.

The principal is convertible into shares of the Company's common stock at any time and from time-to-time at the instance of either the Company or the holder. The per-share conversion price is an amount equal to ninety percent (90%) of the 10-day volume weighted average closing bid price for the company's common stock, as reported by The NASDAQ Stock Market, Inc. for the ten (10) trading days immediately preceding the date of the notice of conversion, subject to downward adjustment in the event that the Company issues any securities at a price per share lower than the then-current conversion price; provided, however, that in no event shall the conversion price per share be less than $1.00. The Company provided the holder with certain negative covenants and events of default, each standard for transactions of this nature.

Due to the "reset" and "dilutive issuance" clause in this note relating to the conversion price from dilutive share issuance, the Company has determined that the conversion feature is considered a derivative liability for the Company, which is detailed in Note 5.

The Company determined an initial derivative liability value of $139,852, which is recorded as a derivative liability as of the date of issuance while also recording an $139,852 debt discount on its balance sheet in relation to the bifurcation of the embedded conversion options of the note. The debt discount was being amortized over the one year term. The note was repaid during the year ended September 30, 2015, therefore the remaining unamortized debt discount of $57,665 was written off to interest expense. Also, as a result of the note being repaid, the derivative liability associated with this convertible note was reduced to $0. The Company recorded $83,580 of non-cash "change in fair value of derivative" income during the year ended September 30, 2015.

ICG Convertible Note Transaction

On January 23, 2014, the Company issued a note to Isaac Capital Group ("ICG"), a related party, in the principal amount of $500,000. Because the conversion price of $13.74 per common share was less than the stock price, this gave rise to a beneficial conversion feature valued at $500,000. The Company recognized this beneficial conversion feature as a debt discount and additional paid in capital. The debt discount was being amortized over the one year term of the note. On December 3, 2014, ICG converted the note into 112,395 shares of common stock; therefore the remaining debt discount of $158,219 was written off and recognized as interest expense. In addition, upon the conversion of the note, the Company issued to ICG a warrant to acquire 112,395 additional shares of the Company's common stock at an exercise price of $5.70 per share. The fair value of the warrants issued in connection with the conversion of the note was $1,853,473 and was immediately recognized as interest expense.

Kingston Convertible Note Transaction ($10 Million Line of Credit)

On January 7, 2014, the Company entered into a Note Purchase Agreement (the "Kingston Purchase Agreement") with Kingston Diversified Holdings LLC ("Kingston"), pursuant to which the Investor agreed to purchase for cash up to $5,000,000 in aggregate principal amount of the Company's Convertible Notes ("Notes"). The Kinston Purchase Agreement and the Notes, which were unsecured, provided that all amounts payable by the Company to Kinston under the Notes will be due and payable on the second (2^{nd}) anniversary of the date of the Kinston Purchase Agreement (the "Maturity Date"). The Kingston Purchase Agreement provided for a 5% discount to the note amount, interest at 8% per annum and convertible into shares of the Company's common stock equal to 70% of the lessor of: (i) the closing bid price of the common stock on the date of the Kingston Purchase Agreement (i.e. $18.72 per share); or (ii) the 10-day volume weighted average closing bid price for the common stock, as listed on NASDAQ for the 10 business days immediately preceding the date of conversion (the "Average Price"); provided, however, that in no event will the Average Price per share be less than $0.33.

On October 16, 2014, the Company issued a Note to Kingston in the principal amount of $100,000. Because the conversion price of $4.74 was less than the stock price on the date of issuance, this gave rise to a beneficial conversion feature valued at $100,000. The Company recognized this beneficial conversion feature as a debt discount and additional paid in capital. The debt discount is being amortized over a one year term. On November 17, 2014, Kingston converted the note into 21,168 shares of common stock; therefore the debt discount of $100,000 was written off and recognized as interest expense.

On October 29, 2014, the Company entered into an amended convertible note purchase agreement with Kingston whereby the Company and Kingston agreed to (i) increase the maximum principal amount of the notes from $5 Million to $10 Million in principal amount, (ii) eliminate the original issue discount provision of the agreement and replace it with an execution payment equal to 5% of the maximum loan amount, and (iii) provide certain additional adjustments to the note conversion price.

In addition, as a result of the October 29, 2014 amendment, the Company was required to issue to Kingston, the original issue discount payment equal to 5% of the maximum loan in shares of the Company's common stock based upon the conversion price of the first conversion which was $4.74 per share. The Company issued 105,042 shares of common stock that had a fair value of $2,004,202 which was immediately recognized as interest expense.

Cathay Bank Notes and Credit Line

In connection with the purchase of Modern Everyday, Inc., the Company assumed a credit line and two additional notes from Cathay bank ("Cathay"). The credit line was paid in full on April 20, 2016. The two remaining notes, each $250,000 due Cathay, mature December 31, 2017, and bear interest at 6% and 5.25%, respectively.

The Cathay notes are collateralized by all the assets of Modern Everyday, Inc. and are guaranteed Tony Isaac, a related party and Director of the Company.

Equipment Loan

On June 20, 2016 and August 5, 2016, Marquis entered into a transaction ("the Equipment Loan") with Banc of America Leasing & Capital, LLC., which provided $5 Million, secured by equipment. The Equipment Loan is due September 24, 2021, payable in 59 monthly payments of $84,273 beginning September 23, 2016, with a final payment in the sum of $584,273, interest at 3.8905% per annum.

Notes Payable as of September 30, 2016 and 2015 consisted of the following:

	September 30, 2016	September 30, 2015
Base Rate Revolver Loan- interest rate based on prime rate adjusted for fixed coverage ratio (table below), maturity date July 6, 2020	$ 222,590	$ 7,225,745
Base Rate Term Loan- interest rate based on prime rate adjusted for fixed coverage ratio (table below) fixed coverage ratio, maturity date July 6, 2020	–	7,628,438
Note Payable to Bank, due September 24, 2021. 59 monthly payments of $84,273 with a final payment in the amount of $584,273, interest at 3.8905%, secured by Equipment	4,931,937	–
Note payable to STORE Capital Acquisitions, LLC, due June 13, 2056, monthly principal and interest payments of $73,970, interest at 9.25% per annum, secured by land and buildings	9,351,796	–
Note Payable to Bank, due December 31, 2017, with interest at 6.25%	198,569	–
Note Payable to Bank, due December 31, 2017, with interest at 5%	249,765	–
Credit line due January 1, 2024, with interest rate of 2.75%	–	669,351
Note payable to individual, payable on demand, interest at 10.0% per annum, unsecured	–	92,441
Acquisition note payable, due September 6, 2016, as amended, non-interest bearing	–	395,251
Note payable to individual, payable within 90 days of a written demand notice, interest at 11% per annum, unsecured	206,529	–
Note payable to individual, payable within 90 days of a written demand notice, interest at 10% per annum, unsecured	500,000	–
Note payable to individual, payable within 120 days of a written demand notice, interest at 8.25% per annum, unsecured	225,000	–
Total debt	15,886,186	16,011,226
Less unamortized debt issuance costs	(414,025)	–
Net amount	15,472,161	16,011,226
Less current portion	(1,789,289)	(1,443,036)
Long-term portion	$ 13,682,872	$ 14,568,190

Future maturities of debt at September 30, 2016 are as follows:

2017	$	1,789,289
2018		1,341,409
2019		929,918
2020		1,190,954
2021		1,425,828
Thereafter		9,208,788

Note 7: Note Payable, Related Party

In connection with the purchase of Marquis Industries, Inc., the Company entered into a mezzanine loan in the amount of up to $7,000,000 with Isaac Capital Fund, a private lender whose managing member is Jon Isaac, the Chief Executive and Financial Officer of the Company.

The Isaac Capital Fund mezzanine loan bears interest at 12.5% with payment obligations of interest each month and all principal due in January 2021 (six months after the final payments are due under the Bank of America Term and Revolving Loans). As of September 30, 2016 and 2015, there was $2,000,000 and $6,495,825 outstanding on this mezzanine loan.

Note 8: Stockholders' Equity

Series E Convertible Preferred Stock

Pursuant to an existing tender offer, holders of 2,197 shares of the Company's common stock exchanged said shares for 127,840 shares of Series E Convertible Preferred Stock, at the then $5.10 market value of the common stock. The shares carry a $0.30 per share liquidation preference and accrue dividends at the rate of 5% per annum on the liquidation preference per share, payable quarterly from legally available funds. If such funds are not available, dividends shall continue to accumulate until they can be paid from legally available funds. Holders of the preferred shares are entitled, after two years from issuance, to convert them into common shares on a one-to-one basis together with payment of $85.50 per converted share.

During the years ended September 30, 2016 and 2015, the Company accrued dividends of $1,917 and $1,921, respectively, payable to holders of Series E preferred stock. At September 30, 2016 unpaid dividends were $959.

Common Stock

During the year ended September 30, 2016, the Company issued:

2,158 shares of common stock for services rendered valued at $20,000. The value was based on the market value of the Company's common stock on the date of issuance.

During the year ended September 30, 2015, the Company issued:

31,856 shares of common stock for services rendered valued at $498,059. The value was based on the market value of the Company's common stock on the date of issuance;

100,000 shares of common stock issued to officers of the Company as bonuses for services rendered in fiscal years 2012, 2013 and 2014 valued at $1,518,000. The value was based on the market value of the Company's common stock on the date of issuance;

25,833 shares of common stock for net cash proceeds of $538,441;

135,063 shares of common stock for the conversion of convertible notes and accrued interest of $635,756;

105,042 shares of common stock as payment for the original issue discount fees associated with the Kingston Agreement. The value of the shares was $2,004,202 based on the market value of the Company's common stock at the date of issuance.

Treasury Stock

For year ended September 30, 2016, the Company purchased 30,122 shares of its common stock on the open market (treasury shares) for $300,027. The Company accounted for the purchase of these treasury shares using the cost method.

At-the-Market Offerings of Common Stock (Chardan Capital Markets LLC)

On January 7, 2014, the company entered into an Engagement Agreement (the "January 2014 Engagement Agreement") with Chardan Capital Markets LLC (Chardan") pursuant to which the Company agreed to issue and sell up to a maximum aggregate amount of 330,000 of its common stock from time to time through Chardan as its sales agent, under its shelf Registration Statement on Form S-3. On May 16, 2014, the Company entered into another Engagement Agreement (the "May 2014 Engagement Agreement") with Chardan pursuant to which the Company may issue and sell up to a maximum aggregate amount of 1,666,667 shares of its common stock from time to time through Chardan as its sales agent, under its shelf Registration Statement on Form S-3.

The Company will pay Chardan a commission equal to up to 3% of the gross proceeds from the sale of the common stock. Such commissions were $0 and $8,211 for the years ended September 30, 2016 and 2015, respectively. During the years ended September 30, 2016 and 2015, the Company sold 0 and 25,833 shares, respectively, of its common stock for net proceeds of $0 and $538,441, respectively.

2014 Omnibus Equity Incentive Plan

On January 7, 2014, our Board of Directors adopted the 2014 Omnibus Equity Incentive Plan (the "2014 Plan"), which authorizes issuance of distribution equivalent rights, incentive stock options, non-qualified stock options, performance stock, performance units, restricted ordinary shares, restricted stock units, stock appreciation rights, tandem stock appreciation rights and unrestricted ordinary shares to our directors, officer, employees, consultants and advisors. The Company has reserved up to 300,000 shares of common stock for issuance under the 2014 Plan. As required under Nasdaq Listing rule 5635(c), the company included a proposal at its 2014 Annual Meeting of Stockholders, which was held on July 11, 2014, to obtain approval of the 2014 Plan. The 2014 Plan was approved.

Note 9: Warrants

The Company issued several notes in prior periods and converted them resulting in the issuance of warrants. The following table summarizes information about the Company's warrants at September 30, 2016:

	Number of Units	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding at September 30, 2015	590,146	$ 4.14	2.73	$ 3,493,092
Granted	–			
Exercised	–			
Outstanding at September 30, 2016	590,146	$ 4.14	1.73	$ 4,307,493
Exercisable at September 30, 2016	590,146	$ 4.14	1.73	$ 4,307,493

Most of the above warrants were issued in connection with the conversion of convertible notes from Isaac Capital Group. When the debts is converted and warrants are issued, the Company determines the fair value of the warrants using the Black-Scholes-Merton model and takes a charge to interest expense at the date of issuance.

The exercise price for the warrants outstanding and exercisable at September 30, 2016 is as follows:

Outstanding		Exercisable	
Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
271,981	$ 3.30	271,981	$ 3.30
89,286	3.36	89,286	3.36
61,914	4.86	61,914	4.86
166,965	5.70	166,965	5.70
590,146		590,146	

Note 10: Stock-Based Compensation

From time to time, the Company grants stock options and restricted stock awards to directors, officers and employees. These awards are valued at the grant date by determining the fair value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the requisite service period.

Stock Options

The following table summarizes stock option activity for the years ended September 30, 2016 and 2015:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
Outstanding at September 30, 2015	175,000	$ 11.22	4.76	$ 225,750
Granted	–			
Exercised	–			
Forfeited	–			
Outstanding at September, 30 2016	175,000	$ 11.22	3.75	$ 346,500
Exercisable at September 30, 2016	168,750	$ 10.68	3.55	$ 346,500

The Company recognized compensation expense of $256,145 and $712,538 during the years ended September 30, 2016 and 2015, respectively, related to stock option awards granted to certain employees and officers based on the grant date fair value of the awards, net of estimated forfeitures.

At September 30, 2016 the Company had $3,653 of unrecognized compensation expense (net of estimated forfeitures) associated with stock option awards which the company expects will be recognized through June of 2017.

During the year ended September 30, 2015, the Company reduced the exercise price by 50% for the 100,000 stock options then outstanding. The Company recognized compensation expense of $54,677 related to the re-pricing of the exercise price for these options.

The exercise price for stock options outstanding and exercisable at September 30, 2016 is as follows:

Outstanding		Exercisable	
Number of Options	Exercise Price	Number of Options	Exercise Price
31,250	$ 4.98	31,250	$ 4.98
25,000	7.50	25,000	7.50
31,250	10.02	31,250	10.02
6,250	12.48	6,250	12.48
6,250	15.00	–	15.00
75,000	15.18	75,000	15.18
175,000		168,750	

The following table summarizes information about the Company's non-vested shares as of September 2016:

Non-vested Shares	Number of Shares	Weighted-Average Grant-Date Fair Value
Non-vested at September 30, 2015	62,500	$ 8.64
Granted	–	
Vested	(56,250)	
Non-vested at September 30, 2016	6,250	$ 8.64

For stock options granted during 2015 where the exercise price equaled the stock price at the date of the grant, the weighted-average fair value of such options was $11.52 and the weighted-average exercise price of such options was $15.18. No options were granted during 2016 and 2015, where the exercise price was less than the common stock price at the date of grant or where the exercise price was greater than the common stock price at the date of grant.

The assumptions used in calculating the fair value of stock options granted use the Black-Scholes option pricing model for options granted in 2015 are as follows:

Risk-free interest rate	1.01%
Expected life of the options	2.5 to 3.5 years
Expected volatility	140%
Expected dividend yield	0%

Note 11: Earnings (Loss) Per Share

Net earnings (loss) per share is calculated using the weighted average number of shares of common stock outstanding during the applicable period. Basic weighted average common shares outstanding do not include shares of restricted stock that have not yet vested, although such shares are included as outstanding shares in the Company's Consolidated Balance Sheet. Diluted net earnings (loss) per share is computed using the weighted average number of common shares outstanding and if dilutive, potential common shares outstanding during the period. Potential common shares consist of the additional common shares issuable in respect of restricted share awards, stock options and convertible preferred stock. Preferred stock dividends are subtracted from net earnings (loss) to determine the amount available to common stockholders.

The following table presents the computation of basic and diluted net earnings (loss) per share:

	Year Ending September 30,	
	2016	2015
Basic		
Net income (loss) attributed to Live Ventures Incorporated	$ 17,829,857	$ (14,666,129)
Less: preferred stock dividends	(1,917)	(1,921)
Net income (loss) applicable to common stock	$ 17,827,940	$ (14,668,050)
Weighted average common shares outstanding	2,815,072	2,627,636
Basic earnings (loss) per share	$ 6.33	$ (5.58)
Diluted		
Net income (loss) applicable to common stock	$ 17,827,940	$ (14,668,050)
Add: preferred stock dividends	1,917	1,921
Net income (loss) applicable for diluted earnings (loss) per share	$ 17,829,857	$ (14,666,129)
Weighted average common shares outstanding	2,815,072	2,627,636
Add: Options	21,166	–
Add: Warrants	339,620	–
Add: preferred stock	127,840	–
Assumed weighted average common shares outstanding	3,303,698	2,627,636
Diluted earnings (loss) per share	$ 5.40	$ (5.58)

The following potentially dilutive securities were excluded from the calculation of diluted net loss per share for year ended September 30, 2015 because the effects were anti-dilutive based on the application of the treasury stock method and because the Company incurred net losses during the period:

Options to purchase shares of common stock	175,000
Warrants to purchase shares of common stock	590,146
Series E convertible preferred stock	127,840
Total potentially dilutive shares	892,986

Note 12: Related Party Transactions

The Company entered into a Note Purchase Agreement with Isaac Capital Group ("ICG"), an entity owned by Jon Isaac, the Company's President and Chief Executive Officer and a director of the Company, and subsequently issued a series of Subordinated Convertible Notes thereunder to ICG. In connection with these transactions, the Company received gross proceeds of $500,000 during the year ended September 30, 2014.

Because the conversion price under ICG's notes was less than the fair market value of the stock on the date of issuance, the Company recognized a beneficial conversion feature which was treated as a debt discount and amortized on a straight line basis as interest expense until the date of conversion, at which time all remaining debt discount was recognized as interest expense. Additionally, the fair value of the warrants that were contingently issuable to ICG upon conversion was recognized as additional interest expense.

During the years ended September 30, 2016 and 2015, the Company recognized total interest expense of $583,233 and $2,018,803, respectively, associated with the ICG notes.

Also see Note 6, 7 and 13.

Note 13: Commitments and Contingencies

Purchase Price Contingency

In connection with the acquisition of Modern Everyday, Inc. in August 2014; the company issued 8,333 shares of the Company's common stock as part of the consideration for the acquisition. The company guaranteed the holder of the 8,333 shares that the value of those shares will be at least $48.00 per share 30 months after the acquisition date. The Company agreed to compensate the holder, if the share price was less than $48.00 at the 30 month anniversary date of the acquisition, the difference between $48.00 and the share price at the 30 month anniversary date times the number of shares still owned by the holder. The Company reached an agreement with the holder of these shares that would not require the company to compensate the holder if the value of the shares was under $48.00 per share; therefore the Company removed the contingent liability during the quarter ended March 31, 2016 and recorded other income of $316,000.

Litigation

The Company is party to certain legal proceedings from time to time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble dames or non-monetary relief. The nature of legal proceedings is such that the Company cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on our consolidated financial position, results of operations and cash flows in the period which a ruling or settlement occurs. However, based on information available to the Company's management to date and other than as noted below, the Company's management does not expect that the outcome of any matter pending against us is likely to have a materially adverse effect on the Company's consolidated financial position as of September 30, 2016, results of operations, cash flows or liquidity of the Company.

Operating Leases and Service Contracts

The company leases its office space, certain equipment and a building (from a related party) under long-term operating leases expiring through fiscal year 2016. Rent expense under these leases was $518,877 and $581,750 for the years ended September 30, 2016 and 2015, respectively. The Company has also entered into several non-cancelable service contracts.

As of September 30, 2016, future minimum annual payments under operating lease agreements for fiscal years ending September 30 are as follows:

2017	$	116,124
2018		72,870
2019		85,407
2020		100,092
2021		117,312
Thereafter		2,948,078
	$	3,439,883

Note 14: Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Income tax expense for the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
Current expense:		
Federal	$ –	$ 320,000
State	31,161	56,000
	31,161	376,000
Deferred expense:		
Federal	(12,524,582)	–
State	–	–
	–	–
Total income tax expense	$ (12,493,221)	$ 376,000

A reconciliation of the differences between the effective and statutory income tax rates for years ended September 30:

	2016		2015	
	Amount	Percent	Amount	Percent
Federal statutory rates	$ 1,830,150	34%	$ (4,874,337)	34%
State income taxes	161,484	3%	(123,292)	1%
Permanent differences	(852,646)	-16%	2,794,987	-19%
Net operating loss adjustment	(1,083,866)	-20%	327,477	-2%
Valuation allowance against net deferred tax assets	(12,284,278)	-228%	2,251,165	-16%
Other	(264,065)	-5%	–	0%
Effective rate	$ (12,493,221)	-227%	$ 376,000	-3%

At September 30, deferred income tax assets and liabilities were comprised of:

	2016	**2015**
Deferred income tax asset, current:		
Book to tax differences in accounts receivable	$ 406,733	$ 374,621
Book to tax differences in prepaid expenses	–	65,467
Book to tax difference in accrued expenses	241,536	144,961
Book to tax differences in inventory	414,575	–
Total deferred income tax asset, current	1,062,844	585,049
Less: valuation allowance	–	(585,049)
Deferred income tax asset, current, net	1,062,844	–
Deferred income tax asset, long-term:		
Net operation loss carryforwards	9,915,371	10,801,243
Book to tax differences in intangible assets	633,869	632,557
Book to tax differences in organizational costs	160,586	272,239
Book to tax differences in depreciation	751,912	(6,810)
Total deferred income tax asset, long-term	11,461,738	11,669,229
Less: valuation allowance	–	(11,669,229)
Deferred income tax asset, net	11,461,738	–
Total deferred income tax asset	$ 12,524,582	$ –

The Company has recorded as of September 30, 2016 and 2015 a valuation allowance of $0 and $12,284,278, respectively. We reduced our valuation allowance by $12,284,278 based on the profitable operations of our Marquis subsidiary that can be offset against our net operation loss carryforwards.

The Company annually conducts an analysis of its tax positions and has concluded that it has no uncertain tax positions as of September 30, 2016.

The Company has net operating loss carry-forwards of approximately $35.5 million. Such amounts are subject to IRS code section 382 limitations and expire in 2027. The 2011 to 2014 tax years are still subject to audit.

Note 15: Concentration of Credit Risk

The Company maintains cash balances at banks in California, Nevada and Georgia. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution as of September 30, 2016. At times, balances may exceed federally insured limits.

Note 16: Acquisitions

Acquisition of Marquis Industries, Inc.

On July 6 and July 7, 2015, the Company entered into a series of agreements in connection with its indirect purchase of Marquis Industries, Inc., a Georgia corporation, and its subsidiaries ("Marquis"). The Marquis acquisition has been accounted for under the acquisition method and, accordingly, is included in the consolidated financial statements from the effective date of acquisition. Initially the Company acquired 80% of Marquis indirectly through a wholly-owned subsidiary, Marquis Affiliated Holdings LLC, a Delaware limited liability company. Effective November 30, 2015, the Company acquired the remaining 20% interest in Marquis for $2,000,000.

The purchase price was paid through a combination of debt financing that was provided by (i) Bank of America through a Term and Revolving Loan in the aggregate amount of (a) approximately $7.8 million for the term component and (b) approximately $15 million for the revolving component and (ii) a mezzanine loan in the amount of up to $7.0 million provide by Isaac Capital Fund – see Notes 6 and 7.

A summary of the final purchase price allocation at fair value is presented below. The Company finalized its estimates after it was able to determine that it had obtained all necessary information that existed as of the acquisition date related to these matters.

	Total
Cash	$ 496,944
Accounts receivable	7,262,188
Inventory	11,717,113
Prepaid and other current assets	1,518,430
Property, plant and equipment	16,392,695
Customer Relationships	439,039
Bargain Purchase Gain	(4,573,968)
Accounts payable	(4,139,830)
Accrued expenses	(433,989)
Non-controlling interest	(2,000,000)
Purchase price	$ 26,678,622

(1) – includes $4,800,000 of cash, $6,495,825 from a mezzanine loan from Isaac Capital fund, and $15,382,797 from Bank of America Term and Revolver Loan.

(2) – Non-controlling interest was valued at the price paid by the Company when it subsequently purchased the remaining 20% of Marquis.

The revenue from the Marquis acquisition included in the results of operations from the date of acquisition on July 7, 2015 to September 30, 2015 was $16,006,683.

The estimated fair value of the Customer Relationships related to Marquis was determined using the income approach, which discounts expected future cash flows to present value. The Company estimated the fair value of this intangible asset using the residual method and a present value discount rate of 18%. Customer relationships relate to the Company's ability to sell existing and future versions of products. The Company is amortizing the Customer relationships intangible asset on a straight-line basis over an estimated life of 15 years.

After determining and recording the fair value associated with the assets and liabilities acquired, the Company recorded a gain on the acquisition of $4,573,968 included in ―Gain on acquisition in the Consolidated Statement of Operations for the year ended September 31, 2016.

Due to the measurement period extending into the fourth quarter of fiscal 2016, the following would have been recorded in the Company's consolidated statement of operations for year ending September 30, 2015. Instead, according to ASU 2015-16 they are being recorded at the end of the measurement period in the fourth quarter of fiscal 2016 when management completed its analysis of fair value as it relates to the Marquis acquisition.

Depreciation expense	$	227,654
Amortization expense		6,117
Cost sales		1,080,051
Bargain Purchase – Gain on Acquisition		4,573,968

Note 17: Segment Reporting

The Company operates in three segments which are characterized as: (1) Manufacturing, (2) Marketplace Platform and (3) Services. The Manufacturing Segment consists of Marquis Industries, Inc., the Marketplace Platform segment consists of livedeal.com and Modern Everyday, Inc., and the Services segment consists of the Local Exchange Carrier billings business and Velocity Local.

The following tables summarize segment information for the years ended September 30, 2016 and 2015:

	Twelve Months Ended September 30,	
	2016	2015
Revenues		
Marketplace platform	$ 5,438,007	$ 15,868,448
Manufacturing	72,509,357	16,006,683
Services	1,006,883	1,494,735
	$ 78,954,247	$ 33,369,866
Gross profit		
Marketplace platform	$ 1,238,317	$ 5,724,186
Manufacturing	17,771,735	4,187,026
Services	964,818	1,343,182
	$ 19,974,870	$ 11,254,394
Operating income (loss)		
Marketplace platform	$ (5,172,406)	$ (11,807,737)
Manufacturing	6,529,469	563,503
Services	961,186	1,107,967
	$ 2,318,249	$ (10,136,267)
Depreciation and amortization		
Marketplace platform	$ 284,593	$ 633,732
Manufacturing	2,840,718	402,250
Services	–	11,770
	$ 3,125,311	$ 1,047,752
Interest Expenses		
Marketplace platform	$ 2,947,294	$ 4,214,171
Manufacturing	1,073,253	271,490
Services	–	–
	$ 4,020,547	$ 4,485,661
Provision for income taxes		
Marketplace platform	$ (12,907,201)	$ –
Manufacturing	413,980	376,000
Services	–	–
	$ (12,493,221)	$ 376,000
Net income (loss)		
Marketplace platform	$ 6,604,121	$ (15,435,765)
Manufacturing	9,250,473	(184,841)
Services	2,099,457	954,477
	$ 17,954,051	$ (14,666,129)

	As of September 30, 2016	As of September 30, 2015
Total Assets		
Marketplace platform	$ 15,053,993	$ 6,811,977
Manufacturing	38,333,437	33,714,344
Services	79,970	138,035
	$ 53,467,400	$ 40,664,356
Intangible assets		
Marketplace platform	$ 1,287,338	$ 1,516,930
Manufacturing	402,452	800,000
Services	–	–
	$ 1,689,790	$ 2,316,930

Note 18: Subsequent Events

Vintage Stock Acquisition

On November 3, 2016 (the "Closing Date"), Live Ventures Incorporated ("Live Ventures"), through its newly formed, wholly-owned subsidiary, Vintage Stock Affiliated Holdings LLC ("VSAH"), entered into a series of agreements in connection with its purchase of Vintage Stock, Inc., a Missouri corporation ("Vintage Stock"). The purchase and financing transactions were, in the aggregate, valued at approximately $60 million. The purchase was effectuated between VSAH and the shareholders of Vintage Stock, with VSAH acquiring 100% of the outstanding capital stock of Vintage Stock. In connection with the purchase and finance transactions, various persons and entities entered into a series of agreements (each of which is dated the Closing Date, with funding initiated on the Closing Date and concluded on November 4, 2016), certain of which are listed below:

- Stock Purchase Agreement (the "SPA") among VSAH, Vintage Stock, the trustees of the five trusts (the "Trusts") that held all of the outstanding capital stock Vintage Stock, and the trustees of three of the Trusts, Rodney Spriggs, Kenneth Caviness, and Steven Wilcox acting in their respective individual capacities (the trustees and such three individuals, collectively, the "Sellers"), and Rodney Spriggs, in his capacity as the representative of the Sellers for certain purposes of the SPA (the "Sellers' Representative");

- Subordinated Promissory Note by VSAH payable to certain Sellers, in an aggregate principal amount of $10,000,000 (the "Subordinated Acquisition Note");

- Employment Agreement between Vintage Stock and Rodney Spriggs;

- Stock Option Agreement between Live Ventures and Rodney Spriggs with a five-year installment vesting term;

- Employment Agreement between Vintage Stock and Steve Wilcox;

- Loan Agreement (the "Revolving Loan Agreement") between Vintage Stock (the "Revolving Loan Borrower") and Texas Capital Bank, National Association, as the Lender thereunder (the "Revolving Loan Lender");

- Security Agreement by the Revolving Loan Borrower in favor of the Revolving Loan Lender;

- Term Loan Agreement (the "Term Loan Agreement") among VSAH and Vintage Stock (VSAH and Vintage Stock, together, the "Term Loan Borrowers"), the Lenders under and as defined in the Term Loan Agreement (the "Term Loan Lenders"), Capitala Private Credit Fund V, L.P., in its capacity as lead arranger, and Wilmington Trust, National Association, as administrative and collateral agent on behalf of the Term Loan Lenders (the "Term Loan Administrative Agent"); and

- Security and Pledge Agreement among the Term Loan Borrowers and the Term Loan Administrative Agent for the Secured Parties (as defined in the Term Loan Agreement).

The purchase price for the capital stock of Vintage Stock was approximately $58 million. The purchase price and related transaction expenses of approximately $2 million were paid through a combination of (a) debt financing that was provided by (i) the Revolving Loan Lender under the Revolving Loan Agreement in the amount of approximately $12 million and (ii) the Term Loan Lenders under the Term Loan Agreement in the aggregate amount of $30 million, (b) the Subordinated Acquisition Note in the amount of $10 million, and (c) capital provided by Live Ventures in the amount of $8 million. In connection with operations of Vintage Stock after the closing of the purchase transaction, Vintage Stock may borrow up to an additional approximately $8 million under the Revolving Loan Agreement (based on availability and eligibility under the Revolving Loan Agreement).

The term loans under the Term Loan Agreement bear interest at either the LIBO rate (as described below) or base rate, plus an applicable margin in each case. In their loan notice to the Term Loan Administrative Agent, the Term Loan Borrowers selected the LIBO rate for the initial term loans made under the Term Loan Agreement on the Closing Date.

The interest rate for LIBO rate loans under the Term Loan Agreement is equal to the sum of (a) the greater of (i) a rate per annum equal to (A) the offered rate for deposits in United States Dollars for the applicable interest period and for the amount of the applicable loan that is a LIBOR loan that appears on Bloomberg ICE LIBOR Screen (or any successor thereto) that displays an average ICE Benchmark Administration Limited Interest Settlement Rate for deposits in United States Dollars (for delivery on the first day of such interest period) with a term equivalent to such interest period, determined as of approximately 11:00 a.m. (London time) two business days prior to the first day of such interest period, divided by (B) the sum of one minus the daily average during such interest period of the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the FRB for "Eurocurrency Liabilities" (as defined therein), and (ii) 0.50% per annum, *plus* (b) the sum of (i) 12.50% per annum in cash pay *plus* (ii) 3.00% per annum payable in kind by compounding such interest to the principal amount of the obligations under the Term Loan Agreement on each interest payment date.

The interest rate for base rate loans under the Term Loan Agreement is equal to the sum of (a) the highest of (with a minimum of 1.50%) (i) the federal funds rate plus 0.50%, (ii) the prime rate, and (iii) the LIBO rate plus 1.00%, *plus* (b) the sum of (i) 11.50% per annum payable in cash *plus* (ii) 3.00% per annum payable in kind by compounding such interest to the principal amount of the obligations under the Term Loan Agreement on each interest payment date.

The payment obligations under the Term Loan Agreement include (i) monthly payments of interest and (ii) principal installment payments in an amount equal to $725,000 due on March 31, June 30, September 30, and December 31 of each year, with the first such payment due on December 31, 2016. The outstanding principal amounts of the term loans and all accrued interest thereon under the Term Loan Agreement are due and payable in November 2021.

The Term Loan Borrowers may prepay the term loans under the Term Loan Agreement from time to time, subject to the payment (with certain exceptions described below) of a prepayment premium of: (i) an amount equal to 2.0% of the principal amount of the term loan prepaid if prepaid during the period of time from and after the Closing Date up to the first anniversary of the Closing Date; (ii) 1.0% of the principal amount of the term loan prepaid if prepaid during the period of time from and after the first anniversary of the Closing Date up to the second anniversary of the Closing Date; and (iii) zero if prepaid from and after the second anniversary of the Closing Date.

The Term Loan Borrowers may make the following prepayments of the term loans under Term Loan Agreement without being required to pay any prepayment premium:

(i) an amount not to exceed $3 million of the term loans;

(ii) in addition to any amount prepaid in respect of item (i), an additional amount not to exceed $1.45 million, but only if that additional amount is paid prior to the first anniversary of the Closing Date; and

(iii) in addition to any amount prepaid in respect of item (i), an additional amount not to exceed the difference between $2.9 million and any amount prepaid in respect of item (ii), but only if that additional amount is paid from and after the first anniversary of the Closing Date but prior to the second anniversary of the Closing Date.

There are also various mandatory prepayment triggers under the Term Loan Agreement, including in respect of excess cash flow, dispositions, equity and debt issuances, extraordinary receipts, equity contributions, change in control, and failure to obtain required landlord consents.

The revolving loans under the Revolving Loan Agreement bear interest at a varying rate of interest, which is the LIBOR rate plus 2.75%. The LIBOR rate under the Revolving Loan Agreement is equal to the one-month LIBOR rate for deposits in United States Dollars that appears on Thomson Reuters British Bankers Association LIBOR Rates Page (or the successor thereto) as of 11:00 a.m., London, England time, on the applicable determination date.

The payment obligations under the Revolving Loan Agreement include monthly payments of interest and all outstanding principal and accrued interest thereon due in November 2020, which is when the revolving loan availability under the Revolving Loan Agreement terminates.

The Revolving Loan Agreement contains certain mandatory prepayment triggers that are customarily required for similar financings.

Each of the Term Loan Agreement and the Revolving Loan Agreement contains certain representations and warranties, certain affirmative covenants, certain negative covenants, certain financial covenants, and certain conditions that are customarily required for similar financings.

Vintage Stock had audited revenue and net income of approximately $61.6 million and $12.2 million, respectively, for the year ended December 31, 2015.

The Company is unable to make all the disclosures required by ASC 805-10-50-2 at this time as the initial accounting and pro forma analysis for this business combination is incomplete. Audited financial statements for calendar year 2015 and 2014 are complete for Vintage Stock. The Company is making several interim adjustments to Vintage Stock's carrying value of inventory, depreciation expense and cost of sales prior to being able to prepare Vintage Stock unaudited fiscal year balance sheets and statements of operation for years ending September 30, 2015 and 2016, respectively. Upon completion of the unaudited Vintage Stock fiscal year balance sheets and statements of operation for years ending September 30, 2015 and 2016, respectively; unaudited pro forma condensed combined financial information will then be prepared with the applicable pro forma adjustments and disclosed in Form 8-K/A within the required timeframe.

In addition, the Company is preparing a preliminary purchase price allocation which is subject to change. The Company will complete its analysis to determine the fair value of inventory, property and equipment, Revolving Loan, Term Loan and Subordinated Note on the acquisition date. Once this analysis is complete, the Company will adjust, if necessary, the provisional amounts assigned to inventory, property and equipment, Revolving Loan, Term Loan and Subordinated Note in the accounting period in which the analysis is completed. The preliminary purchase price allocation will be disclosed in Form 8-K/A within the required timeframe.

Reverse Stock Split

On November 22, 2016, the Company's board of directors authorized a one-for-six reverse stock split and a contemporaneous one-for-six (1:6) reduction in the number of authorized shares of common stock, par value $0.001 per share from 60,000,000 to 10,000,000 shares, to take effect for stockholders of record as of December 5, 2016. No fractional shares will be issued.

All share, option and warrant related information presented in these financial statements and accompanying footnotes has been retroactively adjusted to reflect the decreased number of shares resulting in this action.

Novalk Apps S.A.S. agreement

On December 7, 2016, the Company and Novalk Apps S.A.S. ("Novalk"), a licensor and developer of certain software the Company purchased in fiscal year 2015, memorialized an agreement which is effective September 15, 2016 that changes the terms and conditions relating to payment of the outstanding software license fee of $1,500,000. The software fee will be settled in exchange for to be issued and certificated 58,333 shares of the Company's common stock subsequent to year ending September 30, 2016. As a result of this agreement, the Company is recording $915,500 of other income in September 2016 and maintaining an accrued liability to Novalk for $584,500 to be settled when the common shares are issued to Novalk after year ending September 30, 2016.

Kingston Diversified Holdings LLC agreement

On December 21, 2016, the Company and Kingston Diversified Holdings LLC ("Kingston") entered into an agreement modifying its agreement between the parties. This agreement, effective September 15, 2016, memorializes an October 2015 interim agreement to extend the maturity date by twelve months for 55,888 shares of to be issued and certificated Series B Convertible Preferred shares with a value on September 15, 2016 of $2,800,000 as a compromise between the parties in respect of certain of their respective rights and duties under the agreement. The agreement also decreases the maximum principal amount of the Notes from $10,000,000 in principal amount to $2,000,000 in principal amount, and eliminates any and all actual, contingent, or other obligations of the Company to issue to the Purchaser any shares of the Company's common stock, or to grant any rights, warrants, options, or other derivatives that are exercisable or convertible into shares of the Company's common stock. Kingston acknowledges that. from the effective date through and including December 31, 2021, it shall not sell, transfer, assign, hypothecate, pledge, margin, hedge, trade, or otherwise obtain or attempt to obtain any economic value from any of the shares or any shares into which they may be converted or from which they may be exchanged. As a result of this agreement, the Company is recording $2,800,000 of interest expense in September 2016 and accruing a liability to Kingston for the same amount to be settled when the common shares are issued to Kingston after year ending September 30, 2016.

Convertible Series B Preferred Shares

On December 27, 2016 the Company established a new series of preferred shares, convertible Series B preferred stock. Our Series B Convertible Preferred Stock, as of the date of this Report, has 0 shares issued and outstanding. The shares, as a series, are entitled to dividends on our Common Stock are declared by the Board of Directors, subject to a $1.00 (in the aggregate for all then-issued and outstanding shares of Series B Convertible Preferred Stock). The series does not have any redemption rights or Stock basis, except as otherwise required by the Nevada Revised Statutes. The series does not provide for any specific allocation of seats on the Board of Directors. At any time and from time to time, the shares of such series are convertible into shares of Common Stock at a ratio of one preferred share into five common shares, subject to equitable adjustment in the event of forward stock splits and reverse stock splits. The holders of shares of the Series B Convertible Stock have agreed not to sell transfer, assign, hypothecate, pledge, margin, hedge, trade, or otherwise obtain or attempt to obtain any economic value from any of such shares or any shares into which they may be converted (e.g. Common Stock) or for which they may be exchanged. This "lockup" agreement expires on December 31, 2021. Our Warrant Agreements with ICG have been amended to provide that the shares underlying those warrants are exercisable into shares of Series B Convertible Preferred Stock, which warrant shares are also subject to the same "lockup" agreement as the currently outstanding shares of Series B Convertible Preferred Stock.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure control and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. We concluded they were not effective because of certain deficiencies in our internal controls over financial reporting as disclosed below.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. Based on our assessment using those criteria, our management concluded that our internal control over financial reporting was not effective as of September 30, 2016 due to the lack of timely determination of the Marquis purchase price allocation and inconsistencies found with financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The directors and executive officers of the Company and their ages as of September 30, 2016, are as follows:

	Age	Position
Jon Isaac	33	Chief Executive Officer, President, Chief Financial Officer and Director
Tony Isaac	62	Financial Planning and Strategist/Economist and Director
Richard D. Butler, Jr.	67	Director
Dennis (De) Gao	36	Director
Tyler Sickmeyer	30	Director

Set forth below are the respective principal occupations or brief employment histories of each of our directors and the periods during which each has served as a director of the Company, as well as for our named executive officers and certain significant employees.

Jon Isaac. Mr. Isaac has served as a director of our Company since December 2011 and became our President and Chief Executive Officer in January 2012. He is the founder of Isaac Organization, a privately held investment company. At Isaac Organization, Mr. Isaac has closed a variety of multi-faceted real estate deals and has experience in aiding public companies to implement turnarounds and in raising capital. Mr. Isaac studied Economics and Finance at the University of Ottawa.

Specific Qualifications:

- Relevant educational background and business experience.
- Experience in aiding public companies to implement turnarounds and in raising capital.

Tony Isaac. Mr. Isaac has served as a director of our Company since December 2011 and began serving as the Company's Financial Planning and Strategist/Economist in July 2012. Mr. Isaac's specialty is negotiation and problem-solving of complex real estate and business transactions. Mr. Isaac graduated from University of Ottawa in 1981, where he majored in Commerce and Business Administration and Economics.

Specific Qualifications:

- Relevant educational background and business experience.
- Experience in negotiation and problem-solving of complex real estate and business transactions

Richard D. Butler, Jr. Mr. Butler is Chairman of the Corporate Governance and Nominating Committee and has served as a director and member of the Audit Committee of our Company since August 2006 (including YP.com from 2006-2007). He is a veteran savings and loan and mortgage banking executive, co-founder and major shareholder of Aspen Healthcare, Inc. and Ref-Razzer Corporation, former Chief Executive Officer of Mt. Whitney Savings Bank, Chief Executive Officer of First Federal Mortgage Bank, Chief Executive Officer of Trafalgar Mortgage, and Executive Officer & Member of the President's Advisory Committee at State Savings & Loan Association (peak assets $14 billion) and American Savings & Loan Association (NYSE: FCA; peak assets $34 billion). Mr. Butler attended Bowling Green University in Ohio, San Joaquin Delta College in California and Southern Oregon State College.

Specific Qualifications:

- Relevant educational background and business experience.
- Extensive experience as Chief Executive Officer for several companies in the banking and finance industries.
- Experience as a public company director.
- Experience in workouts and restructurings, mergers, acquisitions, business development, and sales and marketing.
- Background and experience in finance required for service on Audit Committee.

Dennis (De) Gao. Mr. Gao has served as a director of our Company and as a member of the Audit Committee since January 2012. In July 2010, Mr. Gao co-founded and became the CFO at Oxstones Capital Management, a privately held company and a social and philanthropic enterprise, serving as an idea exchange for the global community. Prior to establishing Oxstones Capital Management, from June 2008 until July 2010, Mr. Gao was a product owner at Procter and Gamble for its consolidation system and was responsible for the Procter and Gamble's financial report consolidation process. From May 2007 to May 2008, Mr. Gao was a financial analyst at the Internal Revenue Service's CFO division. Mr. Gao has a dual major Bachelor of Science degree in Computer Science and Economics from University of Maryland, and an M.B.A. specializing in finance and accounting from Georgetown University's McDonough School of Business.

Specific Qualifications:

- Relevant educational background and business experience.
- Background and experience in finance required for service on Audit Committee.
- Experience having ultimate responsibility for the preparation and presentation of financial statements ("financial literacy" required by applicable NASDAQ rules for service as Audit Committee chairman).
- "Audit Committee Financial Expert" for purposes of SEC rules and regulations (required for service as Audit Committee chairman).

Tyler Sickmeyer. In August 2008, Mr. Sickmeyer founded and since that time has served as the CEO of Fidelitas Development, a full-service marketing firm that focuses on producing an improved return on investment rate for its clients. Mr. Sickmeyer has provided consulting services to a variety of companies, large and small alike, and specializes in creating efficiencies for developing brands. Mr. Sickmeyer studied business at Robert Morris University and Lincoln Christian University. Mr. Sickmeyer has been a director of the Company since August 2014.

Specific Qualifications:

- Over a decade of experience in marketing, including promotion and brand development through the use of social media marketing

Executive Officer of our subsidiary, Marquis

The executive officers of our subsidiary, Marquis as of September 30, 2016, is as follows:

	Age	Position
Tim Bailey	69	Chairman and CEO

Tim Bailey. Mr. Bailey is Chairman and CEO of Marquis. Mr. Bailey has 44 years of leadership experience in the floorcovering industry, including 21 years with Marquis Industries. Mr. Bailey holds a CPA license and spent the first 17 years of his career in a carpet industry-focused public accounting firm. In 1988, he left public accounting to become a shareholder and Executive VP / CFO of Grassmore, Inc., which manufactured grass carpet. Mr. Bailey installed the internal financial controls and helped Grassmore grow and oversaw its successful sale to Beaulieu of America in 1992. Mr. Bailey consulted with Beaulieu for two years before acquiring Marquis Industries in 1994. Marquis was small and struggling at the time of Mr. Bailey's acquisition. He was able to build a strong leadership team and turn the company into a top 10 residential carpet manufacturer in the US with a diversified product line of soft and hard surfaces for the residential and commercial markets.

Family Relationships

Jon Isaac, who is a director and serves as our President and Chief Executive Officer, is the son of Tony Isaac, who is also a director and serves as our Financial Planning and Strategist/Economist.

Involvement in Certain Legal Proceedings

To the best of our knowledge, there have been no events under any bankruptcy act, no criminal proceedings and no judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any director, executive officer, promoter or control person of our Company during the past ten years.

Board Independence

Each year, the Board of Directors reviews the relationships that each director has with the Company and with other parties. Only those directors who do not have any of the categorical relationships that preclude them from being independent within the meaning of applicable NASDAQ Listing Rules and who the Board of Directors affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, are considered to be independent directors. The Board of Directors has reviewed a number of factors to evaluate the independence of each of its members. These factors include its members' current and historic relationships with the Company and its competitors, suppliers and customers; their relationships with management and other directors; the relationships their current and former employers have with the Company; and the relationships between the Company and other companies of which a member of the Company's Board of Directors is a director or executive officer.

After evaluating these factors, the Board of Directors has determined that a majority of the members of the Board of Directors, namely, Messrs. Butler, Gao and Sickmeyer do not have any relationships that would interfere with the exercise of independent judgment in carrying out their responsibilities as directors and that each such director is an independent director of the Company within the meaning of NASDAQ Listing Rule 5605(a)(2) and the related rules of the SEC.

Audit Committee

The Board has a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. Messrs. Gao (Chairman), Butler and Sickmeyer currently serve on our Audit Committee. Each member of the committee satisfies the independence standards specified in Rule 5605(a)(2) of the NASDAQ Listing Rules and the related rules of the SEC and has been determined by the Board to be "financially literate" with accounting or related financial management experience. The Board has also determined that Mr. Gao is an "audit committee financial expert" as defined under SEC rules and regulations, and qualifies as a financially sophisticated audit committee member as required under Rule 5605(c)(2)(A) of the NASDAQ Listing Rules.

Changes in Procedures for Director Nominations by Stockholders

There have been no changes to the procedures by which stockholders may recommend nominees to the Board.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees of our Company, including the Chief Executive Officer and other principal financial and operating officers of the Company. The Code of Business Conduct and Ethics is posted on our website at ir.livedeal.com/governance-documents. If we make any amendment to, or grant any waivers of, a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller where such amendment or waiver is required to be disclosed under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefor on Form 8-K or on our website.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors, certain of our officers and persons who own at least 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Based solely on our review of the copies of such forms filed with the SEC and on written representations provided to us by our directors and officers, all Section 16(a) filing requirements applicable to our directors, officers and 10% or greater stockholders were complied with during the fiscal year that ended September 30, 2016, with the exception of the following:

Name	No. Late Reports (Form 4s)	No. Transactions Covered
Richard D. Butler, Jr.	1	One transaction in which he was issued 254 shares of common stock in lieu of a cash payment of director compensation for the month of September 2015

ITEM 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The purpose of this Compensation Discussion and Analysis ("CD&A") is to provide material information about the Company's compensation philosophy, objectives and other relevant policies and to explain and put into context the material elements of the disclosure that follows in this Annual Report on Form 10-K with respect to the compensation of our named executive officers (in this CD&A, referred to as the "NEOs"). For fiscal 2016, our NEOs were:

Jon Isaac, President and Chief Executive Officer
Tony Isaac, Financial Planning and Strategist/Economist
Tim Bailey, Chairman and CEO of Marquis

The Compensation Committee

The Compensation Committee annually reviews the performance and compensation of the Chief Executive Officer or other principal executive officer (currently, our President and Chief Executive Officer) and the Company's other executive officers. Additionally, the Compensation Committee reviews compensation of outside directors for service on the Board and for service on committees of the Board, and administers the Company's stock plans.

Role of Executives in Determining Executive Compensation

The Chief Executive Officer or other principal executive officer (currently, our President and Chief Executive Officer) provides input to the Compensation Committee regarding the performance of the other NEOs and offers recommendations regarding their compensation packages in light of such performance. The Compensation Committee is ultimately responsible, however, for determining the compensation of the NEOs, including the Chief Executive Officer or other principal executive officer.

Compensation Philosophy and Objectives

The Compensation Committee and the Board believe that the Company's compensation programs for its executive officers should reflect the Company's performance and the value created for its stockholders. In addition, we believe the compensation programs should support the goals and values of the Company and should reward individual contributions to the Company's success. Specifically, the Company's executive compensation program is intended to:

- attract and retain the highest caliber executive officers;
- drive achievement of business strategies and goals;
- motivate performance in an entrepreneurial, incentive-driven culture;
- closely align the interests of executive officers with the interests of the Company's stockholders;
- promote and maintain high ethical standards and business practices; and
- reward results and the creation of stockholder value.

Factors Considered in Determining Compensation; Components of Compensation

The Compensation Committee makes executive compensation decisions on the basis of total compensation, rather than on individual components of compensation. We attempt to create an integrated total compensation program structured to balance both short and long-term financial and strategic goals. Our compensation should be competitive enough to attract and retain highly skilled individuals. In this regard, we utilize a combination of between two to four of the following types of compensation to compensate our executive officers:

- base salary;
- performance bonuses, which may be earned annually depending on the Company's achievement of pre-established goals;
- cash bonuses given at the discretion of the Board; and
- equity compensation, consisting of restricted stock and/or stock options.

The Compensation Committee periodically reviews each executive officer's base salary and makes appropriate recommendations to the Board. Salaries are based on the following factors:

- the Company's performance for the prior fiscal years and subjective evaluation of each executive's contribution to that performance;
- the performance of the particular executive in relation to established goals or strategic plans; and
- competitive levels of compensation for executive positions based on information drawn from compensation surveys and other relevant information.

Performance bonuses and equity compensation are awarded based upon the recommendation of the Compensation Committee. Restricted stock is granted under the Company's stockholder-approved equity incentive plan(s) and is priced at 100% of the closing price of the Company's common stock on the date of grant. Incentive and/or non-qualified stock options are generally granted under the Company's stockholder-approved equity incentive plan(s), as well, with the exercise price of such options set at 100% of the closing price of the Company's common stock on the date of grant. These grants are made with a view to linking executives' compensation to the long-term financial success of the Company.

Use of Benchmarking and Compensation Peer Groups

The Compensation Committee did not utilize any benchmarking measure in fiscal 2016 and traditionally has not tied compensation directly to a specific profitability measurement, market value of the Company's common stock or benchmark related to any established peer or industry group. Salary increases are based on the terms of the NEOs' employment agreements, if applicable, and correlated with the Board's and the Compensation Committee's assessment of each NEO's performance. The Company also generally seeks to increase or decrease compensation, as appropriate, based upon changes in an executive officer's functional responsibilities within the Company. Historically, the Compensation Committee has not used outside consultants in determining the compensation of the NEOs, and no such consultants were engaged during fiscal 2016.

Other Compensation Policies and Considerations; Tax Issues and Risk Management

The intention of the Company has been to compensate the NEOs in a manner that maximizes the Company's ability to deduct such compensation expenses for federal income tax purposes. However, the Compensation Committee has the discretion to provide compensation that is not "performance-based" under Section 162(m) of the Code it determines that such compensation is in the best interests of the Company and its stockholders. For fiscal 2016, the Company expects to deduct all compensation expenses paid to the NEOs.

On an annual basis, the Compensation Committee evaluates the Company's compensation policies and practices for its employees, including the NEOs, to assess whether such policies and practices create risks that are reasonably likely to have a material adverse effect on the Company. Based on its evaluation, the Compensation Committee has determined that the Company's compensation policies and practices do not create such risks.

SUMMARY COMPENSATION TABLE

Name and principal Position	Year	Salary	Bonus	Stock Awards (2)	Option Awards (1)	All Other Compensation	Total
Jon Isaac	**2016**	$ 200,000	$ 0	$ 0	$ 13,465	$ 0	$ 213,465
President and CEO	**2015**	$ 200,000	$ 0	$ 759,000	$ 62,041	$ 0	$ 1,021,041
Tony Isaac	**2016**	$ 88,615	$ 0	$ 0	$ 231,741	$ 0	$ 320,356
Financial Planning and	**2014**	$ 123,692	$ 0	$ 759,000	$ 636,142	$ 0	$ 1,518,834
Strategist/Economist							
Tim Bailey	**2016**	$ 175,000	$ 0	$ 0	$ 0	$ 0	$ 175,000
Chairman and CEO	**2015**	$ 41,250	$ 0	$ 0	$ 0	$ 0	$ 41,250
of Marquis Industries, Inc.							

(1)The amounts reflect the dollar amount recognized for financial statement reporting purposes in accordance with ASC 718. These amounts reflect Live Venture's accounting expense for these awards, and do not correspond to the actual value that may be recognized by the NEOs.

(2)Mr. Jon Isaac's and Mr. Tony Isaac were each awarded a stock bonus of 50,000 shares of the Company's common stock valued at $759,000.

EMPLOYMENT AGREEMENTS

We do not have a written Employment Agreement with either Jon Isaac or Tony Isaac.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table summarizes all stock options held by the NEOs as of the end of fiscal 2016.

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date
Jon Isaac	25,000 (1)	$4.98	1/15/2019
	25,000 (1)	$7.50	1/15/2020
	25,000 (1)	$10.02	1/15/2021
Tony Isaac	50,000 (2)	$15.18	6/30/2020
	25,000 (2)	$15.18	6/30/2021
Tim Bailey	–	$ –	–

(1) 25,000 shares ($4.98 per share exercise price) vested on January 15, 2014. 25,000 shares ($7.50 per share exercise price) will vest in 12 equal monthly installments beginning January 15, 2015. 25,000 shares ($10.02 per share exercise price) will vest in 12 equal monthly installments beginning January 15, 2016.

(2) 50,000 shares ($15.18 per share exercise price) vested on June 30, 2015 and 25,000 shares ($15.18 per share exercise price) will vest on June 30, 2016.

DIRECTOR COMPENSATION

The table on the following page summarizes compensation paid to each of our non-employee directors who served in such capacity during fiscal 2016.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Total ($)
Richard D. Butler, Jr.	10,000	20,000	30,000
Dennis Gao	30,000	–	30,000
Tyler Sickmeyer	18,000	–	18,000

(1)Amounts represent value of shares granted to directors in lieu of paying monthly cash director fees earned in fiscal 2016 in cash. The number of shares granted was determined by dividing the cash director fee payable to the applicable director for the immediately preceding month by the price of the Company's common stock, as reported by the NASDAQ Capital Market, on the date of grant.

Director Compensation Arrangements

Mr. Butler receives $2,500 monthly, or $30,000 annually in cash compensation for his services as a director. With the consent of the Company, Mr. Butler received stock in lieu of monthly cash compensation earned for two thirds of his compensation in fiscal 2016.

Mr. Gao receives $2,500 monthly, or $30,000 annually in cash compensation for his services as a director.

Mr. Sickmeyer receives $1,500 monthly, or $18,000 annually in cash compensation for his services as a director.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes securities available for issuance under Live Venture's equity compensation plans as of September 30, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	175,000	$11.22	–
Equity compensation plans approved by security holders (2)	–	–	–
Equity compensation plans not approved by security holders	–	–	–
Total	175,000	$11.22	–

(1) Comprised of the LiveDeal, Inc. Amended and Restated 2003 Stock Plan
(2) Comprised of the 2014 Omnibus Equity Incentive Plan

Live Ventures Incorporated Amended and Restated 2003 Stock Plan

During the fiscal year ended September 30, 2002, our stockholders approved the 2002 Employees, Officers & Directors Stock Option Plan (the "2002 Plan"), which was intended to replace our 1998 Stock Option Plan (the "1998 Plan"). The 2002 Plan was never implemented, however, and no options, shares or any other securities were issued or granted under the 2002 Plan. There were 90,000 shares of our common stock authorized for issuance under the 2002 Plan. On June 30, 2003 and July 21, 2003, respectively, the Board and a majority of our stockholders terminated both the 1998 Plan and the 2002 Plan and approved our 2003 Stock Plan. The 15,000 shares of common stock previously allocated to the 2002 Plan were re-allocated to the 2003 Stock Plan.

In April 2004, our stockholders and the Board approved an amendment to the 2003 Stock Plan to increase the aggregate number of shares available thereunder by 10,000 shares in order to have an adequate number of shares available for future grants. At our 2007 Annual Meeting, our stockholders approved an amendment that increased the aggregate number of shares available for issuance under the 2003 Stock Plan to 40,000 shares. At our 2008 Annual Meeting, our stockholders rejected an amendment that would have increased the number of shares available for issuance from 40,000 shares to 55,000 shares. At our 2009 Annual Meeting, our stockholders approved an amendment that increased the aggregate number of shares available for issuance under the 2003 Stock Plan by 30,000 shares, to 70,000 shares in the aggregate. At our 2012 Annual Meeting, our stockholders approved an amendment that increased the aggregate number of shares available for issuance under the 2003 Stock Plan by 100,000 shares, to 170,000 shares in the aggregate.

2014 Omnibus Equity Incentive Plan

On January 7, 2014, our Board of Directors adopted the 2014 Omnibus Equity Incentive Plan (the "2014 Plan"), which authorizes the issuance of distribution equivalent rights, incentive stock options, non-qualified stock options, performance stock, performance units, restricted ordinary shares, restricted stock units, stock appreciation rights, tandem stock appreciation rights and unrestricted ordinary shares to our officers, employees, directors, consultants and advisors. The Company has reserved up to 300,000 shares of common stock for issuance under the 2014 Plan.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information regarding the beneficial ownership of our common stock as of September 30, 2016 of (i) each executive officer and each director of our Company; (ii) all executive officers and directors of our Company as a group; and (iii) each person known to the Company to be the beneficial owner of more than 5% of our common stock. We deem shares of our common stock that may be acquired by an individual or group within 60 days of September 30, 2016, pursuant to the exercise of options or warrants or conversion of convertible securities, to be outstanding for the purpose of computing the percentage ownership of such individual or group, but these shares are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or group shown in the table. Percentage of ownership is based on 2,789,205 shares of common stock outstanding on December 15, 2016. The information as to beneficial ownership was either (i) furnished to us by or on behalf of the persons named or (ii) determined based on a review of the beneficial owners' Schedules 13D and Section 16 filings with respect to our common stock. Unless otherwise indicated, the business address of each person listed is 325 East Warm Springs Road, Suite 102, Las Vegas, Nevada 89119.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Executive Officers and Directors:		
Jon Isaac (1)	1,523,572	54.6%
Tony Isaac	125,000	4.5%
Richard D. Butler, Jr.	15,478	0.6%
Dennis Gao	–	–
Tyler Sickmeyer	–	–
All Executive Officers and Directors as a group (5 persons)	1,664,050	59.7%
Other 5% Stockholders:		
Isaac Capital Group, LLC (2) 3525 Del Mar Heights Rd. Suite 765 San Diego, California 92130	1,381,905	49.5%

*Represents less than 1% of our issued and outstanding common stock.

(1) Includes 791,759 shares of common stock owned by Isaac Capital Group, LLC ("ICG"), of which Jon Isaac is the President and sole member and according has sole voting and dispositive power with respect to such shares. Also includes warrants to purchase 590,146 additional shares of common stock at exercise prices ranging from $3.30 to $5.71 per share held by ICG. Jon Isaac owns 66,667 shares of common stock. Finally, Mr. Isaac holds options to purchase up to 75,000 shares of common stock at exercise prices ranging from $4.98 to $10.02 per share, all of which are currently exercisable.

(2) Includes 791,759 shares of common stock owned by ICG. Also includes warrants to purchase 590,146 additional shares of common stock at exercise prices ranging from $3.30 to $5.71 per share held by ICG.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Executive Office Space

Our San Diego executive office is located at 3525 Del Mar Heights Rd. This office is currently being provided to us by a company that is a related party to Isaac Capital Group LLC, one of our largest stockholders, which is owned by Jon Isaac, our President and Chief Executive Officer and one of our directors.

Mezzanine Loan from Isaac Capital Fund

In connection with the purchase of Marquis Industries Inc., the Company entered into a mezzanine loan in an amount of up to $7,000,000 provided by Isaac Capital Fund, a private lender whose managing member is Jon Isaac, the chief executive officer of the Company.

The Isaac Capital Fund mezzanine loan bears interest at 12.5% with payment obligations of interest each month and all principal due in January 2021 (six months after the final payments are due under the Bank of America Term and Revolving Loan). As of September 30, 2016, there was $2,000,000 outstanding on this mezzanine loan.

ICG Note

On January 23, 2014, the Company issued a note to Isaac Capital Group ("ICG"), a related party, in the principal amount of $500,000. Because the conversion price of $13.74 was less than the stock price, this gave rise to a beneficial conversion feature valued at $500,000. The Company recognized this beneficial conversion feature as a debt discount and additional paid in capital. The debt discount is being amortized over the one year term. On December 3, 2014, ICG converted the note into 112,395 shares of common stock, therefore the remaining debt discount of $158,219 was written off and recognized as interest expense. In addition, upon the conversion of note, the Company issued to ICG a warrant to acquire 112,395 additional shares of the Company's common stock at an exercise price of $5.70 per share. The fair value of the warrants issued in connection with the conversion of note was $1,853,473 and was immediately recognized as interest expense.

Procedures for Approval of Related Party Transactions

In accordance with its charter, the Audit Committee reviews and recommends for approval all related party transactions (as such term is defined for purposes of Item 404 of Regulation S-K). The Audit Committee participated in the approval of the transactions described above.

ITEM 14. Principal Accounting Fees and Services

Each year, the Audit Committee approves the annual audit engagement in advance. The Audit Committee also has established procedures to pre-approve all non-audit services provided by the Company's independent registered public accounting firm. All 2016 and 2015 non-audit services listed below were pre-approved.

Audit Fees: This category includes the audit of our annual financial statements and review of financial statements included in our annual and periodic reports that are filed with the SEC. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements, and the preparation of an annual "management letter" on internal control and other matters.

Audit-Related Fees: This category consists of travel expenses for the auditors.

Tax Fees: This category consists of professional services rendered by our independent auditors for tax compliance and tax advice. The services for the fees disclosed under this category include technical tax advice.

All Other Fees: This category includes services performed for the preparation of responses to SEC and NASDAQ correspondence, as well as reviews of Registration Statements that we file from time to time with the SEC.

We paid the following fees to our independent registered public accounting firm, Anton & Chia for work performed in in fiscal 2016 and 2015:

	2016	2015
Audit Fees	$ 157,894	$ 97,613
Audit-Related Fees	2,132	96,532
Tax Fees	6,000	–
All Other Fees	87,012	–
Total	$ 253,038	$ 194,145

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The following exhibits are filed with or incorporated by reference into this Annual Report.

Exhibit Number	Description	Previously Filed as Exhibit	Date Previously Filed
3.1	Amended and Restated Articles of Incorporation	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on August 15, 2007	8/15/07
3.1.1	Certificate of Change	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on September 7, 2010	9/7/10
3.1.2	Certificate of Correction	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on March 11, 2013	3/11/13
3.1.3	Certificate of Change	Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on February 14, 2014	2/14/14
3.1.4	Articles of Merger	Exhibit 3.1.4 to the Registrant's Current Report on Form 8-K filed on October 8, 2015	10/8/15
3.1.5	Certificate of Change	Exhibit 3.1.4 to the Registrant's Current Report on Form 8-K filed on November 25, 2016	11/25/16
3.1.6	Certificate of Designation for Series B Convertible Preferred Stock filed with Secretary of State for the State of Nevada on December 23, 2016, and effective as of December 27, 2016	Filed herewith	
3.2	Amended and Restated Bylaws	Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 15, 2011	12/15/11
10.1*	LiveDeal, Inc. Amended and Restated 2003 Stock Plan*	Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2007	12/20/07
10.1.1*	First Amendment to Amended and Restated 2003 Stock Plan*	Appendix A to 2009 Proxy Statement	1/29/09
10.1.2*	Second Amendment to the LiveDeal, Inc. Amended and Restated 2003 Stock Plan*	Appendix A to 2012 Proxy Statement	1/27/12
10.2*	Form of 2003 Stock Plan Restricted Stock Agreement*	Exhibit 10 to the Registrant's Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2005	5/16/05

10.3*	Form of 2003 Stock Plan Stock Option Agreement*	Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 2008	12/29/08
10.5	Note and Warrant Purchase Agreement, dated April 3, 2012, by and between the Registrant and Isaac Capital Group LLC	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on May 15, 2012	5/15/12
10.5.1	First Amendment to Note Purchase Agreement, made and entered into as of April 3, 2012, by and between the Registrant and Isaac Capital Group LLC	Exhibit 10.12.1 to the Registrant's Annual Report on Form 10-K filed on January 15, 2013	1/15/13
10.5.2	Senior Subordinated Convertible Note (under Note Purchase Agreement)	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on May 15, 2012	5/15/12
10.5.3	Subordinated Guaranty (under Note Purchase Agreement)	Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on May 15, 2012	5/15/12
10.5.4	Form of Warrant (under Note Purchase Agreement)	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on May 15, 2012	5/15/12
10.7	Note Purchase Agreement, dated as of January 7, 2014, by and between the Registrant and Kingston Diversified Holdings LLC	Filed herewith	
10.7a	Amendment No. 1 to Note Purchase Agreement	Filed herewith	
10.7b	Amendment No. 2 to Note Purchase Agreement	Filed herewith	
10.8	Convertible Note (under 2014 Note Purchase Agreement)	Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed on January 10, 2014	1/10/14
10.9	Form of Warrant (under 2014 Note Purchase Agreement)	Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed on January 10, 2014	1/10/14
10.10*	2014 Omnibus Equity Incentive Plan	Appendix A to 2014 Proxy Statement	6/23/14
10.11	Share Purchase Agreement, by and among Live Goods, LLC, DealTicker Inc., from Julian Gleizer and Daniel Abramov	Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed on December 29, 2014	12/29/14
10.12	Engagement Agreement, dated as of May 16, 2014, by and between the Registrant and Chardan Capital Markets LLC	Exhibit 10.1 to the Registrant's Annual Report on Form 10-Q filed on May 20, 2014	5/20/14
10.12.1	Reinstatement and First Amendment to the Engagement Agreement, dated, 2014 with Chardan Capital Markets LLC	Filed herewith	

10.13	Purchase Agreement, dated as of July 6, 2015 by and among the Registrant, Marquis Affiliated Holdings LLC, Marquis Industries, Inc. and the stockholders of Marquis Industries, Inc.	Exhibit 10.15 to the Registrant's Annual Report on Form 10-K filed on January 13, 2016	1/13/16
10.14	Loan and Security Agreement, dated as of July 6, 2015 by and among Marquis Affiliated Holdings LLC, Marquis Industries, Inc., A-O Industries, LLC, Astro Carpet Mills, LLC, Constellation Industries, LLC and S F Commercial Properties, LLC , as Borrowers, and Bank of America, N.A. as Lender.	Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed on January 13, 2016	1/13/16
10.15	Subordinated Loan and Security Agreement, dated as of July 6, 2015 by and among Marquis Affiliated Holdings, LLC, Marquis Industries, Inc., A-O Industries, LLC, Astro Carpet Mills, LLC, Constellation Industries, LLC and SF Commercial Properties, LLC as Borrowers and Isaac Capital Fund I, LLC as Lender	Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed on January 13, 2016	1/13/16
10.16	Lease Agreement, effective July 6, 2015, by and between 716 River Street Partners LLC, as lessor and Constellation Industries, LLC as lessee	Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on January 13, 2016	1/13/16
10.17	Agreement, effective November 30, 2015 by and among the Registrant, Marquis Affiliated Holdings LLC, Marquis Industries, Inc. and the stockholders of Marquis Industries, Inc.	Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 15, 2016	2/16/16
10.18	Promissory Note dated June 14, 2016, by Marquis Real Estate Holdings, LLC in favor of STORE Capital Acquisitions LLC	Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on August 15, 2016	8/15/16
10.19	Mortgage Loan Agreement dated June 14, 2016 by and between STORE Capital Acquisitions LLC and Marquis Real Estate Holdings, LLC	Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on August 15, 2016	8/15/16
10.20	Master Lease Agreement dated June 14, 2016 by and between STORE Capital Acquisitions LLC and Marquis Real Estate Holdings, LLC	Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed on August 15, 2016	8/15/16
10.21	Purchase and Sale Agreement dated June 14, 2016 by and between STORE Capital Acquisitions LLC and Marquis Real Estate Holdings, LLC	Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed on August 15, 2016	8/15/16

10.22	Stock Purchase Agreement by and among Vintage Stock Affiliated Holdings LLC (an affiliate of the Registrant), Vintage Stock, Inc., and the Shareholders of Vintage Stock, Inc., dated November 3, 2016	Filed herewith
10.23	Subordinated Promissory Note of Vintage Stock Affiliated Holdings LLC in favor of certain of the Shareholders of Vintage Stock, Inc., dated November 3, 2016	Filed herewith
10.24	Subordination Agreement by and among Rodney Spriggs, in his capacity as the representative of certain of the Shareholders of Vintage Stock, Inc., and Wilmington Trust, National Association, dated November 3, 2016	Filed herewith
10.25	Employment Agreement between Vintage Stock Inc. and Rodney Spriggs, dated November 3, 2016	Filed herewith
10.26	Non-qualified Stock Option Agreement between the Registrant and Rodney Spriggs, dated November 3, 2016	Filed herewith
10.27	Loan Agreement between Vintage Stock, Inc. and Texas Capital Bank, National Association, dated November 3, 2016	Filed herewith
10.28	Revolving Credit Note of Vintage Stock Inc., in favor of Texas Capital Bank, National Association, dated November 3, 2016	Filed herewith
10.29	Security Agreement of Vintage Stock Inc., in favor of Texas Capital Bank, National Association, dated November 3, 2016	Filed herewith
10.30	Term Loan Agreement among Vintage Stock Inc., Vintage Stock Affiliated Holdings LLC, the Subsidiaries of the Borrowers Party Hereto, the Lenders Party Hereto, Wilmington Trust, National Association, as Administrative Agent, and Capitala Private Credit Fund V, L.P., as Lead Arranger, dated November 3, 2017	Filed herewith
10.31	Form of Note under the Term Loan Agreement	Filed herewith
10.32	Security and Pledge Agreement among Vintage Stock Affiliated Holdings LLC, Vintage Stock, Inc., and Wilmington Trust, National Association, as Administrative Agent, dated November 3, 2016	Filed herewith

14	Code of Business Conduct and Ethics, Adopted December 31, 2003	Exhibit 14 to the Registrant's Quarterly Report on Form 10-QSB for the period ended March 31, 2004	5/13/04
23.1	Consent of Public Accountant	Filed herewith	
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith	
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 200	Filed herewith	
32	Certification pursuant to 18 U.S.C. Section 1350	Filed herewith	
101	The following materials from the Company's Annual Report on Form 10-K, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of September 30, 2016 and 2015, (ii) the Consolidated Statements of Operations for the Years Ended September 30, 2016 and 2015, (iii) Consolidated Statements of Stockholders' Equity for the Years Ended September 30, 2016 and 2015, (iv) the Consolidated Statements of Cash Flows for the Years Ended September 30, 2016 and 2015, and (iv) the Notes to Consolidated Financial Statements	Exhibits 101 to the Registrant's Annual Report on Form 10-K filed on _____	_____

* Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December 29, 2016

Live Ventures Incorporated

/s/ Jon Isaac
Jon Isaac
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities listed on December 28, 2016.

Signature / Title

/s/ Jon Isaac
Jon Isaac
Chief Executive Officer, President, Chief Financial Officer and Director

/s/ Tony Isaac
Tony Isaac
Financial Planning and Strategist/Economist and Director

/s/ Richard D. Butler, Jr.
Richard D. Butler, Jr.
Director

/s/ Dennis Gao
Dennis Gao
Director

/s/ Tyler Sickmeyer
Tyler Sickmeyer
Director

Exhibit 3.1.6

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Websire: www.nvsos.gov

Certificate of Designation
(PURSUANT TO NRS 78.1955)

Filed in the office of	Document Number
	20160558335-08
/s/ Barbara K. Cegavske	Filing Date and Time
Barbara K. Cegavske	12/23/2016 2:13 PM
Secretary of State	Entity Number
State of Nevada	C6242-1994

Certificate of Designation For
Nevada Profit Corporations
(Pursuant to NRS 78.1955)

1. Name of Corporation:

Live Ventures Incorporated

2. By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.

Pursuant to the authority expressly granted to the Board of Directors of Live Ventures Incorporated (the "Corporation") by the provisions of the Corporation's Articles of Incorporation, as amended, the Board of Directors adopted the Certificate of Designation of Series B Convertible Preferred Stock (the "Series B Certificate").

[Contined on following page.]

3. Effective date of filing: (optional) December 27, 2016
(must not be later than 90 days after the certificate is filed)

4. Signature: (required)

/s/ signature
Signature of Officer

CERTIFICATE OF DESIGNATION
OF
SERIES B CONVERTIBLE PREFERRED STOCK
OF
LIVE VENTURES INCORPORATED

Live Ventures Incorporated (the "Corporation"), a Nevada corporation, does hereby certify that, pursuant to the authority contained in its Articles of Incorporation, as amended, and in accordance with the provisions of Section 78.1955 of the Nevada Revised Statutes, its Board of Directors has adopted the following resolution creating the following series of the Corporation's Series B Convertible Preferred Stock and determined the voting powers, designations, powers, preferences and relative, participating, optional, or other special rights, and the qualifications, limitations, and restrictions thereof, of such series:

RESOLVED, that, pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, as amended (the "Articles of Incorporation"), there is hereby created the following series of Series B Convertible Preferred Stock:

1,000,000 shares shall be designated Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Convertible Preferred Stock").

The designations, powers, preferences, and rights, and the qualifications, limitations, and restrictions of the Series B Convertible Preferred Stock in addition to those set forth in the Articles of Incorporation shall be as follows:

Section 1. Designation and Amount. This series of Preferred Stock shall be comprised of 1,000,000 shares and shall be designated as "Series B Convertible Preferred Stock." As used herein, the term "Series B Convertible Preferred Stock" shall refer to shares of the Corporation's Series B Convertible Preferred Stock, and the term "Common Stock" shall refer to the Corporation's Common Stock, $0.001 par value per share. The Corporation shall from time to time in accordance with the laws of the State of Nevada increase the authorized amount of its Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit conversion of the Series B Convertible Preferred Stock.

Section 2. Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or series of capital stock of the Corporation unless (in addition to the obtaining of any consents required elsewhere in the Articles of Incorporation) the holders of the Series B Convertible Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series B Convertible Preferred Stock pursuant to this Section 2. The holders of the Series B Convertible Preferred Stock shall be entitled to receive, as declared by the Board and out of funds legally available for the purpose, a dividend in the aggregate amount of one (1) dollar, regardless of the number of then-issued and outstanding shares of Series B Convertible Preferred Stock. The remaining dividends allocated by the Board shall be distributed in an equal amount per share to the holders of outstanding Common Stock and Series B Convertible Preferred Stock (on an as-if-converted to Common Stock basis pursuant to the Conversion Rate as defined below).

Section 3. No Liquidation Preference. Immediately prior to the occurrence of a Liquidation of the Corporation, whether voluntary of involuntary, all shares of Series B Convertible Preferred Stock shall automatically convert to Common Stock based upon the then applicable Conversion Rate (as defined below) and participate in Liquidation proceeds in the same manner as other shares of Common Stock.

Section 4. Voting Rights. Except as expressly provided herein, or as provided by applicable law, the holders of the Series B Convertible Preferred Stock shall have the same voting rights as the holders of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and the holders of Common Stock and Series B Convertible Preferred Stock shall vote together as a single class on all matters. Each holder of Common Stock shall be entitled to one vote for each share of Common Stock held, and each holder of Series B Convertible Preferred Stock shall be entitled to one vote for each share Common Stock held on an as-if-converted to Common Stock basis. Fractional votes shall not be permitted. Any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Series B Convertible Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). In the event the Corporation shall at any time consolidate (by any reverse stock split or otherwise) or subdivide (by any forward stock split, stock dividend, or otherwise) its outstanding shares of Common Stock into a lesser or greater number of shares, the number of shares of Common Stock of that are equal in voting power to each share of Series B Convertible Preferred Stock, as in effect immediately prior to such consolidation or subdivision, shall be proportionately adjusted.

Section 5. Conversion. The holders of the Series B Convertible Preferred Stock shall have the following conversion rights (the "Conversion Rights"):

(a) **Right to Convert**. From and after the day on which the Corporation receives payment in full for the Series B Convertible Preferred Stock from and issues shares of Series B Convertible Preferred Stock to a particular holder of Series B Convertible Preferred Stock (the "Issuance Date"), each one share of Series B Convertible Preferred Stock held by that holder shall be initially convertible at the option of the holder into 5 shares of Common Stock (such number of shares of Common Stock into which each share of Series B Convertible Preferred Stock is convertible, the initial "Conversion Rate"). For purposes of clarification, the initial Conversion Rate shall be the quotient obtained by dividing (i) 1.00 initially by (ii) .20. Such "initial quotient" is .20. The number of shares of Common Stock to be issued upon conversion of Series B Convertible Preferred Stock shall be determined by dividing the number of shares of Series B Convertible Preferred Stock to be converted by .20. The Conversion Rate shall be subject to appropriate adjustment in the event of any forward stock split, reverse stock split, or other similar recapitalization as set forth herein. Accordingly, if the Conversion Rate has been adjusted, the then-current Conversion Rate shall be utilized in lieu of 5.

(b) **Method of Conversion**. In order to convert Series B Convertible Preferred Stock into shares of Common Stock, a holder of Series B Convertible Preferred Stock shall:

i. complete, execute, and deliver to the Corporation and the Corporation's transfer agent (the "Transfer Agent"), the conversion certificate attached hereto as Exhibit A (the "Notice of Conversion") at least sixty-one (61) days prior to the holder's exercise of Conversion Rights, and

ii. surrender the certificate or certificates representing the Series B Convertible Preferred Stock being converted (the "Converted Certificate") to the Corporation.

The Notice of Conversion shall be effective and in full force and effect for a particular date that is at least sixty-one (61) days from the date of delivery, if delivered to the Corporation and the Transfer Agent on that particular date prior to 5:00 p.m., Pacific Standard Time, by facsimile transmission or otherwise (the "Conversion Date"). The person or persons entitled to receive the shares of Common Stock to be issued upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of the Conversion Date. If the original Notice of Conversion and the Converted Certificate are not delivered to and received by the Transfer Agent within three (3) business days following the Conversion Date, the Notice of Conversion shall become null and void as if it were never given and the Corporation shall, within two (2) business days thereafter, instruct the Transfer Agent to return to the holder by overnight courier any Converted Certificate that may have been submitted in connection with any such conversion. In the event that any Converted Certificate submitted represents a number of shares of Series B Convertible Preferred Stock that is greater than the number of such shares that is being converted pursuant to the Notice of Conversion delivered in connection therewith, the Transfer Agent shall advise the Corporation to deliver a certificate representing the remaining number of shares of Series B Convertible Preferred Stock not converted.

(c) **Legend**. Each certificate issued representing the shares of Common Stock issued upon a conversion shall bear a legend substantially in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

(d) **Absolute Obligation to Issue Common Stock**. Subject to the provisions of Section 5(c), above, upon receipt of a Notice of Conversion and upon the Conversion Date, the Corporation shall absolutely and unconditionally be obligated to cause a certificate or certificates representing the number of shares of Common Stock to which a converting holder of Series B Convertible Preferred Stock shall be entitled as provided herein, which shares shall constitute fully paid and non-assessable shares of Common Stock and shall be issued to, delivered by overnight courier to, and received by such holder by the third (3rd) business day following the Conversion Date. Such delivery shall be made at such address as such holder may designate therefor in its Notice of Conversion or its written instructions submitted together therewith.

(e) **Minimum Conversion**. Not fewer than 100 shares of Series B Convertible Preferred Stock may be converted at any one time by a particular holder, unless the holder then holds fewer than 100 shares and converts all such shares held by it at that time.

(f) **Fractional Shares**. No fractional shares of Common Stock shall be issued upon conversion of the Series B Convertible Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall round the fraction to the next whole number of shares of Common Stock. Such number of whole shares of Common Stock to be issued upon the conversion of one share of Series B Convertible Preferred Stock shall be multiplied by the number of shares of Series B Convertible Preferred Stock submitted for conversion pursuant to the Notice of Conversion to determine the total number of shares of Common Stock to be issued in connection with any one particular conversion.

(g) **Costs**. The Corporation shall pay all documentary, stamp, transfer, or other transactional taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of any shares of Series B Convertible Preferred Stock; *provided, however,* that the Corporation shall not be required to pay any taxes that may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such shares in a name other than that of the holder of the shares of Series B Convertible Preferred Stock in respect of which such shares are being issued.

(h) **Valid Issuance**. All shares of Common Stock that shall be issued upon conversion of shares of Series B Convertible Preferred Stock into shares of Common Stock will, upon issuance by the Corporation in accordance with this Certificate of Designation, be duly and validly issued, fully paid, and non-assessable and free from all taxes, liens, and charges with respect to the issuance thereof.

Section 6. Adjustments to Conversion Rate

(a) **Adjustments for Reverse Stock Splits and Combinations and for Forward Stock Splits and Subdivisions**. If the Corporation shall at any time or from time to time after the Issuance Date effect either a reverse stock split or a combination of the outstanding Common Stock (also known as a reverse stock split) or a forward stock split or subdivision of the outstanding Common Stock (also known as a forward stock split), the Conversion Rate (expressed as a quotient) in effect immediately before that subdivision shall be proportionately increased or decreased, as appropriate, so that the number of shares of Common Stock issuable on conversion of each share of Series B Convertible Preferred Stock shall be decreased or increased, as appropriate, in proportion to such decrease or increase, as appropriate in the aggregate number of shares of Common Stock outstanding. Any adjustments under this Section 6(a) shall be effective at the close of business on the date the forward stock split becomes effective.

(b) **Adjustments for Certain Dividends and Distributions** If the Corporation shall at any time or from time to time after the Issuance Date make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in shares of Common Stock, then, and in each event, the dividend or other distribution shall be payable to the then-holders of the Series B Convertible Preferred Stock in the same specie as paid to the holders of Common Stock, calculated for such then-holders of the Series B Convertible Preferred Stock at the then-applicable Conversion Rate, in each case subject to the terms of Section 2.

(c) **Adjustments for Other Dividends and Distributions**. If the Corporation shall at any time or from time to time after the Issuance Date make or issue or set a record date for the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then, and in each event, the dividend or other distribution shall be payable to the then-holders of the Series B Convertible Preferred Stock in the same specie as paid to the holders of Common Stock, calculated for such then-holders of the Series B Convertible Preferred Stock at the then-applicable Conversion Rate, in each case subject to the terms of Section 2.

(d) **Adjustments for Reclassification, Exchange, and Substitution.** If the Common Stock issuable upon conversion of the Series B Convertible Preferred Stock at any time or from time to time after the Issuance Date shall be changed to the same or different number of shares of any class or classes of stock, whether by reclassification, exchange, substitution, or otherwise (other than by way of a reverse stock split or forward stock split of shares provided for in Sections 6(b) and (c)), then, and in each event, an appropriate adjustment to the Conversion Rate shall be made and provisions shall be made (by adjustments of the Conversion Rate or otherwise) so that the holder of each share of Series B Convertible Preferred Stock shall have the right thereafter to convert such share of Series B Convertible Preferred Stock into the kind and amount of shares of stock and other securities receivable upon reclassification, exchange, substitution, or other change, by holders of the number of shares of Common Stock into which such shares of Series B Convertible Preferred Stock might have been converted immediately prior to such reclassification, exchange, substitution, or other change, all subject to further adjustment as provided herein.

(e) **Adjustment for Reorganizations, Mergers, Consolidations, or Sales of Assets**. If at any time or from time to time there shall be a capital reorganization of the Corporation (other than by way of a stock split of shares or stock dividends or distributions provided for in Sections 6(a), (b), and (c), above, or a reclassification, exchange, or substitution of shares provided for in Section 6(d), above), or a merger or consolidation of the Corporation with or into another entity where the holders of the outstanding voting securities prior to such merger or consolidation do not own more than 50% of the outstanding voting securities of the merged or consolidated entity, immediately after such merger or consolidation, or the sale of all or substantially all of the Corporation's properties or assets to any other person (each an "Organic Change"), then, as a part of such Organic Change, an appropriate revision to the Conversion Rate shall be made if necessary and provision shall be made if necessary (by adjustments of the Conversion Rate or otherwise) so that the holder of each share of Series B Convertible Preferred Stock shall have the right thereafter to convert such share of Series B Convertible Preferred Stock into the kind and amount of shares of stock and other securities or property of the Corporation or any successor corporation resulting from such Organic Change. In any such case, appropriate adjustment shall be made in the application of the provision of this Section 6(e) with respect to the rights of the holders of the Series B Convertible Preferred Stock after such Organic Change to the end that the provisions of this Section 6(e) (including any adjustment in the Conversion Rate then in effect and the number of shares of stock or other securities deliverable upon conversion of the Series B Convertible Preferred Stock) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(f) **No Impairment**. The Corporation shall not, by amendment of its Articles of Incorporation or this Certificate of Designation, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but shall at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to provide the Conversion Rights of the holders of the Series B Convertible Preferred Stock against impairment. In the event a holder shall elect to convert any shares of Series B Convertible Preferred Stock as provided herein, the Corporation cannot refuse conversion based on any claim that such holder or any one associated or affiliated with such holder has been engaged in any violation of law, unless (i) an order from the Securities and Exchange Commission prohibiting such conversion shall have been issued or (ii) an injunction from a court, on notice, restraining and/or enjoining conversion of all or of said shares of Series B Convertible Preferred Stock shall have been issued and the Corporation posts a surety bond for the benefit of such holder in an amount equal to 120% of the liquidation preference amount of the Series B Convertible Preferred Stock such holder has elected to convert, which bond shall remain in effect until the completion of arbitration/litigation of the dispute and the proceeds of which shall be payable to such holder in the event it obtains judgment.

(g) **Certificates as to Adjustments**. Upon occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this Section 6, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such Series B Convertible Preferred Stock a certificate setting forth such adjustment and readjustment, showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon written request of the holder of such affected Series B Convertible Preferred Stock, at any time, furnish or cause to be furnished to such holder a like certificate setting forth such adjustments and readjustments, the Conversion Rate in effect at the time, and the number of shares of Common Stock and the amount, if any, of other securities or property that at the time would be received upon the conversion of a share of such Series B Convertible Preferred Stock. Notwithstanding the foregoing, the Corporation shall not be obligated to deliver a certificate unless such certificate would reflect an increase or decrease of at least one percent of the Conversion Rate in effect immediately prior to such adjustment.

Section 7. Reservation of Stock to be Issued Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Series B Convertible Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient, based on the Conversion Rate then in effect, to effect the conversion of all the then-outstanding shares of Series B Convertible Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all the then-outstanding shares of Series B Convertible Preferred Stock, then, in addition to all rights, claims, and damages to which the holder of the Series B Convertible Preferred Stock shall be entitled to receive at law or in equity as a result of such failure by the Corporation to fulfill its obligations to the holders hereunder, the Corporation shall take any and all corporate or other action as may, in the opinion of its counsel, be helpful, appropriate, or necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

Section 8. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile or e-mail or three (3) business days following being mailed by certified or registered mail, postage prepaid, return-receipt requested, addressed to the holder of record at its address appearing on the books of the Corporation. The Corporation shall give written notice to each holder of Series B Convertible Preferred Stock at least twenty (20) days prior to the date on which the Corporation closes its books or takes a record (i) with respect to any dividend or distribution upon the Common Stock or (ii) for determining rights to vote with respect to any Organic Change, dissolution, liquidation, or winding-up and in no event shall such notice be provided to such holder prior to such information being made known to the public.

Section 9. Protective Provision. The terms of this Certificate of Designation shall not, by merger, consolidation, or otherwise, be amended, waived, altered, or repealed without the affirmative vote of the holders of a majority of the voting power of the Series B Preferred Stock, voting as a separate class. Any right or preference of the Series B Preferred Stock set forth in this Certificate of Designation may be waived pursuant to a written instrument signed by the holders of a majority of the voting power of the outstanding shares of Series B Preferred Stock, voting as a separate class, which written instrument shall specifically set forth the right or preference being waived and the extent of such waiver. For the purposes of this Section 9, each share of Series B Preferred Stock shall have one (1) vote per share. No such amendment waiver, alteration, or repeal shall be effective if, by its terms, such event applies to less than all of the shares of Series B Preferred Stock then outstanding.

So long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the vote or written consent by the holders of at least a majority of the then-outstanding shares of Series B Preferred Stock, voting together as a separate class, create (whether by merger or otherwise) any new series or class of capital stock ranking pari passu with or having a preference over the Series B Preferred Stock as to dividends, redemption, or distribution of assets upon a Liquidation or enter into any definitive agreement or commitment with respect to the foregoing.

Section 10. Other Rights. The shares of Series B Preferred Stock shall not have any rights, preferences, privileges, or voting powers or relative, participating, optional, or other special rights, or qualifications, limitations, or restrictions thereof, other than as set forth herein or in the Articles of Incorporation or as provided by applicable law.

EXHIBIT A

CONVERSION CERTIFICATE

LIVE VENTURES INCORPORATED

Series B Convertible Preferred Stock

The undersigned holder (the "Holder") is surrendering to Live Ventures Incorporated, a Nevada corporation (the "Corporation"), all of the Holder's certificates that, immediately prior to the Conversion (as defined in the Certificate of Designation of the Series B Convertible Preferred Stock (the "Certificate of Designation")), represented shares of Series B Convertible Preferred Stock of the Corporation (the "Series B Convertible Preferred Stock") in connection with the conversion of all of such Series B Convertible Preferred Stock owned of record and beneficially by the Holder as of the Conversion Date (as defined in the Certificate of Designation) into that number of shares of Common Stock of the Corporation, as set forth below.

1. The Holder understands that the Series B Convertible Preferred Stock was issued by the Corporation pursuant to the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), provided by Section 3(a)(9) of the Securities Act and that the shares of Common Stock from which the shares of Series B Convertible Preferred Stock were initially issued to the Holder were issued by the Corporation pursuant to the exemption from registration under the Securities Act provided by Section 4(a)(2) of the Securities Act or by Rule 506 of Regulation D, promulgated thereunder.

2. The Holder understands that the exchange of the Series B Convertible Preferred Stock for the Common Stock in favor of the Holder upon the Conversion shall be made pursuant to an exemption from registration provided by Section 3(a)(9) of the Securities Act.

Number of Shares of Series B Convertible Preferred Stock Being Converted: _____
Number of Shares of Common Stock to be Issued: _____
Conversion Date: _____
Delivery Instructions for Certificates of Common Stock: _____
Name of Holder, Printed: _____
Signature of Holder: _____
Telephone Number of Holder: _____

[***remainder of page intentionally left blank]***

Exhibit 10.7

LIVEDEAL, INC.

CONVERTIBLE NOTE PURCHASE AGREEMENT

Up to $5,000,000 Principal Amount
Convertible Notes

January 7, 2014

_____
_____
_____

The undersigned, LiveDeal, Inc., a Nevada corporation (the "Company"), proposes to issue and sell Kingston Diversified Holdings, (the “Purchaser"), for cash up to $5,000,000 in principal amount of the Company's Convertible Notes (collectively, the "Notes"). The Notes will be issued pursuant to and subject to the terms and conditions of this Agreement (the terms "Agreement" or "Purchase Agreement" as used herein or in any Exhibit or Schedule hereto shall mean this Agreement and the Exhibits and Schedules hereto individually and collectively as they may from time to time be modified or amended).

As used in this Agreement, the following terms shall have the following meanings: " Affiliate" means, with respect to any Person, a stockholder, executive officer, director, manager or any other Person directly or indirectly controlling, controlled by or under common control with such Person, where "control" means the possession, directly or indirectly, of power to direct or cause the direction of the management or policies of an entity.

"Approval Date" means the date on which the Company receives approval of this Agreement and the transactions contemplated hereby from the NASDAQ Capital Market, in form and substance reasonably satisfactory to the Company and Purchaser, following the Company's submission of a Listing of Additional Shares Application relating hereto.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Nevada are authorized or required by law to close.

"Change of Control Transaction" means (a) a sale, lease or other disposition of assets or properties of the Company and its Subsidiaries (calculated on a consolidated basis) having a book value of fifty-one percent (51%) or more of the book value of all the assets and properties thereof, or (b) any transaction in which one or more persons (other than a holder of capital stock of the Company on the First Closing Date, or an Affiliate of or successor to any such holder) shall after the First Closing Date directly or indirectly acquire from the holders thereof, by purchase or in a merger, consolidation or other transfer or exchange of outstanding capital stock, ownership of or control over capital stock of the Company (or securities exchangeable for or convertible into such stock or interests) entitled to elect a majority of the Company's Board of Directors or representing at least fifty-one percent (51%) of the number of shares of common stock outstanding.

"Closing" shall have the meaning set forth in Section 1.3 hereof. "Code" shall have the meaning set forth in Section 2.3 hereof.

"Common Stock" means the common stock of the Company, par value $.001 per share; provided, however, that, in the event of any capital reorganization or reclassification of the common stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale or transfer of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or similar equity interests with respect to or in exchange for common stock, then the term "Common Stock" shall mean, for all purposes, such stock, securities or similar equity interests.

"Conversion Shares" means Shares of Common Stock issued or issuable upon conversion of the Notes (but, for avoidance of doubt, shall not include Warrant Shares).

"Disclosure Reports" means all reports, schedules, forms, statements, and other documents required to be filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act and/or the Exchange Act, and the rules and regulations promulgated under each, including pursuant to Section 13(a) or 15(d) of the Exchange Act, as well as all amendments to such filings and reports and all exhibits and documents incorporated by reference therein or attached thereto, that have been filed as of the applicable Closing.

"Effective Date" means the date of this Agreement, as set forth above.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"Event of Default" shall have the meaning set forth in Section 7 hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Issuances" shall have the meaning set forth in Section 12.13 hereof.

"GAAP" means generally-accepted accounting principles within the United States of America, consistently applied.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indemnified Parties" shall have the meaning set forth in Section 12.6 hereof.

"Indemnifying Parties" shall have the meaning set forth in Section 12.6 hereof.

"Material Adverse Effect" shall have the meaning set forth in Section 3.3 hereof.

"Maturity Date" means the second (2nd) anniversary of the Effective Date.

"New Price" shall have the meaning set forth in Section 12.13 hereof.

"New Shares" shall have the meaning set forth in Section 12.13 hereof.

"Notes" shall have the meaning set forth in the Preamble.

"Organizational Documents" means, as to any corporation, limited liability company or limited partnership (a) its certificate or articles of incorporation or formation or certificate of limited partnership, and all amendments thereto, and (b) its bylaws, limited liability company agreement or partnership agreement, and all amendments thereto.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Purchaser" shall have the meaning set forth in the Preamble.

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

"Securities" means the Notes, the Conversion Shares, the Warrants and the Warrant Shares.

"Securities Act" means the Securities Act of 1933, as amended.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" i n this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

"Transaction Documents" means the Purchase Agreement, the Notes and the Warrants.

"Warrants" means the warrants, substantially in the form of Exhibit B hereto, issued or issuable upon conversion of the Notes.

"Warrant Holder" or "Warrantholder" means the registered holder or holders of the Warrants or any related Warrant Shares.

"Warrant Shares" means Shares of Common Stock issued or issuable upon exercise of the Warrants.

The Company and Purchaser agree as follows:

Section 1. Purchase and Sale of the Notes.

1.1 Issuance of the Notes. Subject to the terms and conditions of this Agreement, the Company agrees to sell to Purchaser, and Purchaser agrees to purchase from the Company for cash, from and after the Approval Date until and including the Maturity Date, one or more Notes in an aggregate principal amount of up to $5,000,000; provided, however, that no individual purchase of Notes shall be in an amount that is less than $100,000. Either the Company or Purchaser shall have the right to cause the sale and issuance of Notes pursuant to this Agreement, with each Note to be sold and issued upon at least three (3) Business Days advance written notice from the Company or Purchaser, as applicable. Each Note sold and issued pursuant to this Agreement shall (a) be dated as of the date of its issuance, (b) be substantially in the form of Exhibit A hereto with the blanks appropriately completed in conformity herewith, (c) be payable on the Maturity Date, and (d) bear interest (based on a 360-day year counting actual days elapsed) from the date of issuance thereof until due and payable, unless earlier prepaid in full or converted, at the rate equal to eight percent (8.00%) per annum. All interest on each Note shall be payable in cash on the Maturity Date or upon prepayment in full or conversion of such Note.

1.2 Payment of Purchase Price. The purchase price for each Note shall be (a) equal to ninety-five percent (95.00%) of the principal amount of the applicable Note, reflecting a five percent (5.00%) discount at issuance, and (b) payable on the date of issuance thereof in cash by wire transfer of immediately available funds pursuant to the Company's written instructions.

1.3 Multiple Closings. The Company's sale and issuance of Notes hereunder may occur in one or more closings (each a "Closing") between the Approval Date and the Maturity Date. Each Closing shall be subject to the satisfaction or waiver of the conditions set forth in Section 4.1 hereof. The parties shall reasonably agree as to the time and place for each Closing. At each Closing, the Company shall deliver to Purchaser the Note purchased by Purchaser, and Purchaser shall deliver the purchase price (less any agreed deductions, including the discount contemplated by Section 1.2 hereof) by wire transfer of immediately available funds pursuant to the Company's written instructions.

Section 2. Intentionally Omitted.

Section 3. Representations and Warranties. In order to induce Purchaser to purchase the Notes, the Company hereby represents and warrants to, and agrees with, Purchaser and its respective successors, endorsees and assigns that, as of the date hereof and as of the date of each Closing, that, except as set forth in the Disclosure Reports:

3.1 No Default. No Event of Default and no event, condition, act or omission to act, which with the giving of notice or the passage of time, or both, would constitute an Event of Default, has occurred and is continuing or will have occurred and be continuing at the time of or immediately after the Closing Date.

3.2 Organizational Documents. Each of the Company and its Subsidiaries has delivered or made available to Purchaser an accurate and complete copy of its Organizational Documents and all amendments thereto.

3.3 Existence and Qualification. Each of the Company and its Subsidiaries is a corporation, limited liability company or limited partnership validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation. Each of the Company and its Subsidiaries is duly qualified to do business and in good standing as a foreign entity in each jurisdiction where its failure to so qualify or be in good standing as a foreign entity could reasonably be expected to have a material adverse effect on the business, operations, properties or financial condition of the Company and its Subsidiaries, taken as a whole, or the ability of the Company and its Subsidiaries, taken as a whole, to perform their obligations under the Transaction Documents (a "Material Adverse Effect").

3.4 Power and Authority. Each of the Company and its Subsidiaries has all necessary corporate, limited liability company or partnership power and authority necessary to own, operate or lease its properties and assets and to conduct its business as now conducted by it. The Company has all necessary corporate power and authority necessary to borrow under the Purchase Agreement and to issue the Notes and, upon the conversion thereof, the Warrants, and to execute, deliver and perform the Transaction Documents to which it is a party. The Company has taken all corporate action required to authorize the borrowings under the Purchase Agreement, the issuance of the Notes and, upon the conversion thereof, the Warrants, and the execution, delivery and performance of the Transaction Documents to which it is a party.

3.5 Due Execution and Delivery. The Company has duly executed and delivered each of the Transaction Documents to which it is a party. The certificates representing the Notes have been, and upon conversion of the Notes the Warrants will be, duly and properly executed and delivered.

3.6 Consents: Governmental Approvals. No consent or approval of any person, firm or corporation, and no consent, license, approval or authorization of, or registration, filing or declaration with, any governmental authority, bureau or agency is required to be obtained or made by or on behalf of the Company or any of its Subsidiaries in connection with the issuance of the Notes or the Warrants, the execution, delivery or performance of any of the Transaction Documents or the completion of the transactions contemplated thereby, except for the approval of the Board of Directors of the Company and the approval of the managers or general partners of the Subsidiaries, as applicable, the approval of the stockholders of the Company and the approval of the members or the limited partners of the Subsidiaries, as applicable, each of which shall have been obtained or made prior to the Closing Date.

3.7 Binding Effect. Each of the Transaction Documents to which the Company is a party is its legal, valid and binding obligation, enforceable against the Company in accordance with its terms.

3.8 Absence of Conflicts. The issuance of the Notes and the Warrants by the Company, and the execution, delivery and performance of the Transaction Documents by the Company do not and will not (a) conflict with or violate any provision of the Organizational Documents of the Company or the Subsidiaries, (b) conflict with or result in a violation, breach or default by the Company or any of its Subsidiaries under (i) any provision of any existing statute, law, rule or regulation binding on it or any order, judgment, award, decree, license or authorization of any court or governmental instrumentality, authority, bureau or agency binding on it, or (ii) any mortgage, indenture, lease or other contract, agreement, instrument or undertaking to which it is a party or will be a party immediately after the Closing Date, or by which or to which it or any of its property or assets is now or immediately after the Closing Date will be bound or subject, or (c) result in the creation or imposition of any lien, encumbrance or other charge on any of its properties or assets, except for liens permitted by Section 6.1 or liens in favor of Purchaser created by the Purchase Agreement and Transaction Documents, except in the case of clause (b) for violations, breaches or defaults that would not reasonably be expected to have a Material Adverse Effect.

3.9 Litigation. No litigation, proceedings or investigations of or before any court, arbitrator or governmental authority are currently pending or threatened against Company or any of its Subsidiaries or pending or threatened against any other person, firm or corporation, which (a) question the validity or the enforceability of, or otherwise seek to restrain the performance of, any of the Transaction Documents or any actions taken or to be taken thereunder, (b) in any one case are material, or (c) in the aggregate are reasonably likely to have a Material Adverse Effect.

3.10 No Defaults: Adverse Changes. Neither the Company nor any of its Subsidiaries is, or immediately after the Closing Date will be, in default under or in violation of (a) its Organizational Documents, (b) any agreement or instrument to which it is a party or will then be a party, (c) any statute, rule, writ, injunction, judgment, decree, order or regulation of any court or governmental authority having jurisdiction over it, or (d) any license, permit, certification or approval requirement of any customer, supplier, governmental authority or other person, in any way that, in the case of (b), (c) or (d) above, could reasonably be expected to have a Material Adverse Effect. There is no proposed legislative or regulatory change, any threatened or pending revocation of any license or right to do business with respect to the Company or any of its Subsidiaries, or any threatened or pending labor trouble, condemnation, requisition or embargo that could reasonably be expected to have a Material Adverse Effect.

3.11 Financial Statements. Purchaser has been furnished with the audited consolidated financial statements of the Company and its Subsidiaries for the most recently competed fiscal year as required by Section 5.1.1 and the unaudited consolidated financial statements of the Company and its Subsidiaries for the most recently competed fiscal quarter as required by Section 5.1.2. Such financial statements have been prepared in accordance with GAAP, consistently applied, and fairly present the financial condition and the results of operations of the Company and its Subsidiaries, as the case may be, subject, in the case of interim financial statements, to (a) year-end adjustments, which individually and in the aggregate will not be materially adverse, and (b) the absence of footnotes.

Section 4. Conditions Precedent. The obligation of Purchaser to purchase Notes hereunder at each Closing shall be subject to the satisfaction of each of the following conditions precedent on the date of such Closing:

4.1 Representations. All representations and warranties made in Section 3 of this Agreement and in any other agreement, certificate or instrument furnished to Purchaser in connection herewith, shall be true and correct with the same force and effect as though such representations and warranties had been made at the time of, and immediately after giving effect to, the sale of the Notes on the Closing Date.

4.2 No Default. At the time of and immediately after giving effect to the sale of the Notes on the Closing Date there shall exist no Event of Default and no condition, event or act that, with the giving of notice or lapse of time, or both, would constitute such an Event of Default.

4.3 No Adverse Change. There shall have been (a) since the most recently competed fiscal year, no material adverse change in the assets, business, operations, properties or financial condition of the Company and its Subsidiaries, taken as a whole, (b) no material adverse change or disruption in the financial markets, the capital markets or the industries of the Company and its Subsidiaries that could affect the Company or Purchaser, and (c) no litigation commenced which, if successful, could reasonably be expected to have a Material Adverse Effect or which would in any way interfere with the transactions contemplated by this Agreement.

4.4 Additional Documents. Purchaser shall have received all such other agreements, documents, instruments, approvals, certificates, opinions and information as Purchaser shall reasonably request in connection with this Agreement, the Notes, the Warrants, the other Transaction Documents and the transactions herein and therein contemplated, including, without limitation, those specified in the list of closing documents delivered by Purchaser to the Company, all of which shall be in form and substance reasonably satisfactory to Purchaser and its counsel.

Section 5. Affirmative Covenants. The Company covenants and agrees that it will:

5.1 Financial Statements and Information. Furnish or cause to be furnished to Purchaser the following financial statements and information:

5.1.1 As soon as available, but in any event within ninety (90) days after the close of each fiscal year of the Company, audited consolidated and unaudited consolidating balance sheets of the Company and of each of its Subsidiaries as of the close of such fiscal year, and audited consolidated and unaudited consolidating statements of income and retained earnings and cash flows of the Company and of each of its Subsidiaries for such fiscal year, together with (a) copies of the reports and certificates relating thereto of independent certified public accountants of recognized standing selected by the Company and reasonably satisfactory to Purchaser, (b) such accountants' letter to management relating to such financial statements, and (c) a report of the chief executive officer or the chief financial officer of the Company containing management's discussion and analysis of the Company's financial condition, results of operations and affairs for such year.

5.1.2 As soon as available but in any event within forty-five (45) days after the close of each quarter of each fiscal year of the Company, unaudited consolidated and consolidating balance sheets of the Company and of each of its Subsidiaries as of the last day of such quarter and unaudited consolidated and consolidating statements of income and retained earnings and cash flows of the Company and of each of its Subsidiaries for such quarter and for the period from the beginning of the fiscal year to the end of such quarter, each such balance sheet and statement of income and retained earnings and changes in financial position to be certified by the chief executive officer and the chief financial officer of the Company, in his individual capacity, as fairly presenting in all material respects the financial condition and results of operation of the Company or such Subsidiary, provided that any such certificate may state that the accompanying balance sheet and statements are subject to normal year-end adjustments.

5.2 Corporate Existence and Business. Maintain, and cause each Subsidiary to maintain, its separate corporate, limited liability company or partnership existence, as applicable, and its qualification and good standing in all States in which the failure to so qualify or be in good standing could reasonably be expected to have a Material Adverse Effect; and carry on business of the same general types presently conducted by it.

5.3 Insurance. Maintain, and cause each Subsidiary to maintain, insurance to such extent and covering such risks as shall be required by law or by any agreement to which the Company or such Subsidiary is a party, and in any event, insurance with such limits and covering such risks as is customary for companies engaged in the same or a similar business in the same general areas, and cause each such policy to be endorsed to provide Purchaser at least thirty (30) days' prior written notice of any cancellation, non-renewal or amendment. Promptly give notice to Purchaser of any cancellation or lapse in coverage of any policy of insurance maintained by the Company or any Subsidiary

5.4 Access to Properties and Information. (a) Provide and cause its Subsidiaries to provide such information concerning the operations of the Company and of its Subsidiaries as Purchaser may from time to time reasonably request in writing; (b) upon reasonable advance notice permit, and cause each Subsidiary to permit, representatives of Purchaser full and free access during normal business hours to its management personnel, properties, books and records, allow and cause each Subsidiary to allow the members of its management to discuss the affairs, finances and business of the Company and such Subsidiary with Purchaser, and permit and cause each Subsidiary to permit Purchaser to consult with and advise its directors and officers on the management of its business; and (c) upon request by a Purchaser, direct, and cause each Subsidiary to direct, its independent accountants to discuss the affairs, finances and business of the Company and its Subsidiaries with Purchaser.

5.5 Notices. Promptly give notice to Purchaser of (a) any litigation, proceeding, investigation or claim that relates in whole or in part to this Agreement or any of the Notes and the Warrants, (b) any litigation, proceeding, investigation or claim against or, after the Company becomes aware of the same, affecting the Company or any Subsidiary that can reasonably be expected to materially adversely affect the financial condition or business of, or to result in a material liability of or judgment or order against, the Company and its Subsidiaries (taken as a whole), whether or not covered by insurance, or (c) the occurrence or claimed occurrence of an Event of Default specified in Section 7. The Company shall furnish to Purchaser from time to time all information that Purchaser shall reasonably request with respect to the status of any such litigation, proceeding, investigation or claim to which the Company or any Subsidiary is a party.

5.6 Obligations. Pay, discharge or otherwise satisfy, and cause each Subsidiary to pay, discharge or otherwise satisfy, all its obligations and liabilities, whether for labor, materials, supplies, services or anything else, before they become delinquent, except to the extent that (a) appropriate reserves therefor have been provided on its books and the validity or amount of such liability or obligation is being contested in good faith and by appropriate proceedings, and (b) the failure to pay or discharge the same could not reasonably be expected to have a Material Adverse Effect.

5.7 Maintenance of Property. Maintain, keep and preserve, and cause each Subsidiary to maintain, keep and preserve, all of its properties used or useful in its business in good repair, working order and condition (ordinary wear and tear excepted) and from time to time make all necessary and proper repairs, renewals, replacements and improvements thereto; and maintain, preserve and protect all licenses, copyrights, patents and trademarks owned or held under license and material to the business of the Company or any Subsidiary (excluding any owned by suppliers of the Company and its Subsidiaries).

5.8 Maintenance of Records. Keep and cause its Subsidiaries to keep proper books of record and account in which full, true and correct entries will be made, in accordance with generally accepted accounting principles, of all dealings or transactions of or in relation to the business and affairs of the Company and its Subsidiaries.

5.9 Compliance with Applicable Law. Comply, and cause each Subsidiary to comply, with each statute, law, rule, regulation, order or other governmental requirement, noncompliance with which (in any one instance or in the aggregate) is reasonably likely to materially and adversely affect (a) the business, operations, property or financial condition of the Company and its Subsidiaries taken as a whole, or (b) the Company's ability to perform its obligations under the Transaction Documents.

5.10 Further Assurances. Execute and deliver or cause to be executed and delivered such further instruments and do or cause to be done such further acts as may be reasonably necessary to carry out this Agreement.

Section 6. Negative Covenants. The Company covenants and agrees that it will not:

6.1 Liens and Encumbrances. Contract, create, incur, assume or suffer to exist, or permit any of its Subsidiaries to contract, create, incur, assume or suffer to exist, any mortgage, pledge, security interest, lien or other charge or encumbrance of any kind (including the charge upon property purchased under any conditional sale or other title retention agreement) upon or with respect to any of its or their property or assets, whether now owned or hereafter acquired, except:

6.1.1 Liens in connection with worker's compensation, unemployment insurance or other social security or similar obligations;

6.1.2 Deposits or pledges securing the performance of bids, tenders, contracts (other than deposits of cash to secure the payment of money by the Company or any of its Subsidiaries), leases, statutory obligations, surety and appeal bonds and other obligations of like nature made in the ordinary course of business;

6.1.3 Mechanics', carriers', landlords', warehousemen's, workers', materialmen's or other like liens arising in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith;

6.1.4 Liens for truces, assessments, levies or governmental charges imposed upon the Company or its Subsidiaries or their respective properties, operations, income, products or profits, which shall not at the time be due or payable or if the validity thereof is being contested in good faith by appropriate proceedings;

6.1.5 Reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions and other similar title exceptions or encumbrances affecting real property which do not materially detract from the value of the property affected or materially interfere with the ordinary conduct of the business of the Company or any Subsidiary;

6.1.6 Attachment, judgment and other similar liens arising in connection with court proceedings, provided that the execution or other enforcement thereof is effectively stayed (including stays resulting from the filing of an appeal) within sixty (60) days and the claims secured thereby are being contested in good faith by appropriate proceedings;

6.1.7 Capital lease obligations or security interests securing purchase money indebtedness not otherwise prohibited hereunder, provided that such security interests do not extend or attach to assets other than those acquired with the proceeds of such indebtedness;

6.1.8 Leases of real property; and

6.1.9 Liens existing on the date hereof and set forth in the Disclosure Reports.

6.2 Loans. Lend money or credit, or make or permit to be outstanding loans or advances, to any person, firm or corporation or other enterprise, or permit any Subsidiary to lend, make or permit any of the foregoing, except (a) loans or advances in the nature of deposits or prepayments to subcontractors, suppliers and others in the ordinary course of business, (b) loans or advances between Subsidiaries and the Company, between Subsidiaries, and (c) loans or advances to employees, not exceeding $10,000 in the aggregate at any one time outstanding.

6.3 Liquidation or other Disposition of Business. Except in connection with any merger or consolidation of the Company with one or more of its Subsidiaries or the Subsidiaries with one or more other Subsidiaries, (a) wind up, liquidate its affairs or dissolve, or permit any Subsidiary to do so; enter into any transaction of merger or consolidation or permit any Subsidiary to do so, or (b) convey, sell, lease or otherwise dispose of all or (except inventory sold in the ordinary course of business) any substantial part of its assets or properties, or permit any Subsidiary to do so.

6.4 Indebtedness. Directly or indirectly create, incur or assume, or otherwise be, become or remain liable on, or permit any Subsidiary to do so, any indebtedness for borrowed money or the deferred purchase price of property, any other liability evidenced by bonds, debentures, notes or similar instruments, or under leases required to be capitalized in accordance with GAAP, except for indebtedness evidenced by the Notes or otherwise contemplated by this Agreement.

6.5 Affiliates. Purchase, acquire or lease any property from, or sell, transfer or lease any property to, or permit any Subsidiary to do so, any Affiliate except (a) in transactions which are on terms comparable in all material respects to the terms which would prevail in an arm's-length transaction between unaffiliated third parties, and (b) in transactions between the Company and any Subsidiary, or between Subsidiaries, not otherwise prohibited by this Agreement.

6.6 ERISA. Terminate or withdraw, or permit any Subsidiary to terminate or withdraw, from any plan defined in Section 4021(a) of ERISA in respect of which the Company or any Subsidiary is an "employer" or a "substantial employer" as defined in Sections 3(5) and 4001(a)(2) of ERISA, respectively, so as to result in any material liability of the Company or any of its Subsidiaries to the PBGC pursuant to Subtitle A of Title IV of ERISA or material liability of the Company or any of its Subsidiaries to such plan; engage, or permit any Subsidiary to engage, in any "prohibited transaction" (as defined in Section 4975 of the Code) involving any such plan which would result in a material liability for an excise tax or civil penalty in connection therewith; incur or suffer to exist, or permit any Subsidiary to incur or suffer to exist, any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, involving any such plan; incur, or permit any Subsidiary to incur, any withdrawal liability in connection with a "complete withdrawal" or a "partial withdrawal", as defined in Sections 4203 and 4205, respectively, of ERISA, with respect to any multiemployer plan as defined in Section 3(37) of ERISA; establish, or permit any Subsidiary to establish, any new employee pension benefit plans; or increase or permit any Subsidiary to increase the benefits under any employee pension benefit plans.

Section 7. Events of Default. In the event that:

7.1 The Company fails to pay (a) any principal of any Note when such amount becomes due in accordance with the terms thereof, or (b) any interest on any Note or any other payment of money required to be made to any of Purchaser hereunder, within three (3) days after such amount becomes due in accordance with the terms hereof; or

7.2 Any representation or warranty made to Purchaser in this Agreement or in any certificate, agreement or instrument executed and delivered to Purchaser by the Company or any Subsidiary or by its accountants or officers pursuant to this Agreement is false, inaccurate or misleading in any material respect on the date as of which made; or

7.3 (a) the Company defaults in the performance of any term, covenant, agreement, condition, undertaking or provision of Section 6 hereof, or (b) the Company defaults in the performance of any other term, covenant, agreement, condition, undertaking or provision of this Agreement, any of the Notes or any other agreement or instrument executed and delivered to any of Purchaser (or their agent) by the Company as provided in this Agreement or in connection with the transactions contemplated in this Agreement, and such default is not cured or waived within thirty (30) days after the Company receives notice of such default from Purchaser or from a third party; or

7.4 the Company fails to pay any principal of or interest on any of its other material indebtedness for a period longer than the grace period, if any, provided for such payment; or

7.5 a Change of Control Transaction occurs; or

7.6 (a) One or more final judgments, decrees or orders shall be entered against the Company or any Subsidiary involving in the aggregate a liability (not fully covered by insurance other than applicable deductibles) of $100,000 or more and all such judgments, decrees or orders shall not have been vacated, paid or discharged, dismissed, or stayed or bonded pending appeal (or other contest by appropriate proceedings) within sixty (60) days from the entry thereof, (b) pursuant to one (I) or more judgments, decrees, orders, or other proceedings, whether legal or equitable, any warrant of attachment, execution or other writ is levied upon any property or assets of the Company or any Subsidiary and is not satisfied, dismissed or stayed (including stays resulting from the filing of an appeal) within sixty (60) days, (c) all or any substantial part of the assets or properties of the Company or any Subsidiary are condemned, seized or appropriated by any government or governmental authority, or (d) any order is entered in any proceeding directing the winding up, dissolution or split-up of the Company or any Subsidiary; or

7.7 (a) Any event occurs of a type described in Section 4043(b) of ERISA with respect to, or any proceedings are instituted by the PBGC to have a trustee appointed to administer or to terminate, any plan referred to in Section 6.6 hereof, of the Company or any Subsidiary, which event or institution of proceedings is, in the reasonable opinion of Purchaser, reasonably likely to result in a termination of such plan and to have a material adverse effect upon the business, operations, assets or financial condition of the Company and its Subsidiaries as a consolidated entity, or (b) a trustee shall be appointed by a United States District Court to administer any such plan with vested unfunded liabilities that are material in relation to the business operations, assets or financial condition of the Company and its Subsidiaries as a consolidated entity; or

7.8 The Company (a) commences any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or (b) is the debtor named in any other case, proceeding or other action of a nature referred to in clause (a) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged or unbonded for a period of sixty (60) days, or (c) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence to, any order, adjudication or appointment of a nature referred to in clause (a) or (b) above, or (d) shall generally not be paying, shall be unable to pay, or shall admit in writing its inability to pay its debts as they become due, or (e) shall make a general assignment for the benefit of its creditors; or

7.9 On or at any time after the Closing Date (a) any of the Transaction Documents for any reason, other than a partial or full release in accordance with the terms thereof, ceases to be in full force and effect or is declared to be null and void, or (b) the Company contests the validity or enforceability of any Transaction Document in writing or denies that it has any further liability under any Transaction Document to which it is party, or gives notice to such effect;

then, and in any such event (an "Event of Default"), (x) if such event is of the type described in Section 7.8, the Notes shall automatically become due and payable, or (y) in any other such event, and at any time thereafter, if such event shall then be continuing, subject to the provisions of Section 8, Purchaser may, by written notice to the Company, declare due and payable the principal of, and interest on, the Notes held by Purchaser, whereupon the same shall be immediately due and payable. In the event that any of the Notes becomes or is declared due and payable prior to its stated maturity, the same shall become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

Section 8. Effectiveness of Covenants: Consents.

8.1 Effectiveness of Covenants. The covenants contained in this Agreement shall continue in full force and effect until the Notes and all other indebtedness outstanding under this Agreement are paid in full whereupon they shall terminate and be of no further force or effect, except that the covenants enumerated in the next sentence shall continue in full force and effect with respect to Purchaser holding Warrants and Warrant Shares after the payment of the Notes and such other indebtedness. Any holder of Warrants or Warrant Shares who does not also hold a Note shall be deemed a Purchaser hereunder with respect to such holder's ownership of Warrants or Warrant Shares solely for the purposes of Sections 5.1.1, 5.1.2, 5.4, 5.5, 6.5, 8, 9, 10, 11, and 12.

8.2 Consents and Waivers. Any provision in this Agreement to the contrary notwithstanding, with the written consent of Purchaser, the Company may be relieved from the effect of any Event of Default or from compliance with any covenant, agreement or undertaking contained herein or in any instrument executed and delivered as herein provided, except the provisions for the payment or prepayment of the Notes, and the provisions of the Warrants.

Section 9. Investment Representation. Purchaser acknowledges (a) that the Notes and the other Securities being acquired by Purchaser are not being and will not be registered under the Securities Act on the ground that the issuance thereof is exempt from registration under Section 4(2) of the Securities Act as not involving any public offering, and (b) that the Company's reliance on such exemption is predicated in part on the representation hereby made to the Company by Purchaser that it is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act, and is acquiring the Notes and the other Securities for investment for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same, subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be within its control. Purchaser is not aware of any particular occasion, event or circumstance upon the occurrence or happening of which it intends to dispose of the Notes or other Securities.

Section 10. Transfers; Replacement of Notes.

10.1 Transfers. Purchaser shall be entitled to assign and transfer all or any part of its Notes or Warrants, or any interest or participation therein, and its related rights under this Agreement; and upon the assignment or transfer by Purchaser of all or any part of its Notes or Warrants or its interest therein (except in public offering registered under the Securities Act, or a sale pursuant to Rule 144 thereunder), the term "Purchaser" as used herein shall thereafter include, to the extent of the interest so assigned or transferred, the assignee or transferee of such interest.

10.2 Issuance of New Notes. The Company will at any time, at its expense, at the request of a holder of a Note, and upon surrender of such Note for such purpose, issue a new Note or Notes in exchange therefor, payable to the order of the holder or such person or persons as may be designated by such holder, dated the last date to which interest has been paid on the surrendered Note, or, if such exchange shall take place prior to the due date of the first interest payment, the date of issuance of such original Note, in such denominations as may be requested, in an aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and substantially in the form of such Note with appropriate revisions. Upon such exchange the term "Note" as used herein shall include such new Note or Notes.

10.3 Replacement of Notes. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Note and, if requested in the case of any such loss, theft or destruction, upon delivery of an indemnity bond or other agreement or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of such Note, the Company will issue a new Note, of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note; provided, however, if any Note of which Purchaser, its nominee, or any of its partners is the holder is lost, stolen or destroyed, the affidavit of an authorized partner or officer of the holder setting forth the circumstances with respect to such loss, theft or destruction shall be accepted as satisfactory evidence thereof, and no indemnification bond, or other security shall be required as a condition to the execution and delivery by the Company of a new Note in replacement of such lost, stolen or destroyed Note other than the holder's written agreement to indemnify the Company.

Section 11. Judicial Proceedings.

11.1 Each of the parties hereto irrevocably and unconditionally agrees to be subject to the exclusive jurisdiction of any Arizona State or Federal court sitting in the City of Phoenix over any suit, action or proceeding arising out of or relating to this Agreement or any of the Notes, Warrants or other Transaction Documents. To the fullest extent it may effectively do so under applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

11.2 The Company agrees, to the fullest extent they may effectively do so under applicable law, that a judgment in any suit, action or proceeding of the nature referred to in Section 11.1 brought in any such court shall, subject to such rights of appeal on issues other than jurisdiction as may be available, be conclusive and binding upon the Company and may be enforced in the courts of the United States of America or the State of Arizona (or any other courts to the jurisdiction of which the Company is or may be subject) by a suit upon such judgment.

11.3 Each of the parties hereto hereby irrevocably and unconditionally agrees (1) to the extent such party is not otherwise subject to service of process in the State of Arizona, to appoint and maintain an agent in the State of Arizona as such party's agent for acceptance of legal process, and (2) that, to the fullest extent permitted by applicable law, service of process may also be made on such party by prepaid certified mail with a proof of mailing receipt validated by the United States Postal Service constituting evidence of valid service, and that service made pursuant to (1) or (2) above shall, to the fullest extent permitted by applicable law, have the same legal force and effect as if served upon such party personally within the State of Arizona.

11.4 Nothing in this Section 11 shall affect the right of any of Purchaser to serve process in any manner permitted by law, or limit any right that any of Purchaser may have to bring proceedings against the Company in the courts of any jurisdiction or to enforce in any lawful manner a judgment obtained in one (1) jurisdiction in any other jurisdiction.

11.5 THE COMPANY HEREBY EXPRESSLY WAIVES ANY RIGHTS IT MAY HAVE NOW OR HEREAFTER TO A JURY TRIAL IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE NOTES, THE WARRANTS OR THE OTHER TRANSACTION DOCUMENTS.

11.6 Upon breach or default by the Company with respect to any obligation hereunder, under the Notes, the Warrants or other Transaction Documents, Purchaser (or their agents) shall be entitled to protect and enforce their rights at law, or in equity or by other appropriate proceedings for specific performance of such obligation, or for an injunction against such breach or default, or in aid of the exercise of any power or remedy granted hereby or thereby or by law.

Section 12. Miscellaneous.

12.1 Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be in writing and shall be deemed to have been given or made, and all financial statements, information and the like required to be delivered hereunder shall be deemed to have been delivered, five (5) days after deposited in the mails, registered or certified with postage prepaid, addressed to the Company at 6240 McLeod Drive, Suite 120, Las Vegas, Nevada 89120, Attn: Accounting Department, and to Purchaser at 535 Burleigh Private, Ottawa Ontario K1J 1J9, Canada, or to such other address as any of them shall specify in writing to the other. No or method of giving notice is hereby precluded. Upon the reasonable request of Purchaser, the Company will deliver to Purchaser, at the Company's expense, additional copies of all financial statements, information and the like required hereunder.

12.2 Cumulative Remedies. Etc. No failure or delay on the part of any of Purchaser in exercising any right, power or privilege hereunder, and no course of dealing between the Company and Purchaser, or any of them, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the simultaneous or later exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which Purchaser, or any of them, would otherwise have. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Purchaser, or any of them, to take any other or further action in any circumstances without notice or demand.

12.3 No Oral Changes; Assignment; Survival of Representations . This Agreement may not be changed or terminated orally. This Agreement shall be binding upon the Company and Purchaser and its successors and assigns. Neither the Company nor Purchaser shall not make any assignment of its rights under this Agreement, the Notes, the Warrants or other Transaction Documents or subject this Agreement, the Notes, the Warrants or other Transaction Documents or its rights hereunder to any lien or security interest of any kind whatsoever; and any such assignment, lien or security interest shall be absolutely void and unenforceable as against Purchaser. All agreements, representations and warranties made herein or in writing otherwise in connection herewith shall survive the issuance of the Notes and the Warrants.

12.4 Expenses. Each of the parties hereto agrees to pay all of its expenses arising in connection with the negotiation, preparation, execution, delivery, administration, exercise of rights under and enforcement of, and any amendment, supplement or modification to, or waiver of any provision of, this Agreement, the Notes, the Warrants, and the Transaction Documents, including without limitation all documentary, stamp and similar taxes and assessments, all recording and filing fees and taxes charged by any governmental authority.

12.5 GAAP. All calculations after the Closing Date shall be made and all financial statements and data generated after the Closing Date and required hereby shall be prepared in accordance with GAAP (as in effect at the date of preparation) consistently applied, except as otherwise expressly provided herein.

12.6 Indemnification Generally. The Company and the Subsidiaries (collectively "Indemnifying Parties") agree to indemnify and hold harmless Purchaser, their respective Affiliates, partners, subsidiaries, directors, officers, employees, agents and representatives (collectively, the "Indemnified Parties") to the maximum extent permitted by law, from and against any and all liability (including, without limitation, reasonable legal fees incurred in defending against any such liability) under, arising out of or relating to this Agreement, the Notes, the Warrants and the other Transaction Documents, the transactions contemplated hereby or thereby or in connection herewith or therewith, and all action or failures to act and the transactions contemplated thereby, including (to the maximum extent permitted by law) any liability arising under Federal or state securities laws, except to the extent such liability shall result from any act or omission on the part of the Indemnified Parties constituting willful misconduct or gross negligence or the inaccuracy of representations in Section 9. The rights and obligations of the Indemnifying Parties under this Section 12.6 shall survive and continue to be in full force and effect notwithstanding the Notes not having been purchased, the repayment of the Notes, the expiration or repurchase of the Warrants or Warrant Shares and the termination of this Agreement. The Indemnifying Parties shall not be liable to the Indemnified Parties for any punitive, exemplary or consequential damages as a result of the transactions contemplated by this Agreement or the Transaction Documents.

12.7 Governing Law. This Agreement shall be governed by and construed in accordance with the Jaws of the State of Nevada, without regard to principles of conflict of laws. The parties hereto hereby declare that it is their intention that this Agreement shall be regarded as made under the laws of the State of Nevada and that the laws of said State shall be applied in interpreting its provisions in all cases where legal interpretation shall be required.

12.8 Execution of Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by the parties' exchange of signature pages via facsimile, pdf or similar electronic transmission, and any executed signature pages exchanged in such fashion shall be deemed originals for all purposes.

12.9 Public Announcements. None of the parties hereto shall issue any press release or other public statement concerning the transactions provided for in this Agreement without the prior consent of the other parties, except to the extent required by applicable law, regulation or legal process.

12.10 Captions: Gender. The descriptive headings of the Sections of this Agreement are inserted for convenience only and shall not affect the meaning, construction or interpretation of any of the provisions hereof. The use of the masculine form of a pronoun shall be deemed, where appropriate, to include the masculine and feminine forms of such pronoun.

12.11 Legends. Certificates evidencing the Securities issued upon any conversion of the Notes and/or exercise of the Warrants shall bear the following restrictive legend, in addition to any other legends determined to be necessary or appropriate in the Company's reasonable discretion:

> THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND 1N ACCORDANCE WITH APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT.

12.12 NASDAQ and Stockholder Approval Matters. The Company covenants and agrees to use commercially reasonable efforts to obtain, as promptly as practicable, any approvals of the Company's stockholders required under the Company's Organizational Documents, applicable law and/or the listing rules and regulations of the NASDAQ Capital Market in connection with the transactions contemplated by this Agreement. Following such approval (if obtained via written consent in compliance with the Company's Organizational Documents and applicable law), the Company covenants and agrees to use commercially reasonable efforts to file with the SEC, as promptly as practicable, an Information Statement on Schedule 14C describing this Agreement and the transactions contemplated hereby. The parties acknowledge and agree that Purchaser shall not be entitled to convert any Notes, or exercise any Warrants, into shares of Common Stock, unless and until (a) any required stockholder approvals are obtained and (b) the time period prescribed by Rule 14c-2 promulgated under the Exchange Act has expired. Without limiting the generality of the foregoing, unless and until stockholder approval of the transactions contemplated by this Agreement is obtained by the Company, in no event shall Purchaser be entitled to convert any Notes, or exercise any Warrants, to the extent that any such conversion or exercise would result in Purchaser acquiring in such transactions a number of shares of Common Stock exceeding 19.99% of the number of shares of Common Stock issued and outstanding immediately prior to the Effective Date. Purchaser shall not be entitled to vote any shares of Common Stock acquired by it pursuant to this Agreement or the other Transaction Documents in connection with any such stockholder approval sought by the Company.

12.13 Anti-Dilution. If, within the two (2)-year period following the issuance of any Note, the Company issues shares of its capital stock in connection with a financing or an acquisition of, or merger or consolidation with, another entity ("New Shares") at a price that is less than the applicable conversion price or exercise price actually paid by Purchaser for any Conversion Shares or Warrant Shares obtained pursuant to such Note (or the Warrant issuable upon conversion of such Note), as applicable ("New Price"), then within ten (10) Business Days of such issuance, Purchaser shall be issued, without payment of any additional consideration, additional shares of Common Stock so that such new shares when combined with the Conversion Shares and/or Warrant Shares issued to Purchaser upon conversion of the applicable Notes and/or exercise of the applicable Warrants would equal the number of shares of Common Stock Purchaser would have received had the applicable conversion price and/or exercise price been the New Price. Notwithstanding the foregoing, the New Price may not be less than $0.70 per share. Notwithstanding the foregoing or anything in this Agreement to the contrary, the following shall not be considered "New Shares" for purposes of this Section 12.13 (collectively, the "Excluded Issuances" and each an "Excluded Issuance"):

12.13.1 shares of capital stock issued upon conversion of, or exchange for, any outstanding {a) shares of any preferred stock, (b) options, or (c) securities of the Company convertible into or exercisable for shares of the Company's, in all cases that are outstanding as of the First Closing Date;

12.13.2 restricted stock or options issued to directors, officers, employees or consultants of the Company pursuant to the Company's existing stock incentive plan or any future stock incentive plan approved by the Company's board of directors and stockholders;

12.13.3 shares of Common Stock issued to officers, directors, employees, consultants, service providers or vendors in lieu of cash payments otherwise due;

12.13.4 warrants or convertible securities issued or issuable to banks, equipment lessors, lenders or other financial institutions, or to real property lessors or in connection with a financing; or

12.13.5 any securities deemed in writing to not be New Shares by Purchaser.

12.14 Preparation of Document/Independent Counsel. After Purchaser and the Company negotiated among themselves, this Agreement was prepared by Snell & Wilmer L.L.P, as legal counsel to the Company. Snell & Wilmer L.L.P. has not acted as legal counsel to any other party, including Purchaser. Purchaser acknowledges that it has had the opportunity to review this Agreement with its own legal counsel.

[Remainder of Page Intentionally left Blank; Signature Page Follows]

If you are in agreement with the foregoing, please sign in the space provided below.

COMPANY:

LIVEDEAL, INC., a
Nevada corporation

By: /s/ Tony
Isaac
Name: Tony Isaac
Its: V.P. Operation

The foregoing is **hereby accepted and agreed to, as of the date first above written, by Purchaser signing below:**

PURCHASER:

_____

By: /s/ Tudor Minai Gavura
Name: Tudor Minai Gavrua
Its: Presidene

[Signature Page - Convertible Note Purchase Agreement]

EXHIBIT A

Form of Note

(See attached)

EXHIBIT B

Form of Warrant

(See attached)

Exhibit 10.7a

LIVEDEAL, INC.

AMENDMENT NO. 1
TO
CONVERTIBLE NOTE PURCHASE AGREEMENT

Up to $10,000,000 Principal Amount
Convertible Notes

October 29, 2014

Kingston Diversified Holdings LLC
535 Burleigh Private
Ottawa, Ontario K1J 1J9
Canada

This is Amendment No. 1 (the "Amendment") to that certain Convertible Note Purchase Agreement, dated January 7, 2014, by and between the undersigned, LiveDeal, Inc., a Nevada corporation (the "Company"), and Kingston Diversified Holdings LLC (the "Purchaser"). Pursuant to such Agreement, the Company proposed to issue and sell to the Purchaser for cash up to $5,000,000 in principal amount of the Company's Convertible Notes (collectively, the "Notes"). The Notes were to be issued pursuant to and subject to the terms and conditions of such Agreement (the terms "Agreement" or "Purchase Agreement" as used therein or in any Exhibit or Schedule thereto shall mean such Agreement and the Exhibits and Schedules thereto individually and collectively as they may from time to time be modified or amended). As of the end of the Company's 2014 fiscal year, the Company had not issued and sold any Notes to the Purchaser.

1. Explanatory Provisions. This Amendment (i) increases the maximum principal amount of the Notes to $10,000,000 in principal amount, (ii) eliminates the original issue discount provision of Section 1.2(a) of the Agreement and replaces it with an execution payment, as set forth in Section 3 of this Amendment, and (iii) provides certain additional adjustments to the Note Conversion Price and to the Warrant Exercise Price. The Amendment shall not become effective unless, on or before November 30, 2014, the Company shall have issued and sold Notes to the Purchaser in the aggregate principal amount of not less than $100,000. Except as otherwise specifically set forth in this Amendment, all of the definitions, obligations, terms, and conditions set forth in the Agreement remain unaltered and in full force and effect.

2. Conditions Precedent and Subsequent Deemed Modifications. Although the Company may now issue and sell Notes to the Purchaser in excess of an aggregate of $5,000,000 in principal amount up to a maximum of $10,000,000 in principal amount, the conversion provisions thereof and the contingent grants of Warrants as referenced therein shall be stayed unless and until the Company shall have complied with the approval provisions set forth in Section 12.12 of the Agreement, which provisions shall be deemed to apply to such incremental Notes and related Warrants; provided, however, that the Company need not commence its commercially reasonable efforts to obtain any approvals of its stockholders required under the Company's Organizational Documents, applicable law and/or the listing rules and regulations of the NASDAQ Capital Market in connection with the transactions contemplated by this Amendment until fifteen (15) calendar days following the filing of its Annual Report on Form 10-K. for its fiscal year ended September 30, 2014; provided, further, that the Company may use a Proxy Statement for a regular or special meeting of its stockholders in lieu of an Information Statement as so specified in Section 12.12 of the Agreement. Unless otherwise specified in the Amendment, until all of such approvals in connection with this Amendment have been obtained, the terms and conditions of any Notes issued or issuable shall be in accordance with the terms and conditions of the Agreement. From and after the date on which such approvals have been obtained, the terms and conditions of any then-issued and outstanding Notes and, if granted in connection with the conversion of any Notes, the terms and conditions of any such related Warrants then outstanding shall be deemed modified to comply with the terms and conditions set forth in this Amendment as if such outstanding Notes or Warrants had been issued or granted, as applicable, on such date.

3. Payment of Purchase Price [Subsection 1.2(a)]; Initial Conversion Payment. Section 1.2(a) of the Agreement is hereby deleted in full. Not later than three (3) Business Days after the first conversion by the Purchaser of any of the Notes, the Company shall cause to be delivered to the Purchaser that number of unregistered, restricted shares of the Company's common stock as shall equal five percent (5%) of the quotient of $10,000,000 divided by the Note Conversion Price in respect of such first conversion. Unless and until the occurrence of such conversion, the Company shall not owe any Initial Conversion Payment or equivalent to the Purchaser.

4. Additional Adjustments To Note Conversion Price. In addition to, and without modification of, any other provision of Section 2.3 of the Note, this Amendment will add a new subsection (e) thereto to read as follows: "So long as this Note is outstanding, the Conversion Price then in effect shall be subject to successive adjustments, on a continuous basis, in the event that the mean average of the daily VWAP for any ten (10) consecutive Business Days is less than the then current Conversion Price. In each such event, the Conversion Price shall be reduced to such mean average. Notwithstanding the foregoing, in no event shall the Conversion Price (i) be increased by any subsequent increase in such ten (10)-Business day VWAP following any reduction in the Conversion Price or (ii) be reduced below $0.70 per share pursuant to this Section 2.3(e), as such per-share "floor" price may be adjusted by any forward splits or reverse splits or consolidations that may occur from and after the date of the Purchase Agreement. For the sake of clarity, the provisions of this Section 2.3(e) are in addition to (not in lieu of) the provisions set forth in Section 12.13 of the Purchase Agreement."

5. Additional Adjustments to Warrant Exercise Price. In addition to, and without modification of, any other provision of Section 11 of the Warrant, this Amendment will add a new subsection (j) thereto to read as follows: "So long as this Warrant is outstanding, the Exercise Price then in effect shall be subject to successive adjustments, on a continuous basis, in the event that the mean average of the daily VWAP for any ten (10) consecutive Business Days is less than the then-current Exercise Price. In each such event, the Exercise Price shall be reduced to such mean average. Notwithstanding the foregoing, in no event shall the Exercise Price (i) or (ii) be reduced below $0.77 per share pursuant to this Section 11(j), as such per-share "floor" price may be adjusted by any forward splits or reverse splits or consolidations that may occur from and after the date of the Purchase Agreement. For the sake of clarity, the provisions of this Section 11(j) are in addition to (not in lieu of) the provisions set forth in Section 12.13 of the Purchase Agreement."

6. Incorporation Of All Miscellaneous Provisions. All of the Miscellaneous provisions of the Agreement, with the sole exception of Section 12.14, are incorporated herein by reference as if set forth in full hereat.

7. Preparation of Amendment/Independent Counsel. After Purchaser and the Company negotiated between themselves, this Amendment was prepared by Baker & Hostetler LLP, as special counsel to the Company. Baker & Hostetler LLP has not acted as legal or business counsel to any other party, including Purchaser. Purchaser acknowledges that it has had the opportunity to review this Agreement with its own legal and business counsel.

If you are in agreement with the foregoing, please sign in the space provided below.

COMPANY:

LIVEDEAL, INC., a Nevada corporation

By: /s/ Jon Isaac
Name: Jon Isaac
Its: Chief Executive Officer

The foregoing is hereby accepted and agreed to, as of the date first above written, by Purchaser signing below:

PURCHASER:

KINGSTON DIVERSIFIED HOLDINGS LLC

By: /s/ Tudor Mihai Gavrila
Name: Tudor Mihai Gavrila
Its: Managing Member

Exhibit 10.7b

LIVE VENTURES INCORPORATED

AMENDMENT NO. 2
TO
CONVERTIBLE NOTE PURCHASE AGREEMENT

Up to $10,000,000 Principal Amount
Convertible Notes

Kingston Diversified Holdings LLC
13223 Black Mountain Road, Suite 298
San Diego, California 92129

This is Amendment No. 2 (this "Second Amendment") to that certain Convertible Note Purchase Agreement, dated January 7, 2014, and amended as of October 29, 2014, by and between the undersigned, Live Ventures Incorporated, a Nevada corporation then known as LiveDeal, Inc. (the "Company"), and Kingston Diversified Holdings LLC (the "Purchaser"). Pursuant to such Agreement as so initially amended, the Company proposed to issue and sell to the Purchaser for cash up to $10,000,000 in principal amount of the Company's Convertible Notes (collectively, the " Notes"). The Notes were to be issued pursuant to and subject to the terms and conditions of such Agreement, as so initially amended (the terms "Agreement" or "Purchase Agreement" as used therein or in any Exhibit or Schedule thereto shall mean such Agreement, as so initially amended, and the Exhibits and Schedules thereto, individually and collectively, as they may from time to time thereafter be modified or amended). As of the date hereof, the Company is not obligated under any Notes to the Purchaser.

1. Explanatory Provisions. This Amendment is executed this 21st day of December, 2016, and memorializes (i) the October 2015 interim agreement of the parties to extend the Maturity Date by 12 months as a compromise between the parties in respect of certain of their respective rights and duties under the Agreement, (ii) the agreement between the parties, reached as of September 15, 2016 (the "Effective Date"), that resulted from the parties' negotiations during the approximate two-month period that preceded their agreement, and (iii) the prospective exchange of all of the shares of Consideration Common Stock (as defined below) for the shares of Consideration Series B Stock (as defined below).

2. Amendment. This Amendment (i) decreases the maximum principal amount of the Notes from $10,000,000 in principal amount to $2,000,000 in principal amount, (ii) eliminates any and all actual, contingent, or other obligations of the Company to issue to the Purchaser any shares of the Company's capital stock, or to grant any rights, warrants, options, or other derivatives that are exercisable or convertible into shares of the Company's capital stock (other than (a) the previously completed conversion by the Purchaser of that certain Note dated October , 2104, into shares of the Company's common stock as of December 17, 2014, and (b) any conversion rights set forth in any Notes that may be sold by the Company to the Purchaser hereunder), and (iii) authorizes the issuance to the Purchaser of 279,441 shares of the Company's common stock (collectively, the " Consideration Common Stock"), valued (as of the Effective Date) in the aggregate at $2,800,000. The Purchaser acknowledges that (x) from and after the Effective Date through and including December 31, 2021, it shall not sell, transfer, assign, hypothecate, pledge, margin, hedge, trade, or otherwise obtain or attempt to obtain any economic value from any of such shares or any shares into which they may be converted or for which they may be exchanged, (ii) the certificate(s) representing such shares (or any conversion or exchange shares) shall bear a standard "1933 Act" legend and a supplemental legend to reflect such long-term holding restrictions, and (iii) the company's transfer agent will place stop transfer instructions on its books and records in respect of each such certificate for the duration of such long-term restriction period.

3. Exchange of Shares. The Company has advised the Purchaser that the Company expects that it will file a Certificate of Designation of a new series of Preferred Stock (Series B Preferred Stock) on or about December 27, 2016, and has provided to the Purchaser a draft of such Certificate. The Company and the Purchaser have agreed that, rather than certificating the 279,441 shares of the yet-to- be-certificated Consideration Common Stock, the Company will cause to be certificated and delivered to the Purchaser 55,888 shares of Series B Preferred Stock (the "Consideration Series B Stock") in lieu thereof as soon as practicable following the Company's filing of the Certificate of Designation with the Secretary of State for the State of Nevada.

4. Incorporation of Definitions, etc. Except as otherwise specifically set forth or memorialized in this Amendment, all of the definitions, obligations, terms, and conditions set forth in the Agreement remain unaltered and in full force and effect.

5. Incorporation Of All Miscellaneous Provisions. All of the Miscellaneous provisions of the Agreement are incorporated herein by reference as if set forth in full hereat.

6. Preparation of Amendment/Independent Counsel. After Purchaser and the Company negotiated between themselves, this Amendment was prepared by Baker & Hostetler LLP, as special counsel to the Company. Baker & Hostetler LLP has not acted as legal or business counsel to any other party, including Purchaser. Purchaser acknowledges that it has had the opportunity to review this Agreement with its own legal and business counsel.

If you are in agreement with the foregoing, please sign in the space provided below.

COMPANY:

LIVE VENTURES INCORPORATED,
a Nevada corporation

By: /s/ Jon Isaac
Name: Jon Isaac
Its: Chief Executive Officer

The foregoing is hereby accepted and agreed to by the Purchaser signing below:

PURCHASER:

KINGSTON DIVERSIFIED HOLDINGS LLC

By: /s/ Juan Yunis
Name: Juan Yunis
Its: Managing Member

Exhibit 10.22

CONFIDENTIAL

STOCK PURCHASE AGREEMENT

by and among

VINTAGE STOCK AFFILIATED HOLDINGS LLC

VINTAGE STOCK, INC.,

and

THE SHAREHOLDERS OF VINTAGE STOCK, INC.

November 3, 2016

TABLE OF CONTENTS

Index of Exhibits

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of November 3, 2016, by and among Vintage Stock Affiliated Holdings LLC, a Nevada limited liability company (the "Buyer"), Vintage Stock, Inc., a Missouri corporation (the "Company"), the trustees of the trusts (the "Trusts") that hold all of the outstanding capital stock of the Company, and the trustees of three of the Trusts, Rodney Spriggs, Kenneth Caviness, and Steven Wilcox acting in their respective individual capacities (each of the trustees and such three individuals, a "Seller," and, collectively, the "Sellers"), and Rodney Spriggs, in his capacity as the representative of the Sellers for certain purposes of this Agreement (in such capacity, the "Sellers' Representative").

WHEREAS, the Sellers collectively own, of record and beneficially, all of the issued and outstanding shares of capital stock of the Company (the "Shares"); and

WHEREAS, the Buyer desires to acquire the Shares from the Sellers and the Sellers desire to sell the Shares to the Buyer, in each case on the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual premises, covenants, and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions**.** For purposes of this Agreement, the following terms have the meanings specified in this Section:

"Accounting Referee" is defined in Section 7.2.

"Accounts Receivable" is defined in Section 3.8.

"Acquisition Proposal" is defined in Section 5.8(a).

"Affiliate" means, with respect to any Person, any other Person (i) that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, (ii) that is a general partner, director, manager, trustee, or principal officer of, or a limited partner owning more than 10% of the voting interests of, such Person, or (iii) of which such Person is a general partner, director, manager, trustee, or principal officer or a limited partner owning more than 10% of the voting interests of, such Person. For purposes of this definition, "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct, or to cause the direction of, the management or policies of the Person in question through the ownership of voting securities, by contract, or otherwise.

"Agreement" is defined in the Preamble to this Agreement.

"Allocation Schedule" is defined in Section 7.2.

"Audited Financials" is defined in Section 7.7.

"Basket" has the meaning set forth in Section 11.2(c)(i).

"Benefit Plan" has the meaning set forth in Section 3.12(a).

"Business Day" means any day other than a Saturday or a Sunday and any day other than a day that is a bank holiday in the State of Missouri or the State of Nevada.

"Buyer" is defined in the Preamble to this Agreement.

"Buyer Indemnified Party" and "Buyer Indemnified Parties" are defined in Section 11.2(a).

"Closing" is defined in Section 2.3.

"Closing Date" means the date on which the Closing occurs.

"Closing Date Balance Sheet" means the balance sheet of the Company as of immediately prior to the Closing on the Closing Date, prepared according to GAAP and on a basis consistent with the historical accounting policies, methodologies, practices, and assumptions applied by the Company, *provided* such historical policies, methodologies, practices, and assumptions are in accordance with GAAP.

"Closing Date Revolving Loan Amount" means the amount outstanding immediately prior to the Closing under the Revolving Loan.

"Closing Payment Certificate" is defined in Section 2.2(c).

"Closing Shareholder Payment Amount" is defined in Section 2.2(b).

"Closing Term Loan Payment Amount" means the aggregate amount necessary to satisfy and extinguish the Term Loan

"Company" is defined in the Preamble to this Agreement.

"Company Intellectual Property" means all Intellectual Property that is owned or held for use by the Company.

"Company IP Agreements" means all written licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions, and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), relating to Intellectual Property to which the Company is a party, beneficiary, or otherwise bound (other than Contracts pursuant to which Intellectual Property is licensed to the Company under "shrink wrap" or "click through" license agreements accompanying commercially available retail computer software or web applications that have not been modified or customized for the Company).

"Company IP Registrations" means all Company Intellectual Property owned by the Company that is subject to any issuance registration, application, or other filing by, to, or with any Governmental Body or authorized private registrar in any jurisdiction, including registered trademarks, domain names, and copyrights, issued and reissued patents, and pending applications for any of the foregoing.

"Consent" means any approval, consent, ratification, waiver, or other authorization (including any Governmental Authorization).

"Contemplated Transactions" means all of the transactions contemplated by this Agreement, including: (i) the sale of the Shares by the Sellers to the Buyer; (ii) the execution and delivery of the Transaction Documents by the parties thereto; and (iii) the performance by the Buyer, the Sellers, and the Company of their respective covenants and obligations under the Transaction Documents.

"Contracts" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures, and all other agreements, commitments, and legally binding arrangements, whether written or oral.

"Direct Claim" is defined in Section 11.3(c).

"Disclosure Schedules" means the Disclosure Schedules delivered by the Sellers to the Buyer concurrently with the execution and delivery of this Agreement.

"Dollars or $" means the lawful currency of the United States of America.

"Employment Agreements" means, collectively, the individual Employment Agreements between the Company, on the one hand, and Rodney Spriggs and Steve Wilcox, on the other hand, in the forms attached hereto as Exhibits A-1 and A-2, respectively.

"Encumbrance" means any charge, claim, community property interest, condition, equitable interest, lien, mortgage, guarantee, right of way, option, pledge, security interest, right of first refusal, or any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership other than any such items or conditions created with respect to the Financing.

"Environment" means soil, land surface, or subsurface strata, surface waters (including navigable waters, streams, ponds, drainage basins, and wetlands), groundwater, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life, and any other environmental medium or natural resource.

"Environmental, Health, and Safety Liabilities" means any cost, damage, liability, or other obligation arising under Environmental Law or Occupational Safety and Health Law and consisting of or relating to (i) any environmental, health, or safety matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products); (ii) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands, and response, investigative, remedial or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law; (iii) financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment, or other remediation or response actions ("Cleanup") required by applicable Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Body or other Person) and for any natural resource damages; or (iv) any other compliance, corrective, investigative, or remedial measures required under Environmental Law or Occupational Safety and Health Law. The terms "removal," "remedial," and "response action" include the types of activities covered by the U.S. Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq., as amended.

"Environmental Law" means any Environmental hazardous substance or pollutant Legal Requirement that requires or relates to: (i) advising appropriate authorities, employees, and the public of intended or actual releases of pollutants or hazardous substances or materials, violations of discharge limits, or other prohibitions and of the commencement of activities that could have significant impact on the Environment; (ii) preventing or reducing to acceptable levels the release of pollutants or hazardous substances or materials into the Environment; (iii) reducing the quantities, preventing the release, or minimizing the hazardous characteristics of pollutants that are generated; (iv) protecting natural resources, species, or ecological amenities; (v) reducing to acceptable levels the risks inherent in the transportation of hazardous substances, pollutants, oil, or other potentially harmful substances with respect to the Environment; (vi) cleaning up pollutants that have been released into the Environment, preventing the threat of release, or paying the costs of such clean up or prevention; or (vii) making responsible parties pay private parties for damages done to their health or the Environment, or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"ERISA Affiliate" means all employers (whether or not incorporated) that would be treated together with the Company or any of its Affiliates as a "single employer" within the meaning of Section 414 of the Code.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder, which shall be in effect at the time.

"Facilities" means any real property, leaseholds, or other interests in real property currently owned, occupied, or operated by the Company and any buildings or structures currently owned, leased, occupied, or operated by the Company.

"Final Order" means an Order of a Governmental Body that is in full force and effect and with respect to which no appeal, request for stay, request for reconsideration, or other request for review is pending; with respect to which the time for appeal, requesting a stay, requesting reconsideration, or requesting other review has expired; and with respect to which the time for the Governmental Body to set aside the order *sua sponte* has expired.

"Financial Statements" is defined in Section 3.4(a).

"Financing" is defined in Section 6.2.

"GAAP" means United States generally accepted accounting principles in effect from time to time.

"Governmental Authorization" means any approval, consent, license, permit, waiver, or other authorization issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" means any: (i) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign, or other government; (iii) governmental or quasi-Governmental Body of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (iv) multi-national governmental or quasi-governmental organization or body; or (v) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature.

"Hastings Project" means the acquisition of certain assets, leasehold interests, and other property rights of the business of Hastings Entertainment by the Company.

"Hazardous Activity" means the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, storage, transfer, transportation, treatment, or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, or about the Facilities or any part thereof or the Release about, or from the Facilities or any part thereof into the Environment, and any other act, business, activity, or operation that increases the danger, or risk of danger, or poses an unreasonable risk with respect to Hazardous Materials of harm to persons or property on or off the Facilities, or that may adversely affect the value of the Facilities currently used by the Company in any material respect.

"Hazardous Materials" means any waste or other substance that is listed, defined, designated, or classified as, or otherwise determined to be, hazardous, radioactive, or toxic or a pollutant or a contaminant under any Environmental Law, including any mixture or solution thereof.

"Improvements" is defined in Section 3.6(c).

"Indebtedness" means, other than trade payables of the Company incurred in the Ordinary Course of Business or indebtedness of the Company incurred pursuant to the Financing, (i) indebtedness for borrowed money or for the deferred purchase price of property or services, including (A) any indebtedness evidenced by a Contract, note, bond, debenture, or similar instrument, (B) accrued interest and any prepayment premiums, penalties, breakage costs, or other similar obligations in respect thereof, and (C) any guarantees or other contingent obligations in respect thereof; (ii) obligations to pay rent or other amounts under any lease of real property or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet under GAAP; (iii) obligations in respect of outstanding letters of credit, acceptances, and similar obligations created for the account of such person; and (iv) liabilities under interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements, and other hedging agreements or arrangements.

"Indemnified Party" is defined in Section 11.3.

"Indemnifying Party" is defined in Section 11.3.

"Individuals" is defined in Section 3.21(g).

"Intellectual Property" means all intellectual property and industrial property rights and assets, and all rights, interests, and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Legal Requirements of any jurisdiction throughout the United States of America, whether registered or unregistered, including any and all: (i) trademarks, service marks, trade names, brand names, logos, trade dress, design rights, and other similar designations of source, sponsorship, association, or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications, and renewals for, any of the foregoing; (ii) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Body, web addresses, web pages, websites, and related content, accounts with Twitter, Facebook, and other social media companies and the content found thereon and related thereto, and URLs; (iii) works of authorship, expressions, designs, and design registrations, whether or not copyrightable, including copyrights, author, performer, moral, and neighboring rights, and all registrations, applications for registration, and renewals of such copyrights; (iv) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections, and other confidential and proprietary information and all rights therein; (v) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions, and extensions thereof), patent applications, and other patent rights and any other Governmental Authorization indicia of invention ownership (including inventor's certificates, petty patents, and patent utility models); and (vi) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases, and other related specifications and documentation, other than "off-the-shelf" products and "shrink wrap" software licensed to the Company in the Ordinary Course of Business.

"Interim Balance Sheet" is defined in Section 3.4(a).

"Interim Balance Sheet Date" is defined in Section 3.4(a).

"IRC" means the Internal Revenue Code of 1986, as amended, or any successor law, and regulations issued by the IRS pursuant thereto.

"IRS" means the U.S. Internal Revenue Service or any successor agency, and, to the extent relevant, the U.S. Department of the Treasury.

An individual will be deemed to have "Knowledge" of a particular fact or matter if he or she is actually aware of such fact or matter or if a prudent individual in similar circumstances would become aware of such fact or matter in the course of conducting a reasonably comprehensive investigation concerning the existence of such fact or matter. "Knowledge of the Company" means the Knowledge of Rodney Spriggs, Kenneth Caviness, or Steven Wilcox.

"Leased Real Property" has the meaning set forth in Section 3.6(b).

"Legal Requirement" means any Order, constitution, law, ordinance, principle of common law, rule, regulation, statute, treaty, or other requirement or rule of law of any Governmental Body.

"Losses" means losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however,* that "Losses" shall not include punitive, incidental, consequential, special or indirect damages, except in the case of fraud or to the extent actually awarded to a Governmental Body or other third party.

"Material Adverse Effect" means any event, occurrence, fact, condition, or change that is, or could reasonably be expected to become, materially adverse to (i) the business, results of operations, condition (financial or otherwise), or assets of the Company or (ii) the ability of any Seller to consummate the Contemplated Transactions on a timely basis; *provided*, *however*, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition, or change, directly or indirectly, arising out of or attributable to: (A) general economic or political conditions; (B) conditions generally affecting the industries in which the Company operates, including increases in competition; (C) any changes in financial or securities markets in general; (D) acts of war (whether or not declared), armed hostilities, or terrorism, or the escalation or worsening thereof and any man-made disaster or acts of God; (E) any action required or permitted by this Agreement or any action taken or not taken with the written consent of or at the written request of the Buyer; (F) any changes in applicable Legal Requirements or accounting rules, including GAAP; (G) the public announcement, pendency, or completion of the Contemplated Transactions; (H) any failure, in and of itself, by the Company to meet any internal or published projections, forecasts, or revenue or earnings predictions (it being understood that the underlying facts or occurrences giving rise to such failure may be taken into account in determining whether there has been or will be, a Material Adverse Effect, other than facts or occurrences set forth in clauses (A) through (G) immediately above); or (I) any event that would otherwise constitute a material adverse effect under this definition that is subsequently materially cured by the Company or Sellers; *provided further, however*, that any event, occurrence, fact, condition, or change referred to in clauses (A) through (D) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition, or change has a disproportionate effect on the Company compared to other participants in the industries in which the Company conducts its businesses.

"Material Contracts" is defined in Section 3.16.

"Nondisclosure Agreement" means that certain Confidentiality and Non-Disclosure Agreement dated effective as of July 1, 2016 between the Company and Live Ventures Incorporated.

"Occupational Safety and Health Law" means any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (including those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"Order" means any award, decree, decision, injunction, judgment, order, ruling, subpoena, or verdict entered, issued, made, or rendered by any court, administrative agency, or other Governmental Body or by any arbitrator.

"Ordinary Course of Business" means an action taken by the Company that is consistent with the past practices of the Company and is taken in the ordinary course of the Company's normal day-to-day operations.

"Organizational Documents" means (i) the articles or certificate of incorporation and bylaws of a corporation; (ii) the articles of organization or certificate of formation or similar document and limited liability company agreement or operating agreement or similar document of a limited liability company; (iii) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person; and (iv) any amendment to any of the foregoing.

"Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or Governmental Body.

"Personally Identifiable Information" means data that identifies a particular Person, including name, address, telephone number, electronic mail address, social security number, bank account number, or credit card number.

"Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"Preamble" means the introductory paragraph to this Agreement.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"Pre-Closing Taxes" means Taxes of the Company for any Pre-Closing Tax Period.

"Privacy Statements" is defined in Section 3.21(g).

"Proceeding" means any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

"Promissory Note" is defined in Section 2.2(b).

"Purchase Price" is defined in Section 2.2(a).

"Real Property Leases" means, collectively, the leases or similar Contracts under which the Company is a lessee of, or occupies, any real property owned by any third Person required to be set forth on Section 3.6(b) of the Disclosure Schedules.

"Release" means any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping, or other releasing into the Environment, whether intentional or unintentional.

"Representative" means with respect to a particular Person, any director, officer, member, manager, employee, agent, consultant, advisor, or other representative of such Person, including legal counsel, accountants, and financial advisors.

"Required Consents" is defined in Section 7.3.

"Restricted Business" means any business that would be directly or indirectly competitive with the Company as of the Closing Date. For avoidance of doubt, "Restricted Business" shall not include any Seller providing services to the Company pursuant to an employment or consulting agreement.

"Restricted Period" is defined in Section 7.6(a).

"Revolving Loan" means the revolving loan made by Arvest Bank to the Company, loan number 4240586, pursuant to the applicable contract, note, and/or similar instrument by or between the Company and Arvest Bank.

"Section 338(h)(10) Election" is defined in Section 7.2.

"Securities Act" means the Securities Act of 1933, as amended, or any successor law, and rules and regulations issued pursuant thereto.

"Seller" and "Sellers" are defined in the Preamble to this Agreement.

"Seller Indemnified Party" and "Seller Indemnified Parties" are defined in Section 11.2(b).

"Sellers' Representative" is defined in the Preamble to this Agreement.

"Shares" is defined in the recitals to this Agreement.

"Straddle Period" is defined in Section 7.1(d).

"Tangible Shareholders' Equity" means the shareholders' equity of the Company as of immediately prior to the Closing on the Closing Date, determined in accordance with GAAP and this Agreement, excluding all goodwill and intangible assets as recorded on the books and records of the Company.

"Tax" means (i) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, *ad valorem*, value added, capital stock, franchise, profits, license, withholding, payroll, Social Security, Medicare, employment, unemployment, disability, excise, severance, stamp, occupation, premium, property, environmental, or windfall profit tax, custom, duty, or other tax, together with any interest, penalty, or addition to tax or additional amount imposed by any Governmental Body responsible for the imposition of any such tax (federal, state, local, or foreign), (ii) any liability of the Company for the payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated, consolidated, combined, or unitary group for any period prior to the Closing, or (iii) any liability of the Company for the payment of any amounts of the type described in clause (i) as a result of any express or implied obligation to indemnify any other Person, exclusive of the indemnity obligations set forth in this Agreement.

"Tax Claim" is defined in Section 7.1(f).

"Tax Return" means any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax since December 31, 2002.

"Termination Date" is defined in Section 10.1(c).

"Term Loan" means the term loan made by Arvest Bank to the Company, loan number 4335344, pursuant to the applicable Contract, note, and/or similar instrument by or between the Company and Arvest Bank.

"Terms and Conditions" is defined in Section 3.21(g).

"Territory" means each state and territory of the United States of America.

"Third Party Claim" is defined in Section 11.3(a).

A claim, Proceeding, dispute, action, or other matter will be deemed to have been "Threatened" if any demand or statement has been made in writing or any notice has been given in writing.

"Transaction Documents" means this Agreement, the Employment Agreements, and the Promissory Note.

"Transaction Expenses" is defined in Section 12.1.

"Trusts" is defined in the Preamble to this Agreement.

"Websites" means any and all Internet addresses, domain names, uniform resource locators, and websites owned, operated, or licensed by or for the benefit of the Company in connection with its business, including any content contained thereon or related thereto.

ARTICLE 2
SALE AND PURCHASE OF SHARES; CLOSING

2.1 Sale and Purchase of Shares. Subject to the terms and conditions of this Agreement, at the Closing, each Seller shall sell, assign, transfer, convey, and deliver to the Buyer the Shares owned by such Seller, free and clear of all Encumbrances, and the Buyer shall purchase the Shares from the Sellers.

2.2 Purchase Price; Payment of Purchase Price and Closing Date Revolving Loan Amount; Closing Payment Certificate.

(a) The aggregate purchase price (the "Purchase Price") for the Shares shall be the sum of $56,020,000.

(b) At the Closing:

(i) the Purchase Price shall be paid by the Buyer as follows: (A) the Transaction Expenses shall be paid by wire transfer of immediately available funds to such parties, in such amounts, and to such bank accounts as specified in the Closing Payment Certificate; (B) $10,000,000 payable by Subordinated Promissory Note in the form attached hereto as Exhibit B (the "Promissory Note"); (C) the Closing Term Loan Payment Amount shall be paid by wire transfer of immediately available funds to such account(s) as specified in the Closing Payment Certificate; (D) the aggregate amount necessary to satisfy and extinguish the aggregate amount owed under the Closing Date Revolving Loan Amount not attributable to inventory purchases, the assumption or creation of leasehold interests (including all build-out and capital improvements in connection therewith), bankruptcy proceedings, and other costs arising from the Hastings Project shall be paid by wire transfer of immediately available funds to such account as specified in the Closing Payment Certificate; and (E) the remainder of the Purchase Price (the "Closing Shareholder Payment Amount") shall be paid to the Sellers in such amounts as specified in the Closing Payment Certificate, by wire transfer of immediately available funds to the accounts specified in the Closing Payment Certificate; and

(ii) the Buyer shall pay, at its sole cost, by wire transfer of immediately available funds to such account as specified in the Closing Payment Certificate, the amount necessary to satisfy and extinguish the aggregate amount owed under the Closing Date Revolving Loan Amount attributable to inventory purchases, the assumption or creation of leasehold interests (including all build-out and capital improvements in connection therewith), bankruptcy proceedings, and other costs arising from the Hastings Project.

(c) Not later than one Business Day prior to the Closing, the Sellers' Representative will furnish to the Buyer a certificate (the "Closing Payment Certificate"), signed by the Persons who then serve as the President and Secretary of the Company, the Sellers' Representative, and each of the Sellers, dated the Closing Date, that sets forth:

(i) the Transaction Expenses of the Company to be paid pursuant to Section 2.2(b)(i)(A) (which shall constitute all Transaction Expenses of the Company and the Sellers unpaid as of the Closing), each Person entitled to a payment thereof, the amount of the payment due to such Person, and the wire instructions for such Person;

(ii) each Seller's share of the Closing Shareholder Payment Amount to be paid pursuant to Section 2.2(b)(i)(E) and the wire instructions for each Seller;

(iii) the Closing Term Loan Payment Amount and the wire instructions for the payoff thereof;

(iv) the Closing Date Revolving Loan Amount and the wire instructions for the payoff thereof; and

(v) the aggregate amount owed under the Closing Date Revolving Loan Amount attributable to inventory purchases, the assumption or creation of leasehold interests (including all build-out and capital improvements in connection therewith), bankruptcy proceedings, and other costs arising from the Hastings Project, specifying in reasonable detail the underlying costs included in such aggregate amount.

The Buyer will be entitled to rely conclusively on the amounts and other information set forth in the Closing Payment Certificate.

2.3 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at such time on the date hereof following the satisfaction or waiver of all conditions to the Closing set forth in Article 8 and Article 9 (other than those conditions that by their nature have to be satisfied at the Closing), or at such other time and date as the Buyer and the Sellers' Representative may agree.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SELLERS

Except as set forth in the Disclosure Schedules delivered by the Company and the Sellers, the Company (without any liability under Section 7.1 or Article 11 following the Closing) and the Sellers, jointly and severally, represent and warrant to the Buyer as of date hereof as set forth below in this Article 3. For the purposes of the representations and warranties set forth in this Article 3, all representations and warranties shall be deemed made with respect to periods beginning on or after December 31, 2002, unless a shorter period is expressly set forth within this Article 3, in which case the shorter time period shall apply with respect to such matter as to which it pertains; *provided*, *however*, that unless a shorter period is expressly set forth within this Article 3, to the actual knowledge of Rodney Spriggs, Kenneth Caviness, or Steven Wilcox, all of the representations and warranties set forth in this Article 3 are true and correct with respect to periods before December 31, 2002. Each exception set forth in the Disclosure Schedules is identified by reference to, or has been grouped under a heading referring to, a specific individual Section of this Agreement and relates only to such Section and such other Section for which it is readily apparent from the face of such disclosure that it also relates to such other Section.

3.1 Organization and Good Standing; Trust Matters.

(a) The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Missouri, with all requisite corporate power and authority to conduct its business as it is currently conducted and to own, lease, or use the properties and assets that it purports to own, lease, or use. The Company is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except in such jurisdictions in which the individual or collective failures to be so qualified do not constitute and would not reasonably be expected to result in a Material Adverse Effect.

(b) Each Trust was duly formed as a trust and is validly existing under the laws of its jurisdiction of its formation. Each trustee thereof has full power and authority, as trustee, (i) to own and operate the properties that he holds in trust, (ii) to conduct, as historically conducted, the relevant businesses that he holds in trust, (iii) to perform the obligations under contracts by which he, as trustee, is bound, and (iv) to own the Shares that he holds in trust. The copy of each relevant trust agreement that has been furnished to the Buyer reflects all amendments made thereto at any time prior to the date of this Agreement and is correct and complete. None of the five trustees is in default under or in violation of any provision of his respective trust agreement. The Person named on the signature page hereto as the trustee of each relevant Trust is the sole trustee thereof and has the power and authority, as trustee of such Trust, to execute and deliver this Agreement and each other document contemplated hereby.

3.2 Authority; No Conflict.

(a) This Agreement has been duly executed and delivered by the Company and the Sellers and constitutes the legal, valid, and binding obligation of the Company and the Sellers, enforceable against the Company and each Seller in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, or similar laws relating to creditors' rights generally and by equitable principles. Upon the execution and delivery by the Sellers and the Company of each other Transaction Document to which any of them is a party, such Transaction Documents will constitute the legal, valid, and binding obligations of the Sellers and the Company, as applicable, enforceable against the Sellers or the Company in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, or similar laws relating to creditors' rights generally and by equitable principles. The Company and each Seller has the requisite power and authority to execute and deliver the Transaction Documents to which it or he is a party and to perform its or his respective obligations thereunder.

(b) Except as set forth in Section 3.2(b) of the Disclosure Schedules and to the extent it, individually or in the aggregate, would not result in a Material Adverse Effect, neither the execution and delivery of this Agreement nor the consummation or performance of any of the Contemplated Transactions by the Company or any of the Sellers will, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or result in a violation of, (A) any provision of the Organizational Documents of the Company or, with respect to any Seller that is a trust, any of the terms of such trust's trust agreement or other formation documents or (B) any resolution adopted by the Board of Directors or the shareholders of the Company;

(ii) contravene, conflict with, or result in a violation of, or give any Governmental Body the right to challenge any of the Contemplated Transactions, exercise any remedy, or obtain any relief under, any Legal Requirement to which the Company, any Seller, any of the assets owned, leased, or used by the Company, or the Shares may be subject;

(iii) contravene, conflict with, or result in a violation of any of the terms of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate, or modify, any Governmental Authorization that is held by the Company or that otherwise relates to the Shares or the business of, or any of the assets owned, leased, or used by, the Company;

(iv) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, to accelerate the maturity or performance of, or to cancel, or terminate any Contract to which the Company or any Seller is bound or to which the Shares are subject;

(v) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets owned, leased, or used by the Company or the Shares, except with respect to the Financing; or

(vi) contravene, conflict with, or result in a violation, breach, or acceleration of, any provision of any employment agreement between the Company and any employee of the Company.

Except as set forth in Section 3.2(b) of the Disclosure Schedules, neither the Company nor any Seller is or will be required to give any notice to or obtain any Consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

3.3 Capitalization. Section 3.3 of the Disclosure Schedules sets forth (i) the authorized shares of capital stock of the Company, (ii) the issued and outstanding shares of capital stock of the Company, and (iii) the name of each Person holding issued and outstanding shares of capital stock of the Company and the number and class of issued and outstanding shares of capital stock of the Company held by each such Person. The Shares constitute all of the issued and outstanding shares of capital stock of the Company. The Sellers are and will be on the Closing Date the record and beneficial owner and holder of all of the Shares. The Shares are free and clear of all Encumbrances. The Shares are duly authorized, validly issued, fully paid, and nonassessable, and were issued in all material respects in conformity with all applicable state and federal securities Legal Requirements. Other than the Shares, the Company has no equity securities (or securities convertible into equity securities) issued, reserved for issuance, or outstanding. There are no existing options, warrants, calls, rights, subscriptions, arrangements, claims, commitments (contingent or otherwise), or other Contracts of any character to which the Company or any Seller is a party, or is otherwise subject, requiring, and there are no securities of the Company outstanding that upon conversion or exchange would require, the issuance, sale, or transfer of any additional shares of capital stock or other securities of the Company that are convertible into, exchangeable for, or evidencing the right to subscribe for or purchase, capital stock or any other securities of the Company. Except as set forth in Section 3.3 of the Disclosure Schedules, neither the Company nor any Seller is a party, or is otherwise subject, to any voting trust or other voting agreement with respect to any of the capital stock of the Company or to any agreement, arrangement, or commitment relating to dividend rights or the issuance, sale, redemption, transfer, repurchase, acquisition, or other disposition or the registration of the capital stock of the Company, or any preemptive rights with respect thereto. None of the Shares were issued in violation of any preemptive, subscription, or other similar rights under any provision of applicable Legal Requirements, the Company's Organizational Documents, or any Contract to which the Company is subject. The Company neither owns, nor has a Contract to acquire, any securities or any direct or indirect equity or ownership interest in any Person.

3.4 Financial Statements.

(a) The Company has delivered to the Buyer (i) the balance sheets of the Company as at December 31, 2013, December 31, 2014, and December 31, 2015, and the related statements of earnings and cash flows of the Company for the fiscal years then ended, (ii) the unaudited balance sheets as of June 30, 2016 and June 30 2015, and the related statements of earnings and cash flows of the Company for the three (3) and six (6) months then ended, and (iii) the unaudited balance sheet of the Company as of September 30, 2016 (all such financial statements, together with the Closing Date Balance Sheet, are collectively referred to as the "Financial Statements"). The unaudited balance sheet of the Company as of September 30, 2016 is referred to herein as the "Interim Balance Sheet" and the date thereof as the "Interim Balance Sheet Date". Except as set forth in Section 3.4(a) of the Disclosure Schedules, the Financial Statements: (A) have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and, in the case of all of the Financial Statements, the absence of notes, (B) are derived from and are in accordance with the books and records of the Company, and (C) fairly present the financial condition, results of operations, and cash flows of the Company as of the respective dates of and for the periods then ended. There are no off balance sheet transactions, arrangements, or obligations of or involving the Company.

(b) Except as set forth in Section 3.4(b) of the Disclosure Schedules, the Company makes and keeps accurate financial books and records reflecting its assets and maintains commercially reasonable internal accounting controls that provide reasonable assurance that (i) transactions are executed with management's authorization; (ii) transactions are recorded as necessary to permit preparation of the financial statements of the Company and to maintain accountability for the Company's assets; (iii) access to the assets of the Company is permitted only in accordance with management's authorization; (iv) the reported accountability of the assets of the Company is compared with existing assets at reasonable intervals; and (v) accounts and other receivables and inventory are recorded accurately in all material respects, and commercially reasonable procedures are implemented to effect the collection thereof on a current and timely basis.

(c) Except as set forth in Section 3.4(c) of the Disclosure Schedules, the financial books and records of the Company are sufficient such that the Financial Statements can be audited without a scope limitation, by an independent certified public accounting firm that is registered under the Public Company Accounting Oversight Board. The Company maintains a standard system of accounting established and administered in accordance with GAAP.

3.5 Books and Records. Except as set forth in Section 3.5 of the Disclosure Schedules, the books of account, minute books, and stock record books of the Company, all of which have been made available to the Buyer or its Representatives, are complete and correct in all material respects and have been maintained in accordance with sound business practices. Except as set forth in Section 3.5 of the Disclosure Schedules, the minute books of the Company contain accurate and complete records in all material respects of all meetings held of, and actions taken by, the shareholders and Board of Directors of the Company, and no meeting of any such shareholders or Board of Directors has been held for which minutes have not been prepared and are not contained in such minute books, except for any meeting at which no material decision or action was made or taken. Except as set forth in Section 3.5 of the Disclosure Schedules, at the Closing, the Company will be in possession of all of its books and records. No Seller or any Affiliate thereof (other than the Company) has any books or records that relate in any material respect to the operations, decision-making, policies, and management of the Company.

3.6 Title to Properties; Leased Real Property.

(a) The Company, since January 1, 2005, has never owned and currently does not own any real property. The Company owns all the properties and assets (whether tangible or intangible) reflected as owned in its books and records. All material properties and assets owned by the Company are free and clear of all Encumbrances, except liens for Taxes not yet delinquent that are accrued on the Company's most recent Financial Statements and Encumbrances with respect to the Revolving Loan and Term Loan.

(b) Neither the Company, nor to the Knowledge of the Company, any other party to any Real Property Lease has violated any provision of, or committed or failed to perform any act that, with notice, lapse of time, or both, would constitute a default under the provisions of, any of the Real Property Leases except as would not have a Material Adverse Effect. Section 3.6(b) of the Disclosure Schedules includes a list of all Real Property Leases, the address of the underlying Leased Real Property, the parties to the Real Property Leases, the base rental amount currently being paid under each Real Property Lease, and the expiration of the term of each Real Property Lease. To the Knowledge of the Company, the Company has a good and valid leasehold interest in the real property leased by the Company that is subject to the Real Property Leases (the "Leased Real Property"). The Company has not subleased, licensed, or otherwise granted any Person the right to use or occupy any Leased Real Property. The Company has not collaterally assigned or granted any other security interest in any Real Property Lease, except with respect to the Revolving Loan. To the Knowledge of the Company, there are no outstanding obligations regarding construction or other work or installations to be performed by or on behalf of the Company at the Leased Real Property except for obligations that have been reasonably reserved for. The Leased Real Property constitutes all real property used or held for use in the conduct of the business of the Company. To the Knowledge of the Company, there are no oral agreements regarding the use or occupancy of the Leased Real Property. To the Knowledge of the Company, the use and operation of the Leased Real Property in the conduct of the Company's business do not violate in any material respect any Legal Requirement, covenant, condition, restriction, easement, license, permit, or agreement. To the Knowledge of the Company, there are no Proceedings pending nor Threatened against or affecting the Leased Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(c) To the Knowledge of the Company, there are no conditions affecting any of the Improvements or Leased Real Property that would, individually or in the aggregate, interfere with the use or occupancy of the Leased Real Property or any portion thereof in the operation of the business of the Company, except as would not have a Material Adverse Effect. For the purposes hereof, "Improvements" shall mean all buildings, structures, improvements, trade fixtures, and building systems, located on Leased Real Property that are owned by the Company, regardless of whether title to such Improvements are subject to reversion to the landlord or other third party upon the expiration or termination of such Real Property Lease.

3.7 Condition of Assets. The Improvements, vehicles, and other items of tangible personal property of the Company are structurally sound, are in reasonably good operating condition and repair, and are adequate in all material respects for the uses to which they are being put, and none of such Improvements, vehicles, and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance, and repairs that are not material in nature or cost.

3.8 Accounts Receivable. All accounts receivable of the Company that are reflected on the Interim Balance Sheet, or on the accounting records of the Company as of the Closing Date (collectively, the "Accounts Receivable"), represent or will represent valid obligations arising from Contracts actually entered into, sales actually made, or services actually performed in the Ordinary Course of Business and Section 3.8 to the Disclosure Schedules sets forth a true, correct, and complete aging schedule of Accounts Receivable as of the Interim Balance Sheet Date and to the Knowledge of the Company, all Accounts Receivable can reasonably be anticipated to be paid in full, without any set-off, except with respect to Accounts Receivable shown in the aging schedule set forth in Section 3.8 of the Disclosure Schedules as aging past 90 days. There is no contest, claim, or right of set-off, other than returns in the Ordinary Course of Business, under any Contract with any obligor of an Accounts Receivable relating to the amount or validity of such Accounts Receivable.

3.9 Inventory. All inventory of the Company consists of a quality and quantity reasonably usable and salable in the Ordinary Course of Business, except for obsolete items and items of below-standard quality (all of which have been written off or written down to net realizable value on the accounting records of the Company or for which adequate reserves have been established) or other defects or changes in inventory that are not likely to result in a Material Adverse Effect. To the Knowledge of the Company, all inventories not written off have been priced on an average cost basis. All inventory of the Company is owned by the Company free and clear of all Encumbrances (except with respect to the Revolving Loan or Term Loan), and no inventory is held on a consignment basis. The quantities of each item of inventory are not excessive, but are reasonable in the present circumstances of the Company.

3.10 No Undisclosed Liabilities. Except as would not reasonably be expected to have a Material Adverse Effect, the Company has no liabilities of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) except for (i) liabilities adequately reflected or reserved against in the Interim Balance Sheet, (ii) liabilities incurred in the Ordinary Course of Business since the Interim Balance Sheet Date and that are not material in amount, and (iii) liabilities for Transaction Expenses.

3.11 Taxes.

(a) At all times since December 31, 2002, (i) the Company has been a validly electing "S corporation" within the meaning of IRC §1361 not subject to federal, state, or local income Tax and (ii) none of the Sellers has taken any position on any Tax Return, nor has there been any act or omission by any Seller, that could form the legal basis for any revocation or invalidity of said S corporation election. Each Seller is an eligible S corporation shareholder under the applicable sections of the IRC. To the Knowledge of the Company, none of the Sellers is liable for and has no potential liability for any Tax under IRC §1374, nor will any Seller be liable for any Tax under IRC §1374 in connection with the deemed sale of assets caused by the Section 338(h)(10) Election.

(b) Except as set forth in Section 3.11(b)(i) of the Disclosure Schedules, since December 31, 2002, the Company has duly and timely filed all Tax Returns required to be filed by it (taking into account all valid applicable extensions) pursuant to applicable Legal Requirements. All such Tax Returns are true, correct, and complete in all material respects. The Company has delivered to the Buyer or its Representatives copies of all such Tax Returns filed for Tax years 2011-2015. Section 3.11(b)(ii) of the Disclosure Schedules contains a complete and accurate list of all income Tax Returns filed by the Company for Tax years 2011-2015. The Company has paid, or made provision for the payment of, all Taxes that have become due pursuant to all Tax Returns or otherwise, or pursuant to any assessment received by the Company from a Governmental Body.

(c) No Seller or director or executive officer of the Company expects any authority to assess any additional Taxes for any period for which Tax Returns have been filed. Except as set forth in Section 3.11(c) of the Disclosure Schedules, no Tax audits or administrative or judicial Tax Proceedings are pending or being conducted with respect to the Company. Except as set forth in Section 3.11(c) of the Disclosure Schedules, since December 31, 2002, (i) the Company has not received from any taxing authority (including jurisdictions where the Company has not filed Tax Returns) any (A) notice indicating an intent to open an audit or other review or (B) request for information related to Tax matters; (ii) the Company's Tax Returns have not been audited by the relevant tax authorities; (iii) the Company has made no adjustments to the United States federal and state income Tax Returns and all other Tax Returns filed by the Company; and (iv) the Company has not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of the Company or for which the Company may be liable.

(d) The charges, accruals, and reserves with respect to Taxes on the books of the Company are at least equal to the Company's liability for Taxes (including (i) deferred Taxes and (ii) Taxes of the Company owed and not paid for any period through and including the date of this Agreement and, at Closing, through and including the Closing Date). There exists no proposed Tax assessment against the Company. To the Knowledge of the Company and except as set forth in Section 3.11(d) of the Disclosure Schedules, since December 31, 2002, no claim has been made by any Governmental Body in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction. There are no liens for Taxes (other than for Taxes not yet due and payable and for which adequate reserves are provided) upon any of the assets of the Company.

(e) (i) No property owned by the Company, to the Knowledge of the Company, is "tax exempt use property" within the meaning of IRC §168(h), (ii) the Company is not a party to any lease made pursuant to IRC §168(f)(8), and (iii) the Company has not agreed and is not required to make any adjustment under IRC §481(a) by reason of a change in method of accounting or otherwise that will affect the liability of the Company for Taxes, and there is no application pending with any Governmental Body requesting permission for any changes in any of its accounting methods for Tax purposes, nor has any Governmental Body proposed any such adjustment or change in the Company's accounting method.

(f) Since December 31, 2002, the Company has withheld and paid all Taxes required by law to have been withheld, collected, and paid and has complied in all respects with all Legal Requirements relating to the withholding, collection, or remittance of Taxes (including employee-related Taxes).

(g) The Company is not a party to any Contract or arrangement that, individually or collectively, would give rise to any payment (whether in cash or property) that would not be deductible pursuant to IRC §§162(a)(1), 162(m), 162(n), or 280G.

(h) None of the Sellers or the Company is a foreign person within the meaning of IRC §1445.

(i) (i) The Company is not a party to any Tax allocation, indemnity, or sharing agreement; (ii) the Company does not have any liability for Taxes of any Person (A) under Treasury Regulation §1.1502-6, (B) as transferee or successor, (C) by Contract, or (D) otherwise; and (iii) the Company has not been a member of an "affiliated group" (as that term is defined in the IRC) filing a consolidated federal income Tax return.

(j) To the Knowledge of the Company, the Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(i) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(ii) "closing agreement" as described in IRC §7121 (or any corresponding or similar provision of state, local, or foreign income Tax law) executed on or prior to the Closing Date;

(iii) intercompany transaction or excess loss account described in Treasury Regulations under IRC §1502 (or any corresponding or similar provision of state, local, or foreign income Tax law);

(iv) installment sale or open transaction disposition made on or prior to the Closing Date; or

(v) prepaid amount received on or prior to the Closing Date.

(k) The Company has disclosed on its Tax Returns all positions taken therein that could give rise to a substantial understatement of Tax under IRC §6662.

(l) The Company has not distributed stock of another entity nor had its stock distributed by another entity in a transaction that was purported or intended to be governed by IRC §355.

(m) The Company is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of IRC §6707A(c)(1) of the Code and Treasury Regulations Section 1.6011 4(b).

3.12 Employee Benefits.

(a) Section 3.12(a) of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock or stock-based, change in control, retention, severance, vacation, paid time off, welfare, fringe-benefit, and other similar agreement, plan, policy, program, or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, or contributed to by the Company for the benefit of any current or former employee, officer, director, retiree, independent contractor, or consultant of the Company or any spouse or dependent of such individual, or under which the Company or any of its ERISA Affiliates has or with respect to which the Buyer or any of its Affiliates would reasonably be expected to have any liability, contingent or otherwise, other than employment agreements and employment offer letters (as required to be listed on Section 3.12(a) of the Disclosure Schedules, each, a "Benefit Plan").

(b) Each Benefit Plan has been maintained, administered, and operated in compliance in all material respects with its terms and the applicable requirements of ERISA, the IRC, and other applicable Legal Requirements.

(c) Neither this Agreement nor the consummation of the Contemplated Transactions will result in the Company becoming liable for or otherwise obligated under any Benefit Plan other than the Employment Agreements.

(d) Except as set forth in Section 3.12(d) of the Disclosure Schedules and other than as required under Section 601 et. seq. of ERISA no Benefit Plan provides post-termination or retiree welfare benefits to any individual for any reason, and the Company does not have any liability or obligation to provide post-termination or retiree welfare benefits to any individual, nor has the Company ever represented, promised, or contracted to any individual that such individual would be provided with post-termination or retiree welfare benefits.

3.13 Compliance; Governmental Authorizations.

(a) Except as set forth in Section 3.13(a) of the Disclosure Schedules, since December 31, 2002, unless a later date is specified in this Section 3.13(a) with respect to a particular subsection of this Section 3.13, in which case the latter date shall apply:

(i) the Company is, and at all times has been, in compliance with each Legal Requirement that is or was applicable to it or to the conduct or operation of its business or the ownership, lease, or use of any of its assets, except with respect to non-compliance that, individually or in the aggregate, has not resulted or would not reasonably be expected to result in a Material Adverse Effect;

(ii) no event has occurred or circumstance exists that does or would (with or without notice or lapse of time) (A) constitute or result in a violation by the Company of, or a failure on the part of the Company to comply with, any Legal Requirement that, individually or in the aggregate, has resulted or would reasonably be expected to result in a Material Adverse Effect or (B) give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature that, individually or in the aggregate, has resulted or would reasonably be expected to result in a Material Adverse Effect; and

(iii) the Company has not received since December 31, 2010 any notice or other written communication from any Governmental Body or any other Person regarding, with respect to the business of the Company, (A) any actual, alleged, or potential violation of, or failure to comply with, any Legal Requirement or (B) any actual, alleged, or potential obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature.

(b) Section 3.13(b) of the Disclosure Schedules contains a complete and accurate list of each material Governmental Authorization that is held by the Company. Each Governmental Authorization listed or required to be listed in Section 3.13(b) of the Disclosure Schedules is valid and in full force and effect. Except as set forth in Section 3.13(b) of the Disclosure Schedules:

(i) the Company is, and at all times has been, in compliance in all material respects with all of the terms and requirements of each Governmental Authorization listed or required to be listed in Section 3.13(b) of the Disclosure Schedules, except where such non-compliance, individually or in the aggregate, has not resulted and would not reasonably be expected to result in a Material Adverse Effect;

(ii) no event has occurred or circumstance exists that does or would (with or without notice or lapse of time) (A) constitute or result, directly or indirectly, in a violation of or a failure to comply in any material respect with any term or requirement of any Governmental Authorization listed or required to be listed in Section 3.13(b) of the Disclosure Schedules or (B) result, directly or indirectly, in the revocation, withdrawal, suspension, cancellation, or termination of, or any modification to, any Governmental Authorization listed or required to be listed in Section 3.13(b) of the Disclosure Schedules;

(iii) the Company has not received any notice or other communication (whether oral or written) from any Governmental Body regarding (A) any actual, alleged, possible, or potential violation of or failure to comply with any term or requirement of any Governmental Authorization or (B) any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, or termination of, or material modification to, any Governmental Authorization; and

(iv) all applications required to have been filed for the renewal of the Governmental Authorizations listed or required to be listed in Section 3.13(b) of the Disclosure Schedules or the transfer of the Governmental Authorizations listed or required to be listed in Section 3.13(b) of the Disclosure Schedules have been duly filed on a timely basis with the appropriate Governmental Bodies, and all other filings required to have been made with respect to such Governmental Authorizations have been duly made on a timely basis with the appropriate Governmental Bodies, except where such failure to file, individually or in the aggregate, has not resulted and would not reasonably be expected to result in a Material Adverse Effect.

The Governmental Authorizations listed in or required to be listed in Section 3.13(b) of the Disclosure Schedules collectively constitute all of the Governmental Authorizations necessary to permit the Company to lawfully conduct and operate its business in all material respects in the manner it currently conducts and operates such business and to permit the Company to own, lease, and use its assets in all material respects in the manner in which it currently owns, leases, and uses such assets.

3.14 Legal Proceedings; Orders.

(a) Except as set forth in Section 3.14(a) of the Disclosure Schedules, there is no pending and ongoing Proceeding:

(i) that has been commenced by or against the Company or any Seller with respect to the Company or, to the Knowledge of the Company, that otherwise relates to or may affect the business of, or any of the assets owned, leased, or used by, the Company; or

(ii) against the Company or any Seller that challenges, or would reasonably be expected to prevent, or make illegal, any of the Contemplated Transactions.

Except as set forth in Section 3.14(a) of the Disclosure Schedules, to the Knowledge of the Company, no such Proceeding has been Threatened, and no event has occurred or circumstances exist that may give rise to or serve as a basis for the commencement of any such Proceeding. The Company has made available to Buyer or its counsel copies of all pleadings, correspondence, and other documents relating to each Proceeding listed or required to be listed in Section 3.14(a) of the Disclosure Schedules.

(b) Except as set forth in Section 3.14(b) of the Disclosure Schedules:

(i) to the Knowledge of the Company, there is no Order to which the Company, or any of the assets owned, leased, or used by the Company, is subject that would materially interfere with the Company's use of such assets in the manner in which it currently owns, leases, and uses such assets;

(ii) no Seller is subject to any Order that relates to the business of, or any of the assets owned, leased, or used by, the Company; and

(iii) to the Knowledge of the Company, no officer, director, or employee of the Company is subject to any Order that prohibits such Person from engaging in, or continuing any conduct, activity, or practice relating to, the business of the Company.

(c) Except as set forth in Section 3.14(c) of the Disclosure Schedules and, unless a later date is specified in this Section 3.14(c) with respect to a particular subsection of this Section 3.14(c), in which case the latter date shall apply, since December 31, 2002:

(i) the Company is, and, to the Knowledge of the Company, at all times has been, in compliance in all material respects with all of the terms and requirements of each Order to which it, or any of the assets owned by it, is or has been subject;

(ii) to the Knowledge of the Company, no event has occurred or circumstance exists that does or would constitute or result in (with or without notice or lapse of time) a violation of or failure to comply in any material respect with any term or requirement of any Order to which the Company, or any of the assets owned by the Company, is subject; and

(iii) to the Knowledge of the Company, the Company has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any term or requirement of any Order to which the Company, or any of the assets owned, leased, or used by the Company, is or has been subject.

3.15 Absence of Certain Changes and Events. Since the Interim Balance Sheet Date, there has not been a Material Adverse Effect with respect to the Company. The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any bankruptcy law, nor does the Company have any Knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any Knowledge of any fact that would reasonably lead a creditor to do so. Except as set forth in Section 3.15 of the Disclosure Schedules, since the Interim Balance Sheet Date, the Company has conducted its business only in the Ordinary Course of Business (except with respect to the Hastings Project) and there has not been any:

(i) dividend or other distribution to any shareholder of the Company other than (A) cash distributions to the Sellers in an aggregate amount necessary for the sole purpose of funding the 2015 and 2016 estimated and actual income Tax liabilities of the Sellers in respect of their income of the Company, including Tax payments required to be paid by the Sellers pursuant to Section 7.1 or 7.2 (exclusive of any indemnification payment obligations of the Sellers contained within Section 7.1(e)), and (B) any cash distribution permitted under Section 5.3(b);

(ii) payment or increase by the Company of any bonuses, salaries, or other compensation to any director, officer, or (except in the Ordinary Course of Business) employee or entry into any employment, severance, or similar Contract with any director, officer, or (except in the Ordinary Course of Business) employee;

(iii) adoption of, or material increase in the payments to or benefits under, any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement, or other Benefit Plan for or with any employees of the Company;

(iv) damage to, or destruction or loss of, any asset or property owned, leased, or used by the Company, whether or not covered by insurance, that, individually or in the aggregate, has resulted in or would reasonably be expected to result in a Material Adverse Effect;

(v) termination of, or receipt of notice of termination of, any Contract where such termination has resulted in or would reasonably be expected to result in a Material Adverse Effect;

(vi) sale (other than sales of inventory in the Ordinary Course of Business), lease, or other disposition of, any asset or property owned, leased, or used by the Company or imposition of any Encumbrance on any asset or property owned, leased, or used by the Company other than with respect to the Hastings Project, the Revolving Loan, the Term Loan, or in the Ordinary Course of Business;

(vii) material change in the accounting methods used by the Company;

(viii) material amendment to the Organizational Documents of the Company;

(ix) incurrence of Indebtedness other than Indebtedness incurred in the Ordinary Course of Business under the Revolving Loan;

(x) adoption of a plan or agreement of complete or partial liquidation, dissolution, restructuring, merger, consolidation, recapitalization, or other reorganization;

(xi) issuance or sale of any shares of capital stock of the Company, or redemption, purchase, or other acquisition, directly or indirectly, of any shares of capital stock of the Company or grant of any equity based awards;

(xii) termination of its status as an S corporation or any action by the Company to make, change, or rescind any Tax election, amend any Tax Return, or take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction that would have the effect of materially increasing the Tax liability or materially reducing any Tax asset of the Buyer in respect of any Post-Closing Tax Period;

(xiii) incurrence of accounting, legal, or financial advisory fees or expenses outside the Ordinary Course of Business other than the Transaction Expenses;

(xiv) extension of credit to any other Person by the Company (other than gift certificates, credit memos, or gift cards arising in the Ordinary Course of Business);

(xv) capital expenditure in excess of $25,000, individually or in the aggregate, except with respect to the Hastings Project;

(xvi) failure to pay any outstanding invoice for goods or services purchased or used by the Company within 30 days of the date of such invoice, unless a longer period of time is permitted for payment therein and then, within the period of time designated for payment;

(xvii) failure to pay or reserve for any employee payroll costs for any payroll period ended on or before the Closing Date; or

(xviii) Contract by the Company to do any of the foregoing.

3.16 Contracts; No Defaults.

(a) Section 3.16(a) of the Disclosure Schedules contains a complete and accurate list as of the date hereof of each of the following Contracts of the Company currently in effect (such Contracts, together with all Real Property Leases listed or otherwise required to be disclosed in Section 3.6(b) of the Disclosure Schedules, the "Material Contracts"):

(i) each Contract that involves performance of services for or delivery of goods or materials by or to the Company in excess of $50,000;

(ii) except for Contracts solely relating to trade receivables arising in the Ordinary Course of Business, any Contract evidencing or providing for Indebtedness;

(iii) each Company IP Agreement;

(iv) each joint venture, partnership, and other Contract (however named) involving a sharing of profits, losses, costs, or liabilities by the Company with any other Person;

(v) each Contract containing covenants that purport to restrict or limit the freedom of the Company or the Sellers to compete with any Person with respect to the business of the Company;

(vi) each Contract (including options) to sell or otherwise dispose of the business of the Company (whether by merger, consolidation, or other business combination, sale of securities, sale of assets, or otherwise), other than the sale of inventory in the Ordinary Course of Business;

(vii) each Contract under which the Company is obligated to pay any amount in respect of indemnification obligations, purchase price adjustment, or otherwise in connection with any (A) acquisition or disposition of assets or securities (other than the sale of inventory in the Ordinary Course of Business), (B) merger, consolidation, or other business combination, or (C) series or group of related transactions or events of the type specified in clauses (A) and (B) above;

(viii) each Contract under which the Company is, or may become, obligated to incur any severance pay or special compensation obligations that would become payable by reason of this Agreement or the Contemplated Transactions;

(ix) each Contract to which the Company is a party or by which it is bound providing for payments to or by any Person based on sales, purchases, or profits (other than direct payments for goods or services, payments pursuant to a Real Property Lease, or payments to employees pursuant to a Benefit Plan or employment agreement or offer letter);

(x) each power of attorney granted by the Company (or any Seller in respect of the Company or any Shares) that is currently effective and outstanding;

(xi) each Contract for capital expenditures by the Company in excess of $50,000;

(xii) each Contract providing for the employment of an individual on a full-time, part-time, consulting, or other basis or otherwise providing compensation or other benefits to any officer, director, employee, or consultant (other than a Benefit Plan), other than with respect to any employee that (A) is employed by the Company on an "at-will" basis (as that term is defined by the applicable Legal Requirements), and (B) is not a director, executive officer, or key employee (which includes retail location and district managers) of the Company;

(xiii) each collective bargaining agreement or other Contract to which the Company is a party with any labor organization; and

(xiv) each amendment, supplement, and modification (whether oral or written) in respect of any of the foregoing.

(b) No Seller or executive officer, director, or, to the Knowledge of the Company, employee of the Company is bound by any Contract that purports to limit the ability of such Person to (i) engage in, or continue any conduct, activity or practice relating to, the business of the Company or (ii) assign to the Company any rights to any invention, improvement, or discovery.

(c) Each Material Contract is in full force and effect and is valid and enforceable against the Company and, to the Knowledge of the Company, against all other parties thereto, in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, or similar laws relating to creditors' rights generally or by equitable principles.

(d) Except as set forth in Section 3.16(d) of the Disclosure Schedules and to the extent an event described in a subsection to this Section 3.16(d), individually or in the aggregate, has not resulted in and would not reasonably be expected to result in a Material Adverse Effect:

(i) the Company is and, since December 31, 2012, has been, in full compliance in all material respects with all applicable terms and requirements of each Material Contract;

(ii) each other party to each Material Contract is, to the Knowledge of the Company, in full compliance with all applicable terms and requirements of such Material Contract;

(iii) to the Knowledge of the Company, no event has occurred or circumstance exists that (with or without notice or lapse of time) does or would contravene, conflict with, or result in a violation or breach of, or gives or would give the Company or any other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Material Contract; and

(iv) to the Knowledge of the Company, the Company (and, where applicable, a Seller) has not given or received from any other Person any notice or other communication (whether oral or written) regarding any actual, alleged, or potential violation or breach of, or default under, any Material Contract.

(e) There are no renegotiations of, attempts to renegotiate, or outstanding rights to renegotiate, any material amounts paid or payable to the Company or with respect to the Company's business under Material Contracts with any Person and no such Person has made written demand for such renegotiation.

3.17 Insurance.

(a) The Company has made available to the Buyer or its representatives true and complete copies of all policies of insurance to which the Company is a party or under which the Company, or any director or officer of the Company (with respect to the business of the Company), is covered. The Company has no pending applications for policies of insurance.

(b) All policies of insurance to which the Company is a party or that provide coverage to the Company, or any director or officer of the Company (with respect to the business of the Company), to the Knowledge of the Company (i) are valid, outstanding, and enforceable; (ii) are issued by an insurer that is financially sound and reputable; (iii) taken together, provide commercially reasonable insurance coverage for the assets and the operations of the Company; (iv) are sufficient for compliance with all Legal Requirements and Contracts to which the Company is a party or by which it is bound; and (v) will continue in full force and effect following the consummation of the Contemplated Transactions.

(c) The Company has no Knowledge of any refusal of coverage or any notice that a defense will be afforded with reservation of rights, or any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed or that the issuer of any policy is not willing or able to perform its obligations thereunder.

(d) All premiums due, and all material obligations to be performed by the Company, under each policy to which it is a party or that provides coverage to the Company or its business or any director or officer thereof, have been paid or performed.

3.18 Environmental Matters.

(a) The Company is, and at all times has been, in compliance with, and has not been and is not in violation of or liable under, any Environmental Law, except for such instances of non-compliance, violation, or liability that have not had or would not have, individually or in the aggregate, a Material Adverse Effect on the Company.

(b) The Company does not have, nor to the Knowledge of the Company is it likely to have , nor has it received, any Order, written notice, or other communication, or to the Knowledge of the Company, any Threatened Order, from (i) any Governmental Body or private citizen acting in the public interest, or (ii) the current or prior owner or operator of any Facilities, of any actual or potential violation or failure of the Company to comply with any Environmental Law, or of any actual or Threatened obligation on the Company to undertake or bear the cost of any Environmental, Health, and Safety Liabilities with respect to any of the Facilities or any other properties or assets (whether real, personal, or mixed) in which the Company has or had an interest, or with respect to any property or Facility at which Hazardous Materials were or are used or stored by the Company, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled, or received, in any such case that have had or would have, individually or in the aggregate, a Material Adverse Effect on the Company.

(c) Neither the Company nor any Seller has permitted or conducted any Hazardous Activity with respect to the Facilities or any other properties or assets (whether real, personal, or mixed) in which the Company has or had an interest except in compliance in all material respects with all applicable Environmental Laws.

(d) To the Knowledge of the Company, there has been no Release or, to the Knowledge of the Company, threat of Release, of any Hazardous Materials at or from the Facilities by the Company or at any other locations by the Company where any Hazardous Materials were generated, manufactured, refined, transferred, produced, imported, used, or processed from or by the Facilities, or from or by any other properties and assets (whether real, personal, or mixed) in which the Company has or had an interest, in any such case that had or would have, individually or in the aggregate, a Material Adverse Effect on the Company.

(e) To the Knowledge of the Company, no reports, studies, analyses, tests, or monitoring pertaining to Hazardous Materials or Hazardous Activities in, on or under the Facilities, or concerning compliance by the Company with Environmental Laws, exist.

3.19 Employees.

(a) Section 3.19(a) of the Disclosure Schedules contains a complete and accurate list of the following information for each current director, executive officer, and key employee (which includes retail location and district managers) of the Company as of the date stated therein: name; job title; service date; status (active or leave of absence); current compensation paid or payable and any change in compensation since the Interim Balance Sheet Date; accrued vacation and other accrued leave; if on leave, start date, type of leave, anticipated return date; and if receiving continuation coverage pursuant to COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1986), termination date, last date for coverage, contribution responsibility (monthly premiums by employee and employer).

(b) To the Knowledge of the Company, no director, officer, or key employee of the Company is a party to, or is otherwise bound by, any Contract or arrangement, including any confidentiality, non-compete, or proprietary rights agreement, that in any way adversely affects or will affect in any material respect (i) the performance of his or her duties or (ii) the ability of the Company to conduct its business in the Ordinary Course of Business. No officer of the Company or other key employee of the Company has given notice that he or she intends to terminate his or her officer position or employment.

3.20 Labor Relations; Compliance. The Company is not a party to any collective bargaining agreement or any other labor-related Contract with any labor union or labor organization. Except as set forth in Section 3.20(a) of the Disclosure Schedules, there is not presently pending or existing, and, to the Knowledge of the Company, there is not Threatened, (i) any strike, slowdown, picketing, work stoppage, or employee grievance process, (ii) any Proceeding or Order against or affecting the Company relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint with the National Labor Relations Board, the Equal Employment Opportunity Commission, or any comparable Governmental Body, organizational activity, or other labor or employment dispute against or affecting the Company, or (iii) any petition or application for certification of a collective bargaining agent. To the Knowledge of the Company, no event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute by employees of the Company. There is no lockout of any employees by the Company, and no such action is contemplated by the Company. The Company has not been requested to engage in collective bargaining with any labor organization. The Company is not currently engaged in or obligated to engage in collective bargaining with any labor organization. The Company has complied in all material respects with all Legal Requirements and Contracts relating to employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, collective bargaining, the payment of social security, occupational safety and health, and plant closing or layoff of employees. The Company is not liable for the payment of any compensation, damages, fines, penalties, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements, Orders, or Contracts.

3.21 Intellectual Property.

(a) Section 3.21(a) of the Disclosure Schedules lists all (i) Company IP Registrations and (ii) Company Intellectual Property, including software, that are not registered but that are material to the Company's business or operations. All required filings and fees related to the Company IP Registrations have been timely filed with and paid to the relevant Governmental Bodies and authorized registrars, and all Company IP Registrations are otherwise in good standing.

(b) The Company is the sole and legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title, and interest in and to or lawful licensor of the Company Intellectual Property used in or necessary for the conduct of the Company's current business or operations, in each case, free and clear of Encumbrances. To the Knowledge of the Company, it has the valid right to use all other Intellectual Property used in the Company's current business or operations.

(c) The consummation of the Contemplated Transactions will not result in the loss or impairment of, or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Company's right to own, use, or hold for use any Intellectual Property as owned, used, or held for use in the conduct of the Company's business or operations as currently conducted, except as would not have a Material Adverse Effect.

(d) The Company's rights in the Company Intellectual Property are valid, subsisting, and enforceable. The Company has taken reasonable steps to maintain the Company Intellectual Property that is owned by the Company and to protect and preserve the confidentiality of all trade secrets included in the Company Intellectual Property that is owned by the Company.

(e) The conduct of the Company's business as currently and formerly conducted, and the products, processes, and services of the Company, have not infringed, misappropriated, diluted, or otherwise violated, and do not and will not infringe, dilute, misappropriate, or otherwise violate the Intellectual Property or other rights of any Person, except as would not have a Material Adverse Effect. To the Knowledge of the Company, no Person has infringed, misappropriated, diluted, or otherwise violated, or is currently infringing, misappropriating, diluting, or otherwise violating, any Company Intellectual Property that is owned by the Company.

(f) There are no Proceedings settled, pending, or, to the Knowledge of the Company, Threatened: (i) alleging any infringement, misappropriation, dilution, or violation of the Intellectual Property of any Person by the Company; (ii) challenging the validity, enforceability, registrability, or ownership of any Company Intellectual Property that is owned by the Company or the Company's rights with respect to any Company Intellectual Property; or (iii) by the Company or any other Person alleging any infringement, misappropriation, dilution, or violation by any Person of the Company Intellectual Property. The Company is not subject to any outstanding or, to the Knowledge of the Company, prospective Order that does or would restrict or impair the use of any Company Intellectual Property.

(g) For purposes of this Section 3.21(g): (i) "Privacy Statements" means, collectively, any and all of the Company's privacy policies published on the Websites or otherwise made available by the Company to third parties regarding the collection, retention, use, and distribution of the Personally Identifiable Information of individuals, including from visitors of any of the Websites ("Individuals") and (ii) "Terms and Conditions" means any and all of the visitor terms and conditions published on the Websites governing Individuals' use of and access to the Websites.

(i) A Privacy Statement is posted on each Website. The Privacy Statements include, at a minimum, accurate notice to Individuals about the Company's collection, retention, use, and disclosure policies and practices with respect to Personally Identifiable Information obtained through the Website. The Privacy Statements are accurate and consistent with the Terms and Conditions and the Company's actual practices with respect to the collection, retention, use, and disclosure of Personally Identifiable Information obtained through the Website. The Company materially complies with the Privacy Statements as applicable to any given set of Personally Identifiable Information collected by the Company from Individuals through the Website that is applicable to the business of the Company.

(ii) The Company does not knowingly collect information from or target children under 13 years of age in its Website content. The Company does not sell, rent, or otherwise make available to third parties any Personally Identifiable Information submitted by Individuals except as is customary within the Company's industry (including with respect to credit and payment programs with which customers of the Company participate) and in compliance with applicable Legal Requirements.

(iii) The Terms and Conditions are posted on the Websites. No claims or controversies have arisen regarding the Terms and Conditions.

3.22 Certain Payments. Neither the Company nor any Seller, or any director or officer of the Company, or, to the Knowledge of the Company, any agent, employee, or other Person associated with or acting for or on behalf of the Company, has directly or indirectly in contravention with a Legal Requirement, (i) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (A) to obtain favorable treatment in securing business for the Company, (B) to pay for favorable treatment for business secured for the Company, (C) to obtain special concessions or for special concessions already obtained, for or in respect of the Company, or (D) established or maintained any fund or asset of the Company that has not been recorded in the books and records of the Company.

3.23 Suppliers. Section 3.23 of the Disclosure Schedules sets forth a complete and accurate list of the ten (10) largest suppliers of materials, products, or services to the Company (measured by the aggregate amount purchased by the Company) during the fiscal year ended December 31, 2015 and the six (6) months ended June 30, 2016, respectively. To the Knowledge of the Company, the relationships of the Company with the Company's suppliers are good commercial working relationships, the Company is not engaged in any dispute with any supplier of the Company, and none of those suppliers has canceled or otherwise terminated, or, to the Knowledge of the Company, Threatened to cancel or otherwise terminate, its relationship with the Company or has during the twelve (12) months ended December 31, 2016 materially decreased or Threatened to decrease or limit its services, supplies, or materials provided to the Company, which dispute, cancellation, termination, or decrease, individually or in the aggregate, has resulted in or would reasonably be expected to result in, a Material Adverse Effect. To the Knowledge of the Company, no supplier of the Company has notified the Company of its intention to cancel or otherwise modify its relationship with the Company, or to decrease materially or limit its services, supplies, or materials provided to the Company, which modification, cancellation, or other action as aforesaid would have, individually or in the aggregate, a Material Adverse Effect.

3.24 Relationships with Affiliates. Except as set forth in Section 3.24 of the Disclosure Schedules, no Seller nor any Affiliate of any Seller or the Company is a party to any Contract with, or has any legal claim against, the Company. Except as set forth in Section 3.24 of the Disclosure Schedules, no Seller nor any Affiliate of any Seller or the Company has, or has had, any interest in any property (whether real, personal, or mixed and whether tangible or intangible) used in or pertaining to the Company's business. Except as set forth in Section 3.24 of the Disclosure Schedules, no Seller nor any Affiliate of any Seller or the Company owns or has owned (of record or as a beneficial owner) an equity interest or any other financial or profit interest in, a Person that has (i) had material business dealings or a material financial interest in any transaction with the Company or the Company's business, other than business dealings or transactions conducted in the Ordinary Course of Business at substantially prevailing market prices and on substantially prevailing market terms or (ii) engaged in competition with the Company's business.

3.25 Brokers or Finders. Neither the Company nor any Seller has incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions, fairness opinion, or other similar payment in connection with this Agreement.

3.26 Indebtedness; Tangible Shareholders' Equity.

(a) Section 3.26(a) of the Disclosure Schedules sets forth a true and complete list as of the date of this Agreement of all Indebtedness of the Company and provides (i) the names of the original lender and current holder (to the extent that the Company has received a written notice of the assignment thereof) and (ii) outstanding principal balances and all accrued and unpaid interest as of the date hereof. Immediately prior to the Closing, there will be no outstanding Indebtedness (including any pre-payment fees, exit fees, rescheduling fees, or penalties) of the Company arising from obligations created by or on behalf of the Company or any Seller prior to the Closing other than the Closing Term Loan Payment Amount and the Closing Date Revolving Loan Amount.

(b) The Closing Date Balance Sheet will show that the Company has at least $20,000,000 in Tangible Shareholders' Equity.

3.27 Loans with Sellers, Executives, and Directors. There are no outstanding loans, guaranties, or extensions of credit (i) by the Company to or for any Seller or any director or executive officer (or equivalent thereof) of the Company and (ii) by any Seller or any director or executive officer (or equivalent thereof) of the Company to or for the Company.

3.28 Bank Accounts. Section 3.28 of the Disclosure Schedules sets forth the account number and names of authorized signatories with respect to each account maintained by or for the benefit of the Company at any bank or other financial institution.

3.29 Unclaimed or Abandoned Property; Escheat. Except with respect to the items set forth on and as set forth on Section 3.29 of the Disclosure Schedules, the Company is in compliance in all material respects with applicable Legal Requirements dealing with abandoned or unclaimed property or escheat. Except with respect to the items set forth on and as set forth on Section 3.29 of the Disclosure Schedules, the Company has reported and remitted to each Governmental Body as and to the extent required by applicable Legal Requirements all amounts held, due, or owing by the Company in the course of the operations of the business of the Company and remaining unclaimed or unpaid for a period of time such that they are presumed abandoned under applicable Legal Requirements as reflected on the books and records of the Company. Except with respect to the items set forth on and as set forth on Section 3.29 of the Disclosure Schedules, no amounts that are, or would be, or would become, unclaimed property or presumed abandoned under applicable Legal Requirements dealing with abandoned or unclaimed property or escheat have been written off, written, or reversed to income, or otherwise removed or excluded from the liabilities set forth on the Interim Balance Sheet or the Financial Statements (or will be written off, written, or reversed to income, or otherwise removed or excluded from the liabilities forth on the Closing Date Balance Sheet).

3.30 No Other Representations and Warranties . Except for the representations and warranties contained in this Article 3, none of the Sellers or the Company has made or makes any other express or implied representation or warranty to the Buyer, either written or oral, on behalf of the Sellers and the Company, including any representation or warranty as to the accuracy or completeness of any information regarding the business of the Company or the Shares.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers as follows:

4.1 Organization and Good Standing. The Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Nevada and the Buyer has all requisite limited liability company authority and power to carry on its business as now conducted.

4.2 Authority; No Conflict.

(a) The Buyer has all necessary limited liability company power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery by the Buyer of this Agreement, the performance by the Buyer of its obligations hereunder and the consummation by the Buyer of the Contemplated Transactions have been duly authorized by all requisite limited liability company action on the part of the Buyer. This Agreement has been duly executed and delivered by the Buyer and constitutes the legal, valid, and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, or similar laws relating to creditors' rights generally and by equitable principles. Upon the execution and delivery by the Buyer of the other Transaction Documents to which it is a party, such Transaction Documents will constitute the legal, valid, and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, or similar laws relating to creditors' rights generally and by equitable principles. The Buyer has the limited liability company power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder.

(b) Neither the execution and delivery of this Agreement by the Buyer nor the consummation or performance of any of the Contemplated Transactions by the Buyer will conflict with or give any Person the right to prevent, delay, or otherwise interfere with any of the Contemplated Transactions pursuant to:

(i) any provision of the Buyer's Organizational Documents;

(ii) any resolution adopted by the Board of Directors or the sole member of the Buyer;

(iii) any Legal Requirement to which the Buyer may be subject; or

(iv) any Contract to which the Buyer is a party or by which the Buyer may be bound.

The Buyer is not, and will not be, required to obtain any Consent from any Person or Governmental Body in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions.

4.3 Investment Intent. The Buyer is acquiring the Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. The Buyer acknowledges that the Shares are not registered under the Securities Act or any state securities laws and that the Shares may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

4.4 Certain Proceedings. There is no pending Proceeding that has been commenced against the Buyer and that challenges, or would have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the Contemplated Transactions. To the Knowledge of the Buyer, no such Proceeding has been Threatened.

4.5 Brokers or Finders. Buyer has incurred no obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payment in connection with this Agreement.

4.6 [Intentionally Omitted].

4.7 Sufficiency of Funds. Subject to obtaining the Financing, the Buyer will have sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price to the Sellers and to consummate the Contemplated Transactions. Immediately after giving effect to the transactions contemplated hereby and the Financing and assuming the truth and accuracy in all respects of the representations and warranties made by the Company and the Sellers in Sections 3.3, 3.4, 3.10, and 3.26, the Buyer shall: (a) be able to pay its debts in the ordinary course as they become due, including the Promissory Note; (b) own property that has a fair saleable value greater than the amounts required to pay its debts, including the Promissory Note; and (c) have adequate capital to carry on its business. In connection with the transactions contemplated hereby and assuming the truth and accuracy in all respects of the representations and warranties made by the Company and the Sellers in Sections 3.3, 3.4, 3.10, and 3.26, the Buyer has not incurred debts beyond its ability to pay as they become absolute and matured.

4.8 Independent Investigation. The Buyer has conducted its own independent investigation, review and analysis of the business of the Company, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of the Company for such purpose. The Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the Contemplated Transactions, the Buyer has relied solely upon its own investigation and the express representations and warranties of the Company and Sellers set forth in Article 3 of this Agreement; and (b) neither the Sellers, the Company, nor any of their Affiliates or Representatives have made any representation or warranty as to the Sellers, the Company, the Shares, and the business of the Company and its assets, except as expressly set forth in Article 3 of this Agreement and as may be set forth in the agreements and instruments entered into or delivered in connection with the Financing.

ARTICLE 5
COVENANTS OF THE COMPANY AND THE SELLERS PRIOR TO THE CLOSING

5.1 Access and Investigation; Financial Statements. Subject to the terms of the Nondisclosure Agreement, from the date hereof through the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Company and the Sellers shall provide the Buyer and its Affiliates, Representatives, and prospective sources of the Financing access to, and the opportunity to make such investigation of, the properties, businesses, operations, customers, suppliers, and employees of the Company, and such examination of the books, records, and financial condition of the Company, as the Buyer or its Affiliates, Representatives, or prospective sources of the Financing may reasonably request. As interim monthly financial statements for the Company are published, those statements shall be delivered to the Buyer.

5.2 Operation of the Business of the Company. Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Company and the Sellers shall:

(i) conduct the business of the Company only in the Ordinary Course of Business, except with respect to the Hastings Project;

(ii) use their reasonable best efforts to preserve intact the Company's current business organization, keep available the services of its current officers, employees, and agents, and maintain the relations and goodwill with suppliers, customers, landlords, creditors, employees, agents, Affiliates, and others having business relationships with it;

(iii) confer with the Buyer concerning operational matters of a material nature outside of the Ordinary Course of Business; and

(iv) otherwise report periodically to the Buyer, at the Buyer's reasonable request, concerning the status of its business, operations, finances, business organization, and employee and other service provider staffing.

5.3 Negative Covenant; Cash Distributions.

(a) Except as otherwise expressly permitted by this Agreement, between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, neither the Company nor any Seller shall, without the Buyer's prior written consent (not to be unreasonably withheld, delayed, denied, or conditioned), take any affirmative action, or fail to take any reasonable action within its or his control, as a result of which any of the changes or events listed in Section 3.15 is likely to occur.

(b) Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Company may make cash distributions to the Sellers in the Ordinary Course of Business; *provided, however*, that such cash distributions shall not exceed (i) $400,000 in the aggregate, per month, during the period from and after the date of this Agreement through the Closing, plus (ii) the amount of cash distributions to the Sellers in an aggregate amount necessary for the sole purpose of funding the 2015 and 2016 estimated and actual income Tax liabilities of the Sellers in respect of their income of the Company, including income Tax payments required to be paid by the Sellers pursuant to Section 7.1 (exclusive of any indemnification payment obligations of the Sellers contained within Section 7.1(e)); *provided, further*, that in no event shall the cash distributions specified in clauses (i) and (ii) immediately above cause the Tangible Shareholders' Equity to be less than $20,000,000 immediately prior to the Closing as shown on the Closing Date Balance Sheet.

5.4 Notification. Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Sellers shall promptly notify the Buyer in writing if any Seller or the Company becomes aware of any fact or condition that causes or constitutes an inaccuracy or a breach of any of the Company's and/or the Sellers' representations and warranties as of the date of this Agreement, or if any Seller or the Company becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute an inaccuracy or a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, the Sellers shall promptly notify Buyer of the occurrence of any breach of any covenant of the Sellers or the Company in this Article 5 or of the occurrence of any event that would reasonably be expected to make the satisfaction of the conditions in Article 8 impossible or unlikely; *provided, however*, that for purposes of determining (i) the satisfaction of the conditions in Sections 8.1 and 8.2 or (ii) the existence of an inaccuracy or a breach of any representation or warranty made on the date of this Agreement or on the Closing Date or the occurrence of a breach of any covenant or obligation of the Sellers or the Company, including for purposes of Article 11 and the rights to indemnification set forth therein, any information provided to the Buyer pursuant to this Section 5.4 or pursuant to any other provision of this Agreement after the date hereof will be disregarded and have no effect.

5.5 Payment of Indebtedness; Tangible Shareholders' Equity.

(a) The Sellers and the Company will cause all Indebtedness owed by the Company to any Person to be paid in full prior to the Closing other than the Closing Term Loan Payment Amount and the Closing Date Revolving Loan Amount.

(b) The Sellers and the Company will cause all Indebtedness owed to the Company by any Seller or any Affiliate of any Seller or the Company to be paid in full at or prior to Closing.

(c) The Sellers and the Company shall not take any affirmative action, or fail to take any action within its or his control, as a result of which the Company shall have less than $20,000,000 in Tangible Shareholders' Equity on the Closing Date Balance Sheet.

5.6 Claims. Prior to the Closing, the Company shall notify the Buyer in writing of all known facts, events, and circumstances within the Knowledge of the Company that could reasonably be expected to give rise to a claim or Proceeding against the Company and whether such claim or Proceeding is covered by insurance.

5.7 Reasonable Best Efforts. Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Sellers and the Company shall use their reasonable best efforts to cause the conditions in Article 8 to be satisfied.

5.8 No Solicitation of Other Bids.

(a) Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, none of the Sellers or the Company shall, nor shall any of the Sellers or the Company authorize or permit any of their respective Affiliates or Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate, or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Each Seller and the Company shall immediately cease and cause to be terminated, and shall cause its or his Affiliates and all of their respective Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "Acquisition Proposal" shall mean any inquiry, proposal, or offer from any Person (other than the Buyer or any of its Affiliates) concerning (A) a merger, consolidation, liquidation, recapitalization, share exchange, or other business combination transaction involving the Company; (B) the issuance or acquisition of shares of capital stock or other equity securities of the Company; or (C) the sale, lease, exchange, or other disposition of substantially all of the Company's properties or assets.

(b) In addition to the other obligations under this Section 5.8, within three Business Days after receipt thereof by any Seller, the Company, or any of their respective Representatives, such Seller or the Company, as applicable, shall advise the Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal, or inquiry, and the identity of the Person making the same.

(c) The Sellers and the Company agree that the rights and remedies for noncompliance with this Section 5.8 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Buyer, that money damages would not provide an adequate remedy to the Buyer, and that the Buyer shall not be required to post bond or other security in any such enforcement action.

5.9 Financing. Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Company and the Sellers shall cooperate and take all actions reasonably requested by the Buyer or its Affiliates in connection with the Buyer obtaining the Financing.

ARTICLE 6
COVENANTS OF THE BUYER

6.1 Reasonable Best Efforts. Between the date of this Agreement and the earlier of the Closing or the termination of this Agreement pursuant to Section 10.1, the Buyer shall use its reasonable best efforts to cause the conditions in Article 9 to be satisfied.

6.2 Financing. The Buyer shall use its reasonable best efforts, at its cost and expense, to obtain the financing needed by the Closing Date in order to consummate the Contemplated Transactions and operate the business of the Company following the Closing (the "Financing"), on terms satisfactory to the Buyer and its Affiliates.

6.3 Access. From and after the Closing until the date of maturity of the Promissory Note, the Buyer shall, and shall cause the Company to, furnish the Sellers and their Representatives, within a reasonable time of request, with access to such financial, operating, and other data and information of the Company as the Sellers may reasonably request; *provided*, that any such information shall (a) be provided only during normal business hours under the supervision of the Buyer's personnel in such manner as to not interfere with the normal operations of the Company and (b) shall be deemed to be Confidential Information and be subject to Section 7.5.

ARTICLE 7
ADDITIONAL AGREEMENTS

7.1 Certain Tax Covenants.

(a) Without the prior written consent of the Buyer, no Seller (and, prior to the Closing, none of the Company, its Affiliates, and their respective Representatives) shall, to the extent it may affect, or relate to, the Company, make, change, or rescind any Tax election, amend any Tax Return, take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction, that would have the effect of increasing the Tax liability or reducing any Tax asset of the Buyer or the Company in respect of any Post-Closing Tax Period.

(b) All transfer, documentary, sales, use, stamp, registration, value added, and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be borne and paid 50% by the Sellers and 50% by the Buyer, when due. Each party shall, at his or its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and the other party shall cooperate with respect thereto as necessary).

(c) The Sellers shall prepare and file, or cause to be prepared and filed, when due all Tax Returns for the Company for all Pre-Closing Tax Periods ending on or prior to the Closing Date that are required to be filed after the Closing Date. The Sellers shall include any income, gain, loss, deduction, or other tax items for such periods on their Tax Returns in a manner consistent with the Schedule K-1s prepared by the Sellers for such periods. The Sellers shall permit the Buyer or its Representatives to review and comment on each such Tax Return filed after the date of this Agreement, prior to filing. The Buyer shall prepare and file, or cause to be prepared and filed, all Tax Returns for the Company for the periods ending after the Closing Date.

(d) In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "Straddle Period"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(i) in the case of Taxes (A) based upon, or related to, income, receipts, profits, wages, capital, or net worth, (B) imposed in connection with the sale, transfer, or assignment of property, or (C) required to be withheld, deemed equal to the amount that would be payable if the taxable year ended with the Closing Date; and

(ii) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

(e) The Sellers shall indemnify the Buyer Indemnified Parties and hold them harmless from and against (A) any Loss attributable to any breach of or inaccuracy in any representation or warranty made in Section 3.11; (B) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking, or obligation in this Section 7.1 or in Section 7.2 by any Seller; (C) all Taxes of the Company relating to the business of the Company for all Pre-Closing Tax Periods (including all Taxes of the Company in respect of the matters set forth in Section 3.11(c) of the Disclosure Schedules); (D) any and all Taxes of any Person imposed on the Company arising under the principles of transferee or successor liability or by Contract, relating to an event or transaction occurring before the Closing; in each of the above cases, together with any out-of-pocket fees and expenses (including attorneys' and accountants' fees) incurred in connection therewith. The Sellers shall reimburse the Buyer for any Taxes of the Company that are the responsibility of the Sellers pursuant to this Section 7.1 within fifteen (15) days after payment of such Taxes by the Buyer or the Company. Any indemnification payments pursuant to this Section 7.1 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Legal Requirement. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 3.11 and this Section 7.1 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation, or extension thereof) plus 60 days; *provided, that,* under no circumstance shall any claim arising under this Agreement be brought by Buyer or a Buyer Indemnified Party later than 7 years from the Closing. To the extent that any obligation or responsibility pursuant to Article 11 may overlap with an obligation or responsibility pursuant to this Section 7.1, the provisions of this Section 7.1 shall govern.

(i) The Sellers shall not be liable to the Buyer or Buyer Indemnified Parties for indemnification under Section 7.1(e)(A) until the aggregate amount of all Losses in respect of indemnification under Section 7.1(e)(A) exceeds $560,000, in which event the Sellers shall be required to pay or be liable for Losses from the first dollar. Notwithstanding anything to the contrary herein, the aggregate amount of all Losses for which the Sellers shall be liable pursuant to Section 7.1(e)(A) or Section 7.2 shall not exceed (A) $14,000,000 with respect to any Losses arising from the Sellers' breach of Section 3.11(a) or Section 7.2, and (B) $5,600,000, with respect to all other Losses arising pursuant to Section 7.1(e)(A).

(ii) The Buyer Indemnified Parties shall take all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would reasonably be expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gave rise to such Loss.

(f) The Buyer agrees to give prompt written notice to the Sellers' Representative (which, in any event, shall be within 30 days) of the receipt of any written notice of any Governmental Authority by the Company, the Buyer, or any of the Buyer's Affiliates that involves the assertion of any claim, or the commencement of any Proceeding, in respect of which an indemnity may be sought by the Buyer pursuant to this Section 7.1 (a "Tax Claim"); *provided*, that failure to comply with this provision shall not affect the Buyer's right to indemnification hereunder.

(g) *Buyer's Control of Tax Claims.* Subject to Section 7.1(h), the Buyer shall control the contest or resolution of any Tax Claim; *provided, however*, that the Buyer shall obtain the prior written consent of the Sellers' Representative (which consent shall not be unreasonably withheld, delayed, denied, or conditioned) before entering into any settlement of a claim or ceasing to defend such claim; and, *provided, further*, that the Sellers' Representative shall be entitled to participate in the defense of such claim and to employ counsel of his choice for such purpose, the fees and expenses of which separate counsel shall be borne solely by the Sellers. The Buyer shall pursue any such Tax Claim in a timely manner and in good faith.

(h) *Seller's Control of Tax Claims.* If, within 15 days after the Buyer has provided notice to the Sellers' Representative pursuant to Section 7.1(f), the Sellers' Representative provides notice to the Buyer that the Sellers propose to undertake the defense of the Tax Claim, the Sellers shall have the right to undertake and control the Tax Claim proceedings using counsel of their own choice and their sole expense; *provided, that*, (i) the Tax Claim involves only money damages and does not seek an injunction or other equitable relief against the Buyer or any of its Affiliates; (ii) in the opinion of counsel to the Buyer there does not exist a non-waivable conflict of interest between the Sellers and the Buyer or any of its Affiliates with respect to the Tax Claim; (iii) the Buyer does not in good faith determine that the Tax Claim proceedings are likely to materially and adversely affect its reputation or the reputation of any of its or any of its Affiliate's brands; and (iv) the Buyer shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, the fees and expenses of which separate counsel shall be borne solely by the Buyer. The Sellers shall not cease to defend, settle or otherwise dispose of the Tax Claim without the consent of the Buyer, which consent is not to be unreasonably withheld, denied, or delayed.

(i) The Sellers and the Buyer shall provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return pursuant to this Section 7.1 or in connection with any audit or other proceeding (including all Tax Claims) in respect of Taxes of the Company. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers, and documents relating to rulings or other determinations by tax authorities. Each of the Sellers and the Buyer shall retain all Tax Returns, schedules and work papers, records, and other documents in their respective possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods.

7.2 Section 338(h)(10) Election. The Sellers shall join with the Buyer in making a timely election under IRC §338(h)(10) (and any corresponding election under state and local Legal Requirements) with respect to the purchase and sale of the Shares hereunder (collectively, a "Section 338(h)(10) Election"). The Buyer and the Sellers shall report the Contemplated Transactions in a manner consistent with the Section 338(h)(10) Election. Neither the Buyer nor any Seller shall take any action that is inconsistent with the Section 338(h)(10) Election or its validity under the IRC and the applicable Treasury Regulations. Within ninety (90) days after the Closing Date, the Buyer shall deliver to the Sellers' Representative an allocation schedule (the "Allocation Schedule") setting forth the Buyer's good faith calculation of the aggregate deemed sales price, the adjusted grossed-up basis, and the allocation of the aggregate deemed sales price and adjusted grossed-up basis among the assets of the Company in accordance with the principles of Treasury Regulations §1.338-6, taking into due consideration the suggested allocations set forth in the allocation schedule in Section 7.2 of the Disclosure Schedules. If, within fifteen (15) days after his receipt of the Allocation Schedule, the Sellers' Representative notifies the Buyer in writing that the Sellers object to one or more items reflected in the Allocation Schedule (indicating each disputed item and the basis for their objection thereto), the Sellers' Representative and the Buyer shall negotiate in good faith to resolve such dispute; *provided, however*, that, if the Sellers' Representative and the Buyer are unable to resolve any dispute with respect to the Allocation Schedule within thirty (30) days following the Buyer's receipt of the Sellers' Representative's objection notice, such dispute shall be resolved by a nationally recognized accounting firm jointly selected by the Buyer the Sellers' Representative within five (5) Business Days after the expiration of such 30-day period (or if the parties are unable to agree upon a nationally recognized accounting firm, each party shall select a nationally recognized accounting firm and the two firms together shall select a third a nationally recognized accounting firm) (the "Accounting Referee"). The Accounting Referee shall make a determination as soon as practicable within 30 days (or such other time as the Buyer and the Sellers' Representative shall agree in writing) after their engagement, and their resolution of the disputed items shall be conclusive and binding upon the parties hereto. The fees and expenses of such Accounting Referee shall be allocated between the Sellers and the Buyer based on their relative success with respect to the disputed items (as finally determined by the Accounting Referee). For example, if the Sellers' Representative challenges the calculation of an amount of $100,000, but the Accounting Referee determines that the Sellers' Representative has a valid claim for only $40,000, the Buyer shall bear forty percent (40%) of the fees and expenses of the Accounting Referee and the Sellers shall bear the other sixty percent (60%) of such fees and expenses. If the Sellers' Representative fails to deliver a dispute notice within the aforementioned 15-day period, then the Buyer's Allocation Schedule shall be final and binding on the parties hereto. The Buyer shall prepare and file Forms 8023 and 8883 and such other documents required in connection with the Section 338(h)(10) Election. The Sellers, the Company, and the Buyer shall cooperate fully with each other and make available to each other such Tax data and other information as may be reasonably required by the Sellers or the Buyer in order for the Sellers and the Buyer to timely file the Section 338(h)(10) Election and any other required statements or schedules (or any amendments or supplements thereto) and compute the aggregate deemed sale price and the adjusted grossed-up basis in accordance with the Treasury Regulations. Any adjustment to the Purchase Price herein shall be allocated in a manner consistent with the Allocation Schedule.

7.3 Consents. Each party shall use reasonable best efforts (which shall not require any payment to any third party) to obtain all Consents (including the Consents listed or required to be listed in Section 3.2(b) of the Disclosure Schedule) that may be or become necessary for the performance of its obligations under this Agreement or that are otherwise required in connection with the consummation of the Contemplated Transactions. For the purposes of this Agreement, the "Required Consents" shall mean all Consents listed or required to be listed in Section 3.2(b) of the Disclosure Schedule.

7.4 Release by the Sellers. Each of the Sellers hereby releases and forever discharges the Buyer, the Company, and each of their respective Affiliates, successors, and assigns from any and all claims, causes of action, and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity, that such Seller now has, has ever had, or may hereafter have, against the Company arising contemporaneously with or prior to the Closing on account of such Seller's employment as an employee with the Company, including actions under any Legal Requirements relating to discrimination, sexual harassment, wrongful discharge, or breach or interference with employment contract rights arising prior to the Closing Date; *provided*, *however*, that nothing contained in this Section 7.4 will operate to release any obligations of the Buyer or the Company (i) arising under this Agreement or the Contemplated Transactions or (ii) with respect to current claims for salaries, wages, or benefits accrued for the current pay period but not paid; and *provided*, *further*, that no such unreleased claim shall limit the Buyer's rights to an indemnifiable claim under Article 11 with respect to matters arising out of such claim. Each of the Sellers hereby irrevocably covenants to refrain from asserting any claim or demand, or commencing or instituting any Proceeding, of any kind against the Company, the Buyer, or any of their respective Affiliates based upon any matter released by this Section 7.4. Notwithstanding the foregoing or any other provision in this Agreement to the contrary, the Buyer shall cause the Company to maintain its existing indemnification provisions as of the date hereof with respect to present and former directors, officers, employees, and agents of the Company for all expenses, judgments, fines, and amounts paid in settlement by reason of actions or omissions or alleged actions or omissions occurring at or before the Closing to the fullest extent permitted or required under applicable law and the Company's articles of incorporation and bylaws in effect as of the date of this Agreement (to the extent consistent with applicable law), for a period of six years after the Closing, and shall cause the Company to perform its obligations under such indemnification provisions in accordance with their respective terms.

7.5 Confidentiality. From and after the Closing, the Sellers shall hold, and shall use their respective reasonable best efforts to cause their respective Representatives to hold, in confidence any and all Confidential Information, whether written or oral, concerning the Company, except to the extent that the Seller can show that such information (i) is generally available to and known by the public through no fault of any Seller or any Representative thereof; (ii) is required to be disclosed in connection with the performance of a Seller's duties as an employee of the Company; or (iii) is lawfully acquired by such Seller or any of its Representatives from and after the Closing from sources that are not prohibited from disclosing such information by a legal, contractual, or fiduciary obligation. If any Seller or any Representative thereof is compelled to disclose any information by judicial or administrative process or by other Legal Requirements, such Seller shall promptly notify the Buyer in writing and shall disclose only that portion of such information that such Seller is advised by its or his counsel in writing is legally required to be disclosed, *provided* that such Seller shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. The Nondisclosure Agreement shall be deemed terminated effective upon the Closing. For the purposes of this Agreement, "Confidential Information" shall mean the trade secrets, financial information, technical information, and business information of the Company that Company management treated as confidential prior to the Closing Date or that a reasonable person would deem to be confidential based on the type of information and method of disclosure.

7.6 Non-competition; Non-solicitation.

(a) For a period of five (5) years commencing on the Closing Date (the "Restricted Period"), none of the Sellers shall, nor shall any Seller permit any of his or its Affiliates, directly or indirectly, to (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee, or consultant; or (iii) intentionally interfere in any material respect with the business relationships (whether formed prior to or after the date of this Agreement) between the Company and customers or suppliers of the Company for the purpose of diverting business away from the Company. Notwithstanding the foregoing, a Seller may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if Seller is not a controlling Person of, or a member of a group which controls, such Person and does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(b) During the Restricted Period, none of the Sellers shall, nor shall any Seller permit any of his or its Affiliates to, directly or indirectly, hire or solicit any employee of the Company or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, that nothing in this Section 7.6(b) shall prevent any Seller or any Affiliate thereof from hiring (i) any employee whose employment has been terminated by the Company or the Buyer or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(c) During the Restricted Period, none of the Sellers shall, nor shall any Seller permit any of his or its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any customers of the Company or potential customers of the Company for purposes of diverting their business or services from the Company.

(d) The Sellers acknowledge that a breach or threatened breach of this Section 7.6 would give rise to irreparable harm to the Buyer, for which monetary damages would not be an adequate remedy, and hereby agree that in the event of a breach or a threatened breach by any Seller of any such obligations, the Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance, and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(e) The Sellers acknowledge that the restrictions contained in this Section 7.6 are reasonable and necessary to protect the legitimate interests of the Buyer and constitute a material inducement to the Buyer to enter into this Agreement and consummate the Contemplated Transactions. In the event that any covenant contained in this Section 7.6 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Legal Requirements in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Legal Requirements. The covenants contained in this Section 7.6 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

7.7 Audited Financial Statements. The Sellers acknowledge that the Buyer or its Affiliate may be required under applicable Legal Requirements to provide certain audited, unaudited, and pro forma financial statements covering the business of the Company in accordance with its periodic reporting obligations under the Exchange Act (collectively the "Audited Financials"). With respect to the foregoing, the Sellers and the Buyer agree that the Sellers shall afford to the Buyer, its Affiliates, and their respective Representatives, at the Buyer's expense, during normal business hours, reasonable access to the books, records, and other data of the Sellers, and use reasonable best efforts to cause the Company's accountants to make available all of their work papers, that in each case include or relate to the Company or the business of the Company, and, to the extent permitted by such accountants, the Buyer and its (or its Affiliate's) independent registered public accounting firm shall have the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the Buyer or any of its Affiliates to prepare, complete, and file such Audited Financials (at the expense of the Buyer).

7.8 [Intentionally Omitted].

7.9 Further Assurances. Each party agrees (i) to furnish to the other party such further information, (ii) to execute and deliver to the other party such other documents, and (iii) to do such other acts and things, all as the other party reasonably requests for the purpose of carrying out the intent of this Agreement and the Transaction Documents.

7.10 Reasonable Best Efforts to Close by November 3, 2016. Subject to the terms and conditions set forth herein and taking into consideration additional time needed to secure consents, approvals, and other conditions to Closing set forth in this Agreement, and subject to applicable Legal Requirements, each of the Sellers and the Buyer shall cooperate and use their respective reasonable best efforts to take, or cause to be taken, all reasonably necessary action, and do, or cause to be done, and assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate the Closing by November 3, 2016, including the satisfaction of the respective conditions set forth in Article 8 and Article 9.

ARTICLE 8
CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO CLOSE

The Buyer's obligations to purchase the Shares and to take the other actions required to be taken by the Buyer at the Closing are subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any or all of which may be waived in writing by the Buyer in whole or in part in its sole discretion):

8.1 Accuracy of Representations. Other than the representations and warranties of Seller contained in Section 3.3, the representations and warranties of the Company and the Sellers contained in this Agreement and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of the Company and the Sellers contained in Section 3.3 shall be true and correct in all respects on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

8.2 Performance of Covenants. Each of the covenants and obligations that the Sellers or the Company are required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

8.3 Consents. The Required Consents must have been obtained and must be in full force and effect and executed counterparts thereof shall have been delivered to the Buyer at or prior to the Closing.

8.4 Additional Documents. The Sellers shall have delivered or caused to be delivered to the Buyer each of the following documents:

(i) stock certificates evidencing the Shares, free and clear of Encumbrances, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank;

(ii) a certificate of the Sellers, dated the Closing Date, certifying to the Buyer the satisfaction of the conditions set forth in Sections 8.1 and 8.2;

(iii) a certificate, dated the Closing Date, executed by a duly authorized officer of the Company certifying (A) the Organization Documents of the Company; (B) resolutions duly adopted by the Board of Directors of the Company authorizing and approving the execution, delivery, and performance of this Agreement and the consummation of the Contemplated Transactions, and that such resolutions have not been amended and remain in full force and effect; and (C) as to the incumbency of the officers of the Company executing this Agreement and the other Transaction Documents;

(iv) the Employment Agreements, dated the Closing Date, executed by the Company and each Seller signatory thereto;

(v) duly executed written resignations of all directors and officers of the Company effective as of the Closing in respect of the directorial, employment, or consulting relationships with the Company immediately prior to the Closing;

(vi) the Closing Payment Certificate;

(vii) subject to Section 7.2, such documents and forms, executed by the Sellers, as are required to complete properly the Section 338(h)(10) Election, if any are required to be submitted prior to the Closing Date;

(viii) a certificate by each Seller pursuant to Treasury Regulations Section 1.1445-2(b) certifying that such Seller is not a foreign person within the meaning of Section 1445 of the IRC; and

(ix) a subordination agreement executed by the Sellers, in a form reasonably satisfactory to the Sellers, the Buyer, and the sources of the Financing, pursuant to which the Sellers' rights and claims with respect to the Promissory Note are subordinated to the rights and claims of the sources of the Financing.

8.5 No Material Adverse Effect. From the date of this Agreement, there shall not have occurred any Material Adverse Effect.

8.6 No Proceedings. Since the date of this Agreement, there must not have been commenced or Threatened against the Buyer, the Company, any Seller, or any of their respective Affiliates any Proceeding (i) involving any challenge to, or seeking damages or other relief in connection with, any of the Contemplated Transactions or (ii) that may have the likely effect of preventing, delaying, making illegal, or otherwise interfering with any of the Contemplated Transactions.

8.7 No Claim Regarding Ownership or Sale Proceeds. There shall not have been made or Threatened by any Person any claim asserting that such Person (i) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any capital stock of, or any other voting, equity, or ownership interest in, the Company or (ii) is entitled to all or any portion of the Purchase Price.

8.8 Injunction. There shall not be in effect any Legal Requirement that prohibits the sale of the Shares to the Buyer.

8.9 No Indebtedness; Minimum Tangible Shareholders' Equity.

(a) All Indebtedness of the Company other than the Closing Term Loan Payment Amount, the Closing Date Revolving Loan Amount, and the guarantee under that certain lease in favor of EQYINVEST OWNER II, LTD., L.L.P., shall have been paid in full prior to the Closing and the Sellers shall provide the Buyer with written evidence thereof, in form satisfactory to the Buyer, at or prior to the Closing.

(b) The Sellers shall have delivered to the Buyer the Closing Date Balance Sheet showing that the Company has at least $20,000,000 in Tangible Shareholders' Equity immediately prior to the Closing.

8.10 Financing. The Buyer shall have received the Financing on terms acceptable to the Buyer, in its sole and absolute discretion.

ARTICLE 9
CONDITIONS PRECEDENT TO THE SELLERS' OBLIGATION TO CLOSE

The Sellers' obligations to sell the Shares and to take the other actions required to be taken by the Sellers at the Closing are subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any or all of which may be waived in writing by the Sellers in whole or in part in their sole discretion):

9.1 Accuracy of Representations. The representations and warranties of the Buyer contained in this Agreement and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

9.2 Buyer's Performance. Each of the covenants and obligations that the Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been performed and complied with in all material respects.

9.3 Additional Deliveries. The Buyer shall have delivered or caused to be delivered to the Sellers each of the following:

(i) a certificate of the Buyer, dated the Closing Date, certifying to the Sellers the satisfaction of the conditions set forth in Sections 9.1 and 9.2;

(ii) the Promissory Note, dated the Closing Date, executed by the Buyer;

(iii) the Purchase Price payable at Closing pursuant to Section 2.2; and

(iv) a certificate, dated the Closing Date, executed by a duly authorized officer of the Buyer certifying (A) the Organization Documents of the Buyer; (B) resolutions duly adopted by the Board of Directors of the Buyer authorizing and approving the execution, delivery, and performance of this Agreement and the consummation of the Contemplated Transactions, and that such resolutions have not been amended and remain in full force and effect; and (C) as to the incumbency of the officers of the Company executing this Agreement and the other Transaction Documents.

9.4 Indebtedness Payoff Obligation. The portion of the Closing Date Revolving Loan Amount payable by the Buyer shall have been paid in full pursuant to Section 2.2(b)(ii) and the Buyer shall provide the Sellers with written evidence thereof, in form satisfactory to the Sellers, at or prior to the Closing.

9.5 No Injunction. There shall not be in effect any Legal Requirement, Order, or Proceeding that prohibits the sale of the Shares by the Sellers to the Buyer.

9.6 **Consents**. The Required Consents must have been obtained and must be in full force and effect prior to the Closing.

ARTICLE 10
TERMINATION

10.1 **Termination of Agreement.** This Agreement may be terminated and the Contemplated Transactions abandoned at any time prior to the Closing:

(i) by mutual written consent of the Buyer and the Sellers' Representative;

(ii) by either the Buyer or the Sellers' Representative if there is any Legal Requirement that makes consummation of the Contemplated Transactions illegal or otherwise prohibited or if consummation of the Contemplated Transactions would violate any Final Order of any Governmental Body having competent jurisdiction;

(iii) by either the Buyer or the Sellers' Representative on or after December 31, 2016 (the "Termination Date") if the Closing shall not have been consummated on or before the Termination Date; *provided* that such right to terminate this Agreement will not be available to any party whose failure to perform in any material respect any obligation of such party under this Agreement when performance thereof was due is the cause of the delay;

(iv) by the Buyer if any of the Sellers' representations or warranties contained herein are inaccurate or untrue such that the condition set forth in Section 8.1 would not be satisfied, and such inaccuracy cannot reasonably be expected to be cured prior to the Termination Date;

(v) by the Seller's Representative if any of the Buyer's representations or warranties contained herein are inaccurate or untrue such that the condition set forth in Section 9.1 would not be satisfied, and such inaccuracy cannot reasonably be expected to be cured prior to the Termination Date;

(vi) by the Buyer, provided it is not then in material breach of any of its obligations under this Agreement, if any Seller or the Company fails to perform or satisfy any agreement, covenant, condition, or obligation in this Agreement when performance or satisfaction thereof is due such that the condition set forth in Section 8.2 would not be satisfied, and does not cure the failure within twenty (20) Business Days after the Buyer delivers written notice thereof; or

(vii) by the Sellers' Representative, provided the Sellers are not then in material breach of any of their obligations under this Agreement, if the Buyer fails to perform or satisfy any agreement, covenant, condition, or obligation in this Agreement when performance thereof is due such that the condition set forth in Section 9.2 would not be satisfied, and does not cure the failure within twenty (20) Business Days after notice by the Sellers' Representative thereof.

The party desiring to terminate this Agreement pursuant to this Section 10.1 will give written notice of such termination to the other party.

10.2 Effect of Termination. Each party's right to termination under Section 10.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 10.1, all further obligations of the parties under this Agreement will terminate without liability on the part of any party hereto, except that the obligations in Sections 12.1 and 12.2 will survive; *provided*, *however*, that if this Agreement is terminated by a party because of the intentional breach of this Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's intentional failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 11
SURVIVAL; INDEMNIFICATION

11.1 Survival. Subject to the limitations and other provisions of this Agreement, the covenants, representations, and warranties contained herein (other than any covenants, representations, or warranties contained in Section 3.11, Section 7.1, or Section 7.2, which are subject to Section 7.1) shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; *provided*, that the representations and warranties in Section 3.1, Section 3.2(a), Section 3.3, Section 3.12, Section 3.25, Section 4.1, Section 4.2(a), and Section 4.5 shall survive for the full period of the applicable statutes of limitations (giving effect to any waiver, mitigation, or extension thereof) plus 60 days and; *provided further, that,* all covenants and agreements of the parties contained herein (other than any covenants or agreements contained in Section 7.1 or Section 7.2, which are subject to Section 7.1) to be performed after the Closing shall survive the Closing for the period explicitly specified therein; *and, provided further, that,* under no circumstance shall any claim arising under this Agreement be brought by Buyer or a Buyer Indemnified Party later than 7 years from the Closing. Upon expiration of the periods set forth above in this Section 11.1, all liability of the Sellers with respect to such covenants, representations, and warranties shall thereupon be extinguished. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved

11.2 Indemnification.

(a) *Indemnification Obligations of the Sellers*. Subject to the other terms and conditions of this Article 11, the Sellers, jointly and severally, shall indemnify and defend each of the Buyer and its Affiliates (including the Company) (each, a "Buyer Indemnified Party" and, collectively, the "Buyer Indemnified Parties") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any Buyer Indemnified Party based upon, arising out of, with respect to, or by reason of:

(i) any inaccuracy in or breach of any of the representations or warranties of the Company or the Sellers contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Company or any Seller pursuant to this Agreement (other than in respect of Section 3.11, it being understood that the sole remedy for any such inaccuracy in or breach thereof shall be pursuant to Section 7.1 or 7.2), as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, in which case the inaccuracy in or breach of which will be determined with reference to such specified date); or

(ii) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Company or any Seller pursuant to this Agreement (other than any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking, or obligation in Section 7.1 or 7.2, it being understood that the sole remedy for any such breach, violation, or failure shall be pursuant to Section 7.1).

(b) *Indemnification Obligations of the Buyer*. Subject to the other terms and conditions of this Article 11, the Buyer shall indemnify and defend each Seller and his or its Affiliates (each, a "Seller Indemnified Party" and, collectively, the "Seller Indemnified Parties") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any Seller Indemnified Party based upon, arising out of, with respect to, or by reason of:

(i) any inaccuracy in or breach of any of the representations or warranties of the Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(ii) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Buyer pursuant to this Agreement.

(c) *Indemnification Limitations*.

(i) The Sellers shall not be liable to the Buyer Indemnified Parties for indemnification under Section 11.2(a)(i) until the aggregate amount of all Losses in respect of indemnification under Section 11.2(a)(i) exceeds $560,000 (the "Basket"), in which event the Sellers shall only be required to pay or be liable for Losses in excess of the Basket. Notwithstanding anything to the contrary, the aggregate amount of all Losses for which the Sellers shall be liable pursuant to Section 11.2(a)(i) shall not exceed $5,600,000. Notwithstanding the foregoing, the limitations set forth in this Section 11.2(c)(i) shall not apply to Losses based upon, arising out of, with respect to, or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.1, Section 3.2(a), Section 3.3, Section 3.25, or Section 3.26(b).

(ii) In addition to the limitations set forth in Section 11.2(c)(i), payments of the Sellers pursuant to Section 11.2(a) in respect of any Loss shall be further limited to the amount of any liability or damage to the Buyer Indemnified Party that remains after deducing therefrom any insurance proceeds, indemnity, contribution, or similar payment actually received by the Buyer Indemnified Party in respect of any such claim, less any related costs and expenses, including the aggregate cost of pursuing any related insurance claims and any related increases in insurance premiums or other chargebacks (it being agreed that the Buyer Indemnified Party shall not have any obligation to seek to recover any insurance proceeds in connection with making a claim under this Article 11 and that, promptly after the realization of any insurance proceeds, indemnity contribution, or similar payment, the Buyer Indemnified Party shall reimburse the Indemnifying Party for such reduction in Losses for which the Buyer Indemnified Party was indemnified prior to the realization of reduction of such Losses).

(d) *Materiality Scrape.* For purposes of this Article 11, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect, or other similar qualification contained in or otherwise applicable to such representation or warranty.

11.3 Indemnification Procedures. The party making a claim under this Article 11 is referred to as the "Indemnified Party", and the party against whom such claims are asserted under this Article 11 is referred to as the "Indemnifying Party". The Sellers' Representative shall administer any Losses claimed against, or by, the Sellers pursuant to this Article 11. For all purposes under this Section 11.3, the Sellers' Representative shall be the exclusive agent and shall act on behalf of all of the Sellers, all such actions of the Sellers' Representative hereunder shall bind all of the Sellers, and the term Indemnifying Party, when used in relation to the Sellers in this Section 11.3, shall be deemed to be a reference to the Sellers' Representative.

(a) *Third Party Claims*. If any Indemnified Party receives notice of the assertion or commencement of any Proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof, and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided*, that if the Indemnifying Party is a Seller, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that seeks an injunction or other equitable relief against the Indemnified Party so long as the Buyer or other Buyer Indemnified Party diligently, in good faith, defends such action to completion. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 11.3(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal, or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required to the extent necessary for the Indemnified Party to avail itself of the aforementioned legal defenses and to defend itself with respect to the matter involving a non-waivable conflict of interest. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify (within 15 days of its receipt of notice of a Third Party Claim) the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 11.3(b), pay, compromise, and defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from, or relating to such Third Party Claim. The Sellers and the Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 7.5) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) *Settlement of Third Party Claims*. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 11.3(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 11.3(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed, denied, or conditioned).

(c) *Direct Claims*. Any Proceeding by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof, and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Company's premises and personnel and the right to examine and copy any accounts, documents, or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30-day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) *Tax Claims*. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event, or proceeding in respect of Taxes of the Company (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 3.11 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking, or obligation in Section 7.1 or Section 7.2) shall be governed exclusively by Section 7.1.

11.4 Payments. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article 11, the Indemnifying Party shall satisfy its obligations within fifteen (15) days of such final, non-appealable adjudication by wire transfer of immediately available funds. The parties hereto agree that, subject to the immediately preceding sentence of this Section 11.4, should an Indemnifying Party not make full payment of any such obligations within such fifteen (15) day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to but excluding the date such payment has been made at a rate per annum equal to the lesser of 10% or the highest rate permitted by applicable Legal Requirements. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed.

11.5 Offset. Acting in good faith and upon written notice to the Sellers' Representative specifying in reasonable detail the basis therefor, the Buyer may withhold and setoff against amounts otherwise payable by the Buyer under the Promissory Note the amount of any Losses for which any Buyer Indemnified Party may be entitled to indemnification under this Article 11 or Section 7.1; *provided, however*, that, within five (5) Business Days of receipt of such notice, the Sellers' Representative may elect to challenge the Buyer's action in writing, in which case (i) the issue of whether the Buyer is entitled to indemnification affording such setoff shall be determined pursuant to Section 12.10 and (ii) the amount withheld and setoff by the Buyer shall be deposited by the Buyer into the registry of the court pending agreement of the parties regarding the disposition of such amount or the final, non-appealable adjudication thereof by the court. The exercise of such right of setoff by the Buyer in good faith, whether or not ultimately determined to be justified, will not constitute a breach under the Promissory Note.

11.6 Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Legal Requirements.

11.7 [Intentionally Omitted].

11.8 Exclusive Remedies. Subject to Section 7.6 and Section 12.13, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in Section 7.1 and this Article 11. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under applicable Legal Requirements, any and all rights, claims, and causes of action for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Legal Requirements, except pursuant to the indemnification provisions set forth in Section 7.1 and this Article 11. Nothing in this Section 11.8 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraud or intentional misconduct.

11.9 Mitigation. Each Indemnified Party shall take all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would reasonably be expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gave rise to such Loss.

11.10 No Circular Recovery. Each Seller hereby agrees that he or it will not make any claim for indemnification against the Buyer or the Company by reason of the fact that such Seller was a Representative of the Company or was serving as such for another Person at the request of the Company (whether such claim is for Losses of any kind or otherwise and whether such claim is pursuant to any Legal Requirement, Organizational Document, Contract, or otherwise) with respect to any claim brought by a Buyer Indemnified Party against any Seller relating to this Agreement or any of the Contemplated Transactions. With respect to any claim brought by a Buyer Indemnified Party against any Seller relating to this Agreement or any of the Contemplated Transactions, each Seller expressly waives any right of subrogation, contribution, advancement, indemnification, or other claim against the Company with respect to any amounts such Seller is liable for pursuant to Section 7.1 or this Article 11. Notwithstanding the foregoing, this Section 11.10 shall not restrict, impede, or limit any right of a Seller pursuant to an Employment Agreement, including any right to subrogation, contribution, advancement, indemnification, or other claim against the Company by a Seller arising pursuant to an Employment Agreement.

ARTICLE 12
GENERAL PROVISIONS

12.1 Expenses. Except as otherwise expressly provided in this Agreement, each party will bear its respective expenses incurred in connection with the preparation, execution, and performance of this Agreement and the Contemplated Transactions, including all fees and expenses of Representatives. All such expenses of the Company and the Sellers incurred through and including the Closing Date (collectively, "Transaction Expenses") shall be borne by the Sellers and paid pursuant to Section 2.2.

12.2 Public Announcements. No party shall make any public announcement or statement with respect to this Agreement or the Contemplated Transactions prior to the Closing, except that the Buyer and its Affiliates may make any disclosure required under applicable Legal Requirements. No Seller shall make any public announcement or statement with respect to this Agreement or the Contemplated Transactions after the Closing without the approval of the Buyer, which approval will not be unreasonably withheld, delayed, denied, or conditioned. In the event the Buyer determines to make any public announcement or statement concerning this Agreement or the Contemplated Transactions after Closing, the Buyer agrees to notify the Sellers' Representative of the Buyer's intention to make such announcement or statement and provide the Sellers' Representative with the text of the announcement in advance of its release to the public.

12.3 Authority and Rights of the Sellers' Representative. By executing this Agreement, each Seller appoints Rodney Spriggs as the Sellers' Representative for all purposes under this Agreement and authorizes the Sellers' Representative to act as his or its attorney in fact on behalf of such Seller and in such Seller's name to carry out the functions assigned to the Sellers' Representative in this Agreement and the Promissory Note. Any Contract, notice, waiver, or other arrangement signed by the Sellers' Representative shall be binding and enforceable against each Seller as if such Seller were a signatory thereto.

12.4 Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder shall be in writing and shall be deemed to have been given (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (iii) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (iv) on the third Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.4):

(a) If to the Buyer:

Vintage Stock Affiliated Holdings LLC
c/o Live Ventures Incorporated
325 East Warm Springs Road
Suite 102
Las Vegas, Nevada 89119
Attn: Jon Isaac
Email: j.isaac@isaac.com
Facsimile No.: [858-259-6661]

with a copy (which shall not constitute notice) to:

Baker & Hostetler LLP
600 Anton Boulevard
Suite 900
Costa Mesa, California 92626
Attn: Randolf W. Katz, Esq.
Email: rwkatz@bakerlaw.com
Facsimile No.: 714-966-8802

(b) If to the Company (prior to the Closing):

Vintage Stock, Inc.
202 E. 32nd Street
Joplin, Missouri 64804
Attn: Rodney Spriggs, President and CEO
Email: Rodney.spriggs@vintagestock.com
Facsimile No.: 417-782-0024

with a copy (which shall not constitute notice) to:

Vintage Stock, Inc.
202 E. 32nd Street
Joplin, Missouri 64804
Attn: Ken Caviness, CFO
Email: ken.caviness@vintagestock.com
Facsimile No.: _____

with a copy (which shall not constitute notice) to:

Mann Conroy LLC
1316 Saint Louis Avenue
2nd Floor
Kansas City, Missouri 64101
Attn: Kyle Conroy, Esq.
Email: kconroy@mannconroy.com
Facsimile No.:

(c) If to the Sellers' Representative:

Rodney Spriggs
c/o Vintage Stock, Inc.
202 E. 32nd Street
Joplin, Missouri 64804
Email: Rodney.spriggs@vintagestock.com
Facsimile No.: 417-782-0024

with a copy (which shall not constitute notice) to:

Mann Conroy LLC
1316 Saint Louis Avenue
2nd Floor
Kansas City, Missouri 64101
Attn: Kyle Conroy, Esq.
Email: kconroy@mannconroy.com
Facsimile No.:

12.5 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach, or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

12.6 Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits, and Disclosure Schedule (other than an exception expressly set forth as such in the Disclosure Schedule), the statements in the body of this Agreement will control.

12.7 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither any Seller nor the Buyer may assign its rights or obligations hereunder without the prior written consent of the other party (which consent shall not be unreasonably withheld, delayed, denied, or conditioned); *provided*, *however*, that the Buyer (i) may collaterally assign any or all of its rights and obligations hereunder to any provider of debt financing (including the Financing) to it or any of its Affiliates and (ii) may assign any of its rights under this Agreement to any Affiliate of the Buyer, in each case without obtaining prior consent. No assignment shall relieve the assigning party of any of its obligations hereunder.

12.8 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 7.6(e), upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

12.9 Construction of Terms. When reference is made in this Agreement to an Article or Section, such reference shall be to an Article or Section of this Agreement, unless otherwise indicated. When a reference is made in this Agreement to a party or parties, such reference is to parties to this Agreement, unless otherwise indicated. The table of contents and headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; and (iv) any reference to any Legal Requirement shall be deemed also to refer to all rules and regulations promulgated thereunder. References to Contracts and other documents shall be deemed to include all subsequent amendments and other modifications thereto. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

12.10 Governing Law; Jurisdiction; Jury. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Missouri without giving effect to any choice or conflict of law provision or rule. Any legal suit, action, or proceeding arising out of or based upon this Agreement or the Contemplated Transactions may be instituted in the federal courts of the Western District of Missouri or the courts of the State of Missouri located in Newton County, Missouri. Each party hereto irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE CONTEMPLATED TRANSACTIONS.

12.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

12.12 No Third Party Beneficiaries; No Recourse to Financing Sources.

(a) Except as provided in Section 7.1 and Article 11, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement. Notwithstanding the foregoing, each financing source for the Financing shall be an express third-party beneficiary with respect to Section 12.12(b).

(b) Subject to the rights of the parties to any Contract entered into in connection with the Financing, none of the parties hereto, nor any of their respective Affiliates, solely in their respective capacities as parties to this Agreement, shall have any rights or claims against any financing source for the Financing or any Affiliate thereof, solely in their respective capacities as lenders or arrangers in connection with the Financing, and such financing sources, solely in their respective capacities as lenders or arrangers, shall not have any rights or claims against any party hereto or any Affiliate thereof, in connection with this Agreement or the Financing, whether at law or equity, in contract, in tort, or otherwise. Notwithstanding anything to the contrary in this Agreement, this Section 12.12(b) may not be amended or waived without the consent of the financing sources for the Financing.

12.13 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity, and without having to prove the inadequacy of any other remedy they may have at law or in equity and without being required to post bond or other security.

12.14 Certain Legal Matters. The Sellers (i) acknowledge that Baker & Hostetler LLP has represented the Buyer and its Affiliates in connection with the transactions contemplated by this Agreement and the other Transaction Documents and (ii) consent to the representation by Baker & Hostetler LLP of the Buyer and its Affiliates (including the Company) in any future post-closing matter, including post-closing disputes concerning this Agreement or the Contemplated Transactions.

12.15 Acknowledgment. The Sellers acknowledge that the audited Financial Statements referred to in Section 3.4(c) will be included in the Current Report (or an amendment thereto) on Form 8-K of an Affiliate of the Buyer to be filed after the Closing that describes the Contemplated Transactions and thereafter will be consolidated into such Affiliate's periodic reports to be filed under the Exchange Act.

[The remainder of this page has been intentionally left blank. The signature page follows.]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Stock Purchase Agreement as of the date first written above.

THE BUYER:

VINTAGE STOCK AFFILIATED HOLDINGS LLC

By: /s/ Jon Isaac
Jon Isaac
President and Chief Executive Officer

THE COMPANY:

VINTAGE STOCK, INC.

By: /s/ Rodney D. Spriggs
Rodney D. Spriggs
President and Chief Executive Officer

THE SELLERS:

/s/ Kenneth L. Caviness
Kenneth L. Caviness, trustee of
THE KEN AND DEANNA CAVINESS
LIVING TRUST, dated July 12, 2002

/s/ Rodney D. Spriggs
Rodney D. Spriggs, trustee of
THE RODNEY AND SHERRY SPRIGGS
LIVING TRUST, dated April 18, 2012

/s/ Deanna L. Caviness
Deanna L. Caviness, trustee of
THE KEN AND DEANNA CAVINESS
LIVING TRUST, dated July 12, 2002

/s/ Sherry L. Spriggs
Sherry L. Spriggs, trustee of
THE RODNEY AND SHERRY SPRIGGS
LIVING TRUST, dated April 18, 2012

/s/ Steven D. Wilcox
Steven D. Wilcox, trustee of
THE STEVEN AND ANNA WILCOX
LIVING TRUST, dated May 15, 2012

/s/ Anna V. Wilcox
Anna V. Wilcox, trustee of
THE STEVEN AND ANNA WILCOX
LIVING TRUST, dated May 15, 2012

/s/ Tyler L. Caviness
Tyler L. Caviness, trustee of
THE TYLER L CAVINESS TRUST,
dated January 1, 2014

/s/ Erin R. (Caviness) Mazzoni
Erin R. (Caviness) Mazzoni, trustee of
THE ERIN R. (CAVINESS) MAZZONI
TRUST, dated January 1, 2014

/s/ Rodney D. Spriggs
Rodney D. Spriggs, acting in his individual
capacity

/s/ Kenneth L. Caviness
Kenneth L. Caviness, acting in his
individual capacity

/s/ Steven D. Wilcox
Steven D. Wilcox, acting in his individual
capacity

THE SELLERS' REPRESENTATIVE:

/s/ Rodney Spriggs
Rodney Spriggs

"THIS SUBORDINATED PROMISSORY NOTE AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY, INCLUDING THE PAYMENT OF ALL AMOUNTS HEREUNDER, ARE EXPRESSLY SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AGREEMENT (AS AMENDED, THE "SUBORDINATION AGREEMENT") DATED AS OF NOVEMBER 3, 2016 AMONG (I) RODNEY SPRIGGS, IN HIS CAPACITY AS THE REPRESENTATIVE OF THE HOLDERS OF ALL OF THE OUTSTANDING CAPITAL STOCK OF VINTAGE STOCK, INC. (COLLECTIVELY, THE "SELLERS"), (II) THE SELLERS, AND (III) WILMINGTON TRUST, NATIONAL ASSOCIATION, AS AGENT AND ACKNOWLEDGED AND AGREED TO BY THE LOAN PARTIES (AS DEFINED THEREIN) TO THE SENIOR DEBT (AS DEFINED THEREIN) AND AS MORE PARTICULARLY DESCRIBED IN THE SUBORDINATION AGREEMENT. EACH HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT."

SUBORDINATED PROMISSORY NOTE

$10,000,000.00 November 3, 2016
Joplin, Missouri

This Subordinated Promissory Note (this "Note") is being delivered pursuant to that certain Stock Purchase Agreement, dated as of November 3, 2016 (the "Purchase Agreement"), by and among Vintage Stock Affiliated Holdings LLC, a Nevada limited liability company (the "Buyer"), Vintage Stock, Inc., a Missouri corporation (the "Company"), the holders of certain outstanding capital stock of the Company designated as "Sellers" on the signature page to this Note (each, a "Seller"; and, collectively, the "Sellers"), and Rodney Spriggs, in his capacity as the representative of the Sellers for certain purposes of the Purchase Agreement and this Note (in such capacity, the "Sellers' Representative"). Terms used but not defined in this Note shall have the meanings ascribed to them in the Purchase Agreement.

1. Subordination Agreement. The Buyer, for itself and its successors, and each Seller, by acceptance of this Note, agree that the payment of this Note, both principal and interest, and all other indebtedness evidenced hereby, is subordinate and subject to the prior rights of Wilmington Trust, National Association, or any of its successors or assigns (the "Agent"), as administrative and collateral agent for the Lenders under that certain Term Loan Agreement (the "Loan Agreement"), dated as of November 3, 2016, and entered into by and among the Buyer, the Company, each guarantor thereto, the Agent, and each lender thereto (the " Senior Indebtedness"). This Note will be subordinated to the Senior Indebtedness in accordance with the terms and conditions set forth in a subordination agreement by and among the Sellers and the Agent, and agreed to and acknowledged by the Buyer and the Company (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time, the "Subordination Agreement").

2. Principal and Interest; Payments; Set-Off.

(a) Principal and Interest. The Buyer, for value received, hereby promises to pay to the order of the Sellers, proportionately in accordance with the percentage interests set forth in Schedule I hereto, in immediately available funds on the terms set forth herein, (i) the aggregate principal amount of this Note and (ii) simple interest on the unpaid principal balance from time to time outstanding under this Note, from the date hereof until the principal balance is paid in full, at an annual rate equal to eight percent (8.0%) (computed on the basis of a 360-day year and the actual number of days of elapsed) ("Current Interest"). The principal amount of this Note shall be Ten Million Dollars and No/ 100 Dollars ($10,000,000.00) as of the issuance date of this Note.

(b) Payments. Current Interest only on the outstanding principal balance hereof shall be due and payable monthly, in arrears, with the first installment being payable on the first (1st) day of December, 2016, and subsequent installments being payable on the first (1st) day of each succeeding month thereafter until the date that is five years and six months from the date of this Note (the "Maturity Date"), at which time the entire outstanding principal balance, together with all accrued and unpaid Current Interest thereon, shall be immediately due and payable in full. All payments on this Note will be applied to the payment of accrued and unpaid Current Interest before being applied to the payment of then-outstanding principal. Principal and interest due under this Note shall be payable in U.S. dollars to the Sellers by wire transfer in immediately available funds to accounts designated by the Sellers in writing. If any payment of principal or interest on this Note is due on a day that is not a Business Day, such payment will be due on the next succeeding Business Day, and such extension of time will be taken into account in calculating the amount of interest payable under this Note. Subject to the Subordination Agreement, the Buyer may prepay this Note in whole or in part at any time or from time to time without penalty, premium, or notice by paying the principal amount to be prepaid, together with accrued but unpaid Current Interest thereon to the date of prepayment.

(c) Set-off. The Buyer may, pursuant to Section 11.5 of the Purchase Agreement, and by written notice to the Sellers' Representative, reduce or set-off against the principal amount outstanding under this Note and any accrued and unpaid Current Interest, the amount of any Losses for which the Sellers are determined to be liable to any Buyer Indemnified Party pursuant to Section 7.1 or Section 11 of the Purchase Agreement, subject to the limitations set forth in Article 11 of the Purchase Agreement. Any reduction or set-off in accordance with the preceding sentence shall be deemed effective as of the issuance date of this Note.

3. Default.

(a) Events of Default. The occurrence of any of the following shall constitute an "Event of Default" under this Note:

(i) The Buyer fails to pay when due any principal or interest payment on this Note;

(ii) The Buyer fails to observe or perform any other covenant, obligation, or agreement contained in this Note and does not cure the failure within ten (10) Business Days after notice by the Sellers' Representative thereof; or

(iii) The Buyer: (A) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (B) consents to the appointment of a trustee, receiver, assignee, liquidator, or similar official; or (C) makes a general assignment for the benefit of its creditors or institutes a proceeding, or has an involuntary proceeding instituted against it, seeking a judgment of insolvency, bankruptcy, or any other similar relief under any bankruptcy, insolvency, or other similar Legal Requirement affecting creditors' rights that is not dismissed within 120 days thereafter.

(b) Remedies. Upon the occurrence of an Event of Default hereunder and following the expiration of any cure period set forth in Section 2(a)(ii) or 2(a)(iii)(C), the Sellers' Representative, on behalf of the Sellers, may, at his option, (i) by written notice to the Buyer, declare the entire unpaid principal balance of this Note, together with all accrued and unpaid Current Interest thereon, immediately due and payable or (ii) exercise any rights and remedies available to him on behalf of the Sellers under applicable Legal Requirements; in each case, only to the extent permitted under the Subordination Agreement. The Buyer will pay all reasonable costs and expenses incurred by or on behalf of the Sellers' Representative in connection with the Sellers' Representative's exercise of any or all of his rights and remedies (on behalf of the Sellers) under this Note following an Event of Default.

4. Miscellaneous.

(a) Successors and Assigns. Neither this Note nor any of the rights, interests, or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Buyer without the prior written consent of the Sellers' Representative or by any Seller without the prior written consent of the Buyer (in each case, not to be unreasonably withheld, delayed, denied, or conditioned). Subject to the restrictions on assignment set forth in this Section 4(a), the rights and obligations of the Buyer and the Sellers under this Note shall be binding upon and benefit the successors, heirs, and assigns of the parties hereto.

(b) Waiver and Amendment. Any provision of this Note may be amended, waived, or modified upon the written consent of the Buyer and the Sellers' Representative (on behalf of the Sellers) the extent permitted under the Subordination Agreement and the Loan Agreement. Neither any failure nor any delay by any party in exercising any right, power, or privilege under this Note will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Legal Requirements, (i) no claim or right arising out of this Note can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the party granting the waiver or renouncing the claim or right; (ii) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Note.

(c) Notices; Waivers. Any notice, request, or other communication required or permitted hereunder shall be in writing and shall be given in accordance with the terms of Section 12.4 of the Purchase Agreement. Any party hereto may by notice so given change its notice information for future notice hereunder.

(d) Governing Law; Jurisdiction; Jury. This Note has been delivered in and shall be governed by and construed in accordance with the internal laws of the State of Missouri without giving effect to any choice or conflict of law provision or rule. Any legal suit, action, or proceeding arising out of or based upon this Note may be instituted in the federal courts of the Western District of Missouri or the courts of the State of Missouri located in Newton County, Missouri. Each party hereto irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS NOTE IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS NOTE.

(e) Severability; Construction. If any provision of this Note or the application of any such provision to any Person or circumstance shall be held invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof. The parties hereto have participated jointly in the negotiation and drafting of this Note. If an ambiguity or question of intent or interpretation arises, this Note will be construed as if drafted jointly by the parties hereto and no presumption or burden of proof will arise favoring or disfavoring any party hereto because of the authorship of any provision of this Note. The words "include," "includes," and "including" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Note," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Note as a whole and not to any particular subdivision unless expressly so limited.

(f) Counterparts. This Note may be executed in counterparts, all of which shall be considered one and the same agreement, and shall become effective when all such counterparts have been signed by each of the parties hereto and delivered to the other parties hereto. Any signature delivered by electronic means (facsimile or email/pdf, etc.) shall be binding to the same extent as an original signature page with regard to this Note or any amendments thereof, subject to the terms thereof. A party hereto that delivers a signature page in this manner agrees promptly to deliver an original counterpart signature page to the other parties hereto; provided, however, that all of the executed counterparts shall be consolidated, be deemed to be a single promissory note, and be delivered to Sellers' Representative at closing.

(g) Headings; Replacement. The headings contained in this Note are for reference purposes only and shall not affect in any way the meaning or interpretation of this Note. Upon receipt of evidence satisfactory to the Buyer of the loss, theft, destruction, or mutilation of this Note, the Buyer will issue to the Sellers' Representative a new Note containing all of the terms and provisions set forth herein, in lieu of such lost, stolen, destroyed, or mutilated Note.

(h) Remedies. The rights, obligations, and remedies created by this Note are cumulative and in addition to any other rights, obligations, or remedies otherwise available at Law or in equity.

(i) Time Is of the Essence. Time is of the essence regarding payments due under this Note.

[Signature Page Follows]

IN WITNESS WHEREOF, a duly authorized representative of the Buyer has duly executed and delivered this Note as of the date first written above.

VINTAGE STOCK AFFILIATED HOLDINGS LLC

By: /s/ Jon Isaac
Name: Jon Isaac
Title: President and Chief Executive Officer

Accepted and Agreed:

By the Sellers:

By: /s/ Rodney D. Spriggs
Printed Name: Rodney D. Spriggs
Trustee, Rodney and Sherry Spriggs
Living Trust, dated April 18, 2012

By: /s/ Sherry Spriggs
Printed Name: Sherry Spriggs
Trustee, Rodney and Sherry Spriggs
Living Trust, dated April 18, 2012

By: /s/ Ken Caviness
Printed Name: Ken Caviness
Trustee, Ken and Deanna Living Trust,
dated July 12, 2002

By: /s/ Deanna L. Caviness
Printed Name: Deanna L. Caviness
Trustee, Ken and Deanna Living Trust,
dated July 12, 2002

By: /s/ Steven Wilcox
Printed name: Steven Wilcox
Trustee, Steven and Anna Wilcox Living
Trust, dated May 15, 2012

By: /s/ Anna V. Wilcox
Printed Name: Anna V. Wilcox
Trustee, Steven and Anna Wilcox Living
Trust, dated may 15, 2012

By the Sellers' Representative:

/s/ Rodney Spriggs
Rodney Spriggs

Schedule I

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Name of Seller	Percentage Interest
Rodney and Sherry Spriggs Living Trust, dated April 18, 2012	41.134752%
Steven and Anna Wilcox Living Trust, dated May 15, 2012	17.730496%
Ken and Deanna Living Trust, dated July 12, 2002	41.134752%

Exhibit 10.24

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "**Agreement**") is made as of November 3, 2016 by and among Rodney Spriggs, in his capacity as the representative of the holders of certain outstanding capital stock of Vintage Stock, Inc. that are named as a party to this Agreement (each holder, a "**Seller**"; and, collectively, the "**Sellers**"), the Sellers, Wilmington Trust, National Association, as administrative agent and collateral agent (in either or both such capacities, and including any successor agent together with any future administrative and collateral agent upon a refinancing or otherwise, "**Agent**" discretionary rights of the Agent contained herein shall be at the direction of the Required Lenders) for the Lenders, and the other Secured Parties (as defined in the Security Agreement), and acknowledged and agreed to by the Borrowers (as hereinafter defined).

INTRODUCTION

A. Vintage Stock, Inc. ("**VSI**"), Vintage Stock Affiliated Holdings LLC ("**Holdings**", and together with VSI, each a "**Borrower**" and collectively, the "**Borrowers**"), each other Loan Party party thereto, Agent and Lenders have entered into a Loan Agreement of even date herewith (as the same may be amended, supplemented, restated, or otherwise modified from time to time, the "**Loan Agreement**") pursuant to which, among other things, Lenders have agreed, subject to the terms and conditions set forth in the Loan Agreement, to make certain loans and financial accommodations to the Borrowers.

B. Pursuant to that certain Pledge and Security Agreement dated as of the date hereof entered into by and among each Loan Party and Agent (as the same may be reaffirmed, amended, supplemented, restated or otherwise modified from time to time, and, collectively with the Loan Agreement and the other agreements, documents and instruments executed from time to time in connection therewith, as any of the same may be amended, supplemented, restated, or otherwise modified from time to time, the "**Loan Documents**"), each of the Loan Parties (other than a Borrower) has guaranteed the Borrowers' obligations under the Loan Agreement.

C. In connection with that certain Stock Purchase Agreement dated as of the date hereof among the Borrowers, the holders of all of the outstanding capital stock of VSI, and Rodney Spriggs, as Sellers' representative (in such capacity, "**Sellers' Representative** "), Sellers are receiving a seller note from Holdings for a portion of the purchase price thereunder, as evidenced by that certain Subordinated Promissory Note of even date herewith by Holdings in favor of Sellers in the original aggregate principal amount of $10,000,000 (as the same may be amended, supplemented, restated or otherwise modified from time to time as permitted hereunder and including any notes issued in exchange or substitution therefor, the **"Junior Note"**), and pursuant to which Holdings has incurred obligations and liabilities to Sellers.

D. As an inducement to and as one of the conditions precedent to the agreement of Agent and Lenders to consummate the transactions contemplated by the Loan Agreement, Agent and Lenders have required the execution and delivery of this Agreement by Sellers and the acknowledgment and agreement hereof by the Loan Parties.

NOW, THEREFORE, in order to induce Agent and Lenders to consummate the transactions contemplated by the Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. **Definitions**. Capitalized terms used but not otherwise defined in this Agreement (including in the recitals) shall have the meanings assigned to such terms in the Loan Agreement. As used in this Agreement, the following terms have the following meanings:

Agent shall have the meaning ascribed to such term in the preamble of this Agreement.

Bankruptcy Code shall mean Chapter 11 of Title 11 of the United States Code, as amended from time to time and any successor statutes and all rules and regulations promulgated thereunder.

Collateral shall mean all assets of the Loan Parties that secure, or purport to secure, the Senior Debt.

Collection Action shall mean, with respect to the Junior Debt, any action (a) to sue for, take or receive from or on behalf of any Loan Party, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by any Loan Party with respect to the Junior Debt, (b) to initiate or participate with others in any suit, action or Proceeding against any Loan Party or its property to (i) enforce payment of or to collect the whole or any part of the Junior Debt or (ii) commence judicial enforcement of any of the rights and remedies under the Junior Debt Documents or applicable law with respect to the Junior Debt, (c) to accelerate any Junior Debt, (d) to cause any Loan Party to honor any redemption, put or mandatory payment obligation with respect to the Junior Debt or any other equity interests of any Loan Party, (e) to notify account debtors or directly collect accounts receivables or other payment rights of any Loan Party, (f) to take any action under the provisions of any state, local, federal or foreign law, including, without limitation, the UCC, or under any contract or agreement, to enforce, take possession of or sell any property or assets of any Loan Party or (g) to exercise in any other manner any remedies with respect to the Junior Debt set forth in any Junior Debt Document or that otherwise might be available to Sellers with respect to the Junior Debt at law, in equity, pursuant to judicial proceeding or otherwise.

Debtor Relief Law shall mean the Bankruptcy Code, or any and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency or similar laws for debtor relief from time to time in effect and affecting the rights of creditors generally or otherwise.

DIP Financing shall have the meaning specified therefor in Section 2.2(e).

Junior Debt shall mean, collectively, all of the obligations, liabilities and indebtedness of Holdings to the Sellers evidenced by the Junior Note, and all other amounts now or hereafter owed by Holdings to any Seller under or in respect of any of the Junior Debt Documents, including, without limitation, any amendments, restatements, modifications, renewals or extensions of any thereof permitted hereunder.

Junior Debt Document or **Junior Debt Documents** shall mean the Junior Note and all other documents, agreements and instruments evidencing the foregoing and/or executed and delivered in connection therewith, as amended, supplemented, restated, or otherwise modified from time to time as permitted hereunder.

Junior Default shall mean a default in the payment of the Junior Debt or in the performance of any term, covenant or condition contained in any of the Junior Debt Documents, permitting any one or more Sellers to accelerate the payment of, or put or cause the redemption of, all or any portion of the Junior Debt or any of the Junior Debt Documents.

Lender or **Lenders** shall mean any holder or all of the holders of Senior Debt including, without limitation, any "Lender" or the "Lenders," respectively, as such terms are defined in the Loan Agreement.

Paid in Full or **Payment in Full** shall mean the (a) irrevocable payment in full in cash of all Senior Debt and (b) termination of all commitments to lend under the Loan Documents,

Permitted Junior Debt Payments shall mean, without duplication, (i) regularly scheduled payments of interest on the Junior Debt payable in cash at a rate not to exceed eight percent (8.00%) per annum, (ii) payment of reasonable and documented out-of-pocket costs and expenses incurred in connection with any actions taken not in contravention of the terms and conditions of this Agreement, to the extent due and owing to any Seller in accordance with the terms of the Junior Debt Documents, but in any event, not to exceed $25,000 in the aggregate, and (iii) "catch up payments" to the extent permitted by Section 2.3(b).

Person shall mean any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity

Proceeding shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person, including, without limitation, any of the foregoing under any Debtor Relief Law.

Required Lenders shall have the meaning ascribed to such term in the Loan Agreement.

Seller shall mean each Seller which is a signatory to this Agreement and any other holder of a Junior Note or any other Junior Debt from time to time.

Sellers shall mean all signatories to this Agreement and holders of the Junior Note or any other Junior Debt from time to time, collectively.

Sellers' Repr esentativ e shall have the meaning ascribed to such term in the preamble of this Agreement.

Senior Creditor shall mean any holder of the Senior Debt from time to time.

Senior Creditors shall mean all holders of Senior Debt, collectively.

Senior Debt shall mean the "Obligations," as such term is defined in the Loan Agreement, including, without limitation, all principal, interest, fees, expenses, indemnities, reimbursement obligations, cash management obligations and swap obligations, in each instance, whether before or after the commencement of a Proceeding and without regard to whether or not an allowed claim, and all obligations and liabilities incurred under the Loan Documents, together with any amendments, restatements, modifications, renewals or extensions of any thereof.

Senior Default shall mean any "Event of Default" (or other term of similar import or meaning) under the Loan Agreement or excess Availability pursuant to the Borrowing Base under the ABL Facility Documents is less than $2,000,000.

UCC shall mean the Uniform Commercial Code of any applicable jurisdiction and, if the applicable jurisdiction shall not have any Uniform Commercial Code, the Uniform Commercial Code as in effect from time to time in the State of New York.

2. **SUBORDINATION**.

2.1 Subordination of Junior Debt to Senior Debt. Each of the Loan Parties by their acknowledgment and agreement hereto covenants and agrees, and the Sellers by its acceptance of the Junior Note (whether upon original issue or upon transfer or assignment) covenant and agree, that the payment of any and all of the Junior Debt is subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth, to the prior Payment in Full of the Senior Debt.

2.2 Proceedings.

(a) **Payments and Distributions**. In the event of any Proceeding involving any Loan Party or any property of any Loan Party or any payment or distribution in respect of any such property in any Proceeding, (i) all Senior Debt first shall be Paid in Full before any payment of, or payment or distribution with respect to, the Junior Debt shall be made, including, without limitation reorganization securities; (ii) any payment or distribution, whether in cash, property or securities which, but for the terms hereof, otherwise would be payable or deliverable in respect of the Junior Debt, shall be paid or delivered directly to Agent (to be held and/or applied by Agent in accordance with the terms of the Loan Agreement) until all Senior Debt is Paid in Full, and each Seller irrevocably authorizes, empowers and directs all receivers, trustees, liquidators, custodians, conservators and others having authority in the premises to effect all such payments and distributions, and each Seller also irrevocably authorizes, empowers and directs Agent to demand, sue for, collect and receive every such payment or distribution; and (iii) each Seller agrees to execute and deliver to Agent or its representative all such further instruments confirming the authorization referred to in the foregoing clause.

(b) **Proofs of Claim; Claims; Voting; and Other Matters**. At any meeting of creditors or in the event of any Proceeding involving any Loan Party or any property of any Loan Party, Sellers shall retain the right to file a proof of claim and otherwise act with respect to the Junior Debt in a manner not inconsistent with the terms of this Agreement. Until all Senior Debt is Paid in Full, Sellers shall not vote in support or in favor of any plan of partial or complete liquidation, reorganization, arrangement, composition or extension unless such plan pays off in full in cash the Senior Debt; provided that, Sellers shall not initiate, prosecute or participate in any claim or action in such Proceeding challenging the enforceability, validity, perfection, priority or extent of the Senior Debt, this Agreement or any liens and security interests securing the Senior Debt. In the event Sellers fail to execute, verify, deliver and/or file any proofs of claim in respect of the Junior Debt in connection with any such Proceeding prior to the date that is ten (10) days before the expiration of the time to file any such proof of claim, each Seller hereby irrevocably authorizes, empowers and appoints Agent its agent and attorney-in-fact to execute, verify, deliver and file such proofs of claim in any such Proceeding; provided, (i) Agent shall have no obligation to exercise any such authority with respect to a Seller's claim, and (ii) Agent shall notify Sellers' Representative of any filing of a proof of claim on behalf of Sellers hereunder; and in addition, each Seller hereby irrevocably authorizes, empowers and appoints Agent its agent and attorney-in-fact to vote any such claim in any such Proceeding. In the event that Agent votes any claim in accordance with the authority granted hereby, on behalf of a Seller, such Seller shall not be entitled to change or withdraw such vote.

(c) **Reinstatement**. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of the Senior Creditors and Sellers even if all or part of the Senior Debt or the security interests securing the Senior Debt are subordinated, set aside, avoided or disallowed in connection with any Proceeding. This Agreement shall be reinstated, revived and continue in full force and effect if at any time any payment of any of the Senior Debt is rescinded, declared to be fraudulent or preferential, set aside, required to be paid to any receiver, trustee in bankruptcy, insolvency, receivership, fraudulent conveyance, preference or similar law, or must otherwise be returned by any Senior Creditor or any representative of such Person. To the extent that any Senior Creditor receives payments (whether in cash, property or securities) on the Senior Debt that are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Senior Debt, or part thereof, intended to be satisfied shall be revived and continue in full force and effect as if such payments or proceeds had not been received by such Senior Creditor.

(d) **Applications under Debtor Relief Law.** None of the Loan Parties or Sellers shall file any plan or arrangement under any Debtor Relief Law that provides for, or would permit directly or indirectly, Agent or any Senior Creditor to be classified with any other creditor of any Loan Party for the purposes of any Debtor Relief Law or otherwise, and each Seller acknowledges and agrees that such Seller shall not endeavor to so classify Agent or any Senior Creditor.

(e) **DIP Financing**. Until the Payment in Full of the Senior Debt has occurred, each Seller agrees that it will not provide, support, offer, or consent to, any post-petition financing under Section 364 of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law (a "**DIP Financing**") unless such DIP Financing is consented to by the Agent. Sellers shall not object to or contest any DIP Financing consented to or provided by the Agent and shall not object to any sale under Section 363 of the Bankruptcy Code consented to by the Agent.

2.3 **Junior Debt Payments**.

(a) **Restrictions on Payments; Commencement of Payment Blockage**. The terms of the Junior Debt Documents to the contrary notwithstanding, each Loan Party by its acknowledgment and agreement hereto hereby agrees that it may not make, and each Seller hereby agrees that it will not accept from any Person, any payment or distribution on account of, or any redemption, purchase or acquisition of, the Junior Debt (by set off or otherwise) until the Senior Debt is Paid in Full, other than, except as otherwise prohibited herein, Permitted Junior Debt Payments. Subject to Section 2.3(b) herein, the Loan Parties and Sellers further agree that no Permitted Junior Debt Payments may be made by any Loan Party or any other Person or accepted by Sellers from any Person if, at the time of such payment or immediately after giving effect thereto, a Senior Default exists.

(b) **Termination of Payment Blockage**. The Loan Parties may resume and Sellers may accept Permitted Junior Debt Payments; provided that, the Loan Parties may only make and the Sellers may only accept such payment(s) if at the time of and after giving effect to such payment(s) no Senior Default would be created on a Pro Forma Basis, assuming for purposes hereof that any such missed payment was made on the last day of the most recent fiscal quarter for which financial statements are available and that any applicable financial covenants were accordingly recomputed to give effect to any such missed payment in respect of the Junior Debt, and upon a written waiver by Agent thereof in accordance with the terms of the Loan Agreement. No Senior Default shall be deemed to have been waived for purposes of this Section 2.3(b) unless and until the Loan Parties and Sellers' Representative shall have received a written waiver thereof from Agent. For the avoidance of doubt, Permitted Junior Debt Payments that are blocked pursuant to this Section 2.3(b) shall accrue and constitute Junior Debt, but such amounts shall not increase the principal amount of the Junior Debt for purposes of calculating any future interest payments on the Junior Debt pursuant to clause (i) of the definition of "Permitted Junior Debt Payments".

(c) **Non-Applicability to Proceeding**. The provisions of this Section 2.3 shall not apply to any payment with respect to which Section 2.2 would be applicable.

2.4 **Restriction on Action by the Sellers**. Until the Senior Debt is Paid in Full, Sellers shall not take any Collection Action with respect to the Junior Debt.

2.5 **No Liens**.

(a) Sellers shall not seek to obtain, and shall not take, accept, obtain or have, any lien or security interest in any Collateral or other assets as security for all or any part of the Junior Debt, and in the event that Sellers obtains any such liens or security interests in any Collateral or other assets, Sellers shall (or shall cause its agent to) promptly execute and deliver to Agent such documents, agreements and instruments, and take such other actions, as Agent shall request to release such liens and security interests in such Collateral or other assets.

(b) In furtherance of this Section 2.5, each Seller hereby irrevocably appoints Agent its attorney-in-fact, with full authority in the place and stead of Sellers and in the name of Sellers or otherwise, to execute and deliver any document, agreement or instrument which Sellers may be required to deliver pursuant to this Section 2.5. Agent and the Senior Creditors shall have no responsibility for or obligation or duty with respect to any of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights pertaining thereto.

2.6 **Amendment of Junior Debt Documents**. Until the Senior Debt has been Paid in Full, the Sellers may at any time and from time to time without the consent of or notice to the Agent, without incurring liability to the Agent or any Senior Creditor and without impairing or releasing the obligations of the Sellers under this Agreement, change the place of payment (but not the manner of payment) or extend the time of payment of the Junior Debt; provided, however, Sellers may not, directly or indirectly, amend, restate or otherwise modify, in any manner any terms of any Junior Debt Documents or enter into any additional Junior Debt Documents.

2.7 **Amendments to the Loan Documents**. The Agent may at any time and from time to time without the consent of or notice to the Sellers or Sellers' Representative, without incurring liability to the Sellers and without impairing or releasing the obligations of the Sellers under this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Debt, or amend, restate, modify, or refinance in any manner any Loan Document or other instrument evidencing or securing or otherwise relating to the Senior Debt; provided, however, that no such amendment, restatement, modification or refinance shall defer or cause the suspension of the payment of the Permitted Junior Debt Payments, except as contemplated and set forth in this Agreement.

2.8 **Incorrect Payments**. If any payment or distribution on account of the Junior Debt not permitted to be made by the Loan Parties or received by Sellers under this Agreement is received by any Seller before all Senior Debt is Paid in Full, such payment or distribution shall not be commingled with any asset of Sellers, shall be held in trust by Sellers for the benefit of all holders of Senior Debt and shall be promptly paid over to Agent, or its designated representative, for application in accordance with the Loan Agreement to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt is Paid in Full; provided, however, that the foregoing shall not apply to Permitted Junior Debt Payments to the extent permitted at the time made pursuant to Section 2.3(a) hereof.

2.9 **Transfer**. No Seller shall sell, assign, pledge, dispose of or otherwise transfer all or any portion of their respective percentage interest of the Junior Debt. If any Seller makes any assignment in violation of this Section 2.9, such assignment shall be null and void, and the assignment shall be of no effect.

2.10 **Legends**. Until the Senior Debt is Paid in Full, each of the Junior Debt Documents at all times shall contain in a conspicuous manner the following legend:

> "This Subordinated Promissory Note and the rights and obligations evidenced hereby, including the payment of all amounts hereunder, are expressly subordinate in the manner and to the extent set forth in that certain Subordination Agreement (as amended, the "**Subordination Agreement**") dated as of November 3, 2016 among (i) Rodney Spriggs, in his capacity as the representative of the holders of all of the outstanding capital stock of Vintage Stock, Inc. (collectively, the "**Sellers**"), (ii) the Sellers, and (iii) Wilmington Trust, National Association, as Agent and acknowledged and agreed to by the Loan Parties (as defined therein) to the Senior Debt (as defined therein) and as more particularly described in the Subordination Agreement. Each holder of this Note, by its acceptance hereof, shall be bound by the provisions of the Subordination Agreement."

3. **Representations and Warranties.** The Sellers represent and warrant to the Agent, as of the date hereof, that the Junior Note is the sole Junior Debt Document evidencing the Junior Debt.

4. **Continued Effectiveness of this Agreement**. The terms of this Agreement, the subordination effected hereby, and the rights and the obligations of the Sellers, the Loan Parties, Agent and the Senior Creditors shall not be affected, modified or impaired in any manner or to any extent by the validity or enforceability of any of the Loan Documents or the Junior Debt Documents, or any exercise or non-exercise of any right, power or remedy under or in respect of the Senior Debt, the Loan Documents, the Junior Debt or the Junior Debt Documents. Each Seller and each holder of Junior Debt hereby acknowledges that the provisions of this Agreement are intended to be enforceable at all times, whether before the commencement of, after the commencement of, in connection with or premised on the occurrence of a Proceeding.

5. **No Contest by Sellers or Senior Creditor**. Sellers agree that it will not at any time contest the validity, perfection, priority, extent or enforceability of the Senior Debt, the Loan Documents, or the liens and security interests of Agent and the Senior Creditors in any Collateral. Each Senior Creditor agrees that it will not at any time contest the validity or enforceability of the Junior Debt or the Junior Debt Documents.

6. **Notice of Junior Default**. The Sellers shall promptly, and in any event within three (3) Business Days, provide Agent with a written notice of the occurrence of each Junior Default and shall notify Agent in writing in the event such Junior Default is cured or waived; provided that, any failure to deliver any such notices shall not otherwise affect the subordination provisions or other obligations of the Sellers hereunder.

7. **Notice of Senior Default**. The Loan Parties shall provide Sellers' Representative with a written notice of the occurrence of each Senior Default and shall notify Sellers' Representative in writing in the event such Senior Default is cured or waived; provided that, any failure to deliver any such notices shall not otherwise affect the subordination provisions or other obligations of the Loan Parties hereunder.

8. **Cumulative Rights, No Waivers**. Each and every right, remedy and power granted to Agent or Senior Creditors shall be cumulative and in addition to any other rights, remedy or power specifically granted herein or in the Loan Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise, and may be exercised by Agent or Senior Creditors from time to time, concurrently or independently and as often and in such order as Agent may deem expedient. Any failure or delay on the part of Agent or Senior Creditors in exercising any such right, remedy or power, or abandonment or discontinuance of steps to enforce the same, shall not operate as a waiver thereof or affect the rights of Agent or Senior Creditors thereafter to exercise the same, and any single or partial exercise of any such right, remedy or power shall not preclude any other or further exercise thereof or the exercise of any other right, remedy or power, and no such failure, delay, abandonment or single or partial exercise of the rights of Agent or Senior Creditors shall be deemed to establish a custom or course of dealing or performance among the parties hereto.

9. **Modification**. Any modification or waiver of any provision of this Agreement, or any consent to any departure therefrom, shall not be effective in any event unless the same is in writing and signed by Agent and Sellers, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice or demand given to Sellers or Sellers' Representative by Agent shall not entitle Sellers to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

10. **Additional Documents and Actions**. The Sellers at any time, and from time to time, after the execution and delivery of this Agreement, promptly will execute and deliver such further documents and do such further acts and things as Agent reasonably may request in order to effect fully the purposes of this Agreement.

11. **Notices**. Unless otherwise specifically provided herein, any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth below and shall be given only by, and shall be deemed to have been received upon: (a) registered or certified mail, return receipt requested, on the date on which such notice was received as indicated in such return receipt; (b) delivery by a nationally recognized overnight courier, one Business Day after deposit with such courier; or (c) facsimile or electronic transmission, in each case upon telephone or further electronic communication from the recipient acknowledging receipt (whether automatic or manual from recipient), as applicable.

Notices shall be addressed as follows:

If to any Sellers or Sellers' Representative:	Rodney Spriggs 202 East 32nd Street Joplin, MO 64804 Email: rodney.spriggs@vintagestock.com
	Mann Conroy, LLC 1316 Saint Louis Avenue, 2nd Floor Kansas City, Missouri 64101 Attn: Kyle Conroy, Esq. Email: kconroy@mannconroy.com
with copies to:	Mann Conroy, LLC 1316 Saint Louis Avenue, 2nd Floor Kansas City, Missouri, 64101 Attn: Kyle Conroy, Esq. Email: kconroy@mannconroy.com
If to Agent:	Wilmington Trust, National Association Suite 1290, 50 South Sixth Street Minneapolis, MN 55402 Attention: Josh James Phone: 612-217-5637 Fax: 612-217-5651 Email: JJames@WilmingtonTrust.com

with copies to:	Paul Hastings LLP 200 Park Avenue New York, NY 10166 Attn: William Brady, Esq. Fax: 212-303-7066 Paul Hastings LLP 200 Park Avenue New York, NY 10166 Attn: Michael Chernick, Esq. Fax: 212- 230-7639
If to the Loan Parties:	Vintage Stock, Inc. 202 East 32nd Street Joplin, Missouri 64804 and: Vintage Stock Affiliated Holdings LLC 325 East Warm Springs Road Suite 102 Las Vegas, Nevada 89119 Attn: Jon Isaac Email: j.isaac@isaac.com Facsimile No.: 858-259-6661
with copies to:	Baker & Hostetler LLP 600 Anton Boulevard Suite 900 Costa Mesa, California 92626 Attn: Randolf W. Katz, Esq. Email: rwkatz@bakerlaw.com Facsimile No.: 714-966-8802

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 11. A notice not given as provided above shall, if it is in writing, be deemed given if and when actually received by the party to whom given.

12. **Severability.** In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

13. **Successors and Assigns**. This Agreement shall inure to the benefit of the successors and assigns of Agent and the Senior Creditors and shall be binding upon the respective successors and assigns of the Sellers and the Loan Parties. Agent and Senior Creditors, without notice to or consent of any Seller, may assign or transfer any or all of the Senior Debt or any interest therein to any Person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Debt shall, subject to the terms hereof, be and remain Senior Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto. THE SELLERS AND THE LOAN PARTIES ACKNOWLEDGE AND AGREE THAT AGENT AND THE SENIOR CREDITORS AT ANY TIME AND FROM TIME TO TIME MAY DIVIDE AND REISSUE (WITHOUT SUBSTANTIVE CHANGES OTHER THAN THOSE RESULTING FROM SUCH DIVISION) THE NOTES EVIDENCING THE SENIOR DEBT, THE OBLIGATIONS UNDER THE LOAN AGREEMENT, THE COLLATERAL AND THE LOAN DOCUMENTS TO ONE OR MORE OTHER PERSONS, IN EACH CASE ON THE TERMS AND CONDITIONS CONTAINED IN THE LOAN DOCUMENTS. Each transferee and participant of the Senior Debt (to the extent provided in the Loan Agreement), shall have all of the rights and benefits with respect to the Secured Obligations under the Loan Agreement, the notes evidencing Senior Debt, the Collateral, this Agreement and the Loan Documents held by it as fully as the original holder thereof. No Seller shall sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Junior Debt or any Junior Debt Document except as permitted by Section 2.8 of this Agreement.

14. **Counterparts**. This Agreement may be executed in one or more counterpart originals, which, taken together, shall constitute one fully-executed instrument. Any signature delivered by facsimile or electronic transmission shall be deemed to be a counterpart original hereto.

15. **Defines Rights of Creditors; Loan Par ties' O bligations Unconditional** . The provisions of this Agreement are solely for the purpose of defining the relative rights of the Sellers, Agent and Senior Creditors and shall not be deemed to create any rights or priorities in favor of any other Person, including, without limitation, any Loan Party. As between the Loan Parties and the Sellers, nothing contained herein shall impair the obligation of the Loan Parties to the Sellers to pay the Junior Debt as such Junior Debt shall become due and payable in accordance with the Junior Debt Documents. The failure of any Loan Party to make any payment to Sellers due to the operation of this Agreement shall not be construed as prohibiting the occurrence of a Junior Default.

16. **Subrogation**. After and subject to the Payment in Full of the Senior Debt, and prior to the irrevocable repayment in full in cash of the Junior Debt, each Seller shall be subrogated to the rights of the Senior Creditors to the extent that payments and distributions otherwise payable to such Seller have been applied to the Senior Debt in accordance with the provisions of this Agreement. For purposes of such subrogation, no payments or distributions to Senior Creditors of any cash, property or securities to which any Seller would be entitled except for the provisions of this Agreement, and no payments pursuant to the provisions of this Agreement to the Senior Creditors by any Seller, shall, as among the Loan Parties, their creditors (other than the Senior Creditors) and such Seller be deemed to be a payment or distribution by any such Loan Party to or on account of the Senior Debt; it being understood that the provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the Sellers, on the one hand, and Agent and the Senior Creditors, on the other hand. Agent and Senior Creditors shall have no obligation or duty to protect the Sellers' rights of subrogation arising pursuant to this Agreement or under any applicable law, nor shall Agent or Senior Creditors be liable for any loss to, or impairment of, any subrogation rights held by the Sellers.

17. **Conflict**. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Junior Debt Documents or the Loan Documents, the provisions of this Agreement shall control and govern.

18. **Headings**. The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

19. **Termination**. This Agreement shall terminate upon the Payment in Full of the Senior Debt.

20. **Applicable Law**. This Agreement shall be governed by and shall be construed and enforced in accordance with the internal laws of the State of New York, without regard to conflicts of law principles.

21. **Submission to Jurisdiction**. Any legal action or proceeding with respect to this Agreement shall be brought exclusively in the courts of the State of New York located in the City of New York, Borough of Manhattan, or of the United States of America sitting in the Southern District of New York and, by execution and delivery of this Agreement, each party hereto (including each Loan Party by its acknowledgment and agreement hereto) hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Such parties hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions.

22. **WAIVER OF JURY TRIAL. THE PARTIES HERETO (INCLUDING THE LOAN PARTIES BY THEIR ACKNOWLEDGMENT AND AGREEMENT HERETO), TO THE EXTENT PERMITTED BY LAW, WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF, IN CONNECTION WITH OR RELATING TO, THIS AGREEMENT AND ANY OTHER TRANSACTION CONTEMPLATED HEREBY AND THEREBY. THIS WAIVER APPLIES TO ANY ACTION, SUIT OR PROCEEDING WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.**

23. **Defense to Enforcement Provision.** If any Seller, in contravention of the terms of this Agreement, shall commence, prosecute or participate in any Collection Action against any Loan Party, then Agent or any Senior Creditor may (i) intervene and interpose such defense or pleas in its name, and/or (ii) by virtue of this Agreement, restrain the enforcement thereof in the name of Agent or any Senior Creditor. If any Seller, in contravention of the terms of this Agreement, obtains any cash or other assets of any Loan Party as a result of any Collection Action, such Seller agrees forthwith to pay, deliver and assign to Agent, with appropriate endorsements, any such cash or other assets for application to the Senior Debt owing to Agent and Senior Creditors until the Senior Debt has been Paid in Full.

(Signatures appear on the following page.)

IN WITNESS WHEREOF, the Sellers, Sellers' Representative , and the Agent have caused this Subordination Agreement to be executed as of the date first above written.

By: /s/ Rodney D. Spriggs
Printed Name: Rodney D. Spriggs
Trustee, Rodney and Sherry Spriggs
Living Trust, dated April 18, 2012

By: /s/ Sherry Spriggs
Printed Name: Sherry Spriggs
Trustee, Rodney and Sherry Spriggs
Living Trust, dated April 18, 2012

By: /s/ Ken Caviness
Printed Name: Ken Caviness
Trustee, Ken and Deanna Living Trust,
dated July 12, 2002

By: /s/ Deanna L. Caviness
Printed Name: Deanna L. Caviness
Trustee, Ken and Deanna Living Trust,
dated July 12, 2002

By: /s/ Steven Wilcox
Printed name: Steven Wilcox
Trustee, Steven and Anna Wilcox Living
Trust, dated May 15, 2012

By: /s/ Anna V. Wilcox
Printed Name: Anna V. Wilcox
Trustee, Steven and Anna Wilcox Living
Trust, dated may 15, 2012

By the Sellers' Representative:

/s/ Rodney Spriggs
Rodney Spriggs

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Agent for the Senior Creditors

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENT AND AGREEMENT

Each of the undersigned Loan Parties hereby acknowledges and agrees to adhere to the foregoing terms and provisions. Each of the undersigned Loan Parties further acknowledges and agrees that: (i) although it has signed this acknowledgment and agreement, it is not a party to the Subordination Agreement, and does not, and will not, receive any right, benefit, priority or interest under or because of the existence of the Subordination Agreement and (ii) it will cause any party that becomes a Loan Party under the Loan Documents or Junior Debt Documents to deliver a similar acknowledgment to this Subordination Agreement.

LOAN PARTIES:

VINTAGE STOCK, INC.

By: /s/ Rodney Spriggs
Name: Rodney Spriggs
Title: President and Chief Executive Officer

VINTAGE STOCK AFFILIATED HOLDINGS LLC

By: /s/ Jon Isaac
Name: Jon Isaac
Title: President and Chief Executive Officer

Exhibit 10.25

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made and entered into as of November 3, 2016 (the "Effective Date"), by and between Vintage Stock, Inc., a Missouri corporation (the "Company"), and Rodney Spriggs (the "Executive").

WHEREAS, the Company and the Executive desire to enter into this Employment Agreement to ensure the Company of the services of the Executive, to provide for compensation and other benefits to be paid and provided by the Company to the Executive in connection therewith, and to set forth the rights and duties of the parties in connection therewith; and

WHEREAS, certain capitalized terms used herein are defined in Section 9 of this Employment Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, and for such other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. Employment Position, Duties, and Place.

(a) During the Term, the Executive shall serve as the "President and Chief Executive Officer" of the Company and shall devote substantially all of his business time and best reasonable efforts to his employment and perform diligently such duties as are customarily performed by comparable presidents and chief executive officers of companies that are the size and structure of the Company, together with such other duties as may be reasonably assigned from time to time by the Board of the Directors of the Company (the "Board") or the President/Chief Executive Officer of Holdings, which duties shall be consistent with the Executive's position as set forth above. The Executive shall report directly to the Board and the President/Chief Executive Officer of Holdings. The Executive shall, if requested by the President/Chief Executive Officer of Holdings, also serve as a member of the Board for no additional compensation.

(b) During the Term, the Executive shall not, directly or indirectly, without the prior written consent of Holdings, other than in the performance of duties naturally inherent to the businesses of the Company and in furtherance thereof, render services of a business, professional, or commercial nature to any other Person, whether for compensation or otherwise; *provided, however*, that, so long as it does not interfere with the Executive's full-time employment hereunder, and so long as the Executive provides prior written notice thereof to Holdings, the Executive may attend to passive outside investments and serve as a director, trustee, or officer of, or otherwise participate in any similar capacity in educational, welfare, social, religious, civic, or trade organizations or in Ozark LED, LLC, RKS Development, LLC, RKS Development II, LLC, RKS Development III, LLC, or RKS Development IV, LLC.

(c) The principal place of the Executive's employment shall be the Company's principal executive office, currently located at 202 E. 32nd Street, Joplin, Missouri 64804; *provided that*, the Executive may be required to travel on Company business during the Term.

2. Term. The term of employment covered by this Agreement shall begin on the Effective Date and shall continue until the fifth anniversary of the Effective Date, unless terminated earlier pursuant to Section 5; *provided that*, on such fifth anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "Renewal Date"), this Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless, at least 90 days' prior to the applicable Renewal Date, either party provides written notice of his or its intention not to extend the term of this Agreement. The period during which the Executive is employed by the Company hereunder is referred to as the "Term**.**"

3. Compensation.

(a) Annual Base Salary. The Company shall pay the Executive an annual rate of base salary of $270,000.00 in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than monthly. The Executive's base salary shall be reviewed annually by the Board and the President/Chief Executive Officer of Holdings and may be increased (but not decreased) as determined by the Board and the President/Chief Executive Officer of Holdings. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary".

(b) Bonus. For each complete fiscal year during the Term, commencing with the fiscal year commencing on October 1, 2016 and ending on September 30, 2017, the Executive shall be eligible to earn an annual bonus (the "Annual Bonus") based upon the achievement of annual Company performance goals established by the Board and the President/Chief Executive Officer of Holdings. The Annual Bonus will be subject to the terms of the Company annual bonus plan under which it is granted. For the fiscal year commencing on October 1, 2016 and ending on September 30, 2017, the Annual Bonus shall be determined in accordance with the bonus plan set forth on Schedule I hereto. The Annual Bonus, if any, will be paid within two-and-a-half (2 1/2) months after the end of the applicable fiscal year.

(c) Stock Options. In connection with the Executive entering into this Agreement and performing the duties hereunder, on the Effective Date, the Parent will grant the Executive stock options to purchase 100,000 shares of common stock of the Parent for the exercise price set forth in the Stock Option Agreement (defined below), which shall vest over a five-year period. All other terms and conditions of such stock options shall be governed by the terms and conditions of the stock option agreement to be entered into between the Executive and the Parent, substantially in the form attached hereto as Exhibit A (the "Stock Option Agreement").

4. Benefits; Vacation; Paid Time-Off; Business Expenses.

(a) Fringe Benefits and Perquisites. During the Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company.

(b) Employee Benefits. During the Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole and absolute discretion, subject to the terms of such Employee Benefit Plan and applicable law.

(c) Vacation; Paid Time-Off. During the Term, the Executive shall be entitled to thirty-one days of paid vacation per calendar year (prorated for partial years) in accordance with the Company's vacation policies, as in effect from time to time. The Executive shall receive other paid time-off in accordance with the Company's policies for executive officers, as such policies may exist from time to time.

(d) Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

5. Termination.

(a) General. The Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; *provided that*, unless otherwise provided herein, either party shall be required to give the other party at least 30 days' advance written notice of any termination of the Executive's employment. Upon termination of the Executive's employment during the Term, the Executive shall be entitled to the compensation and benefits described in this Section 5 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

(b) Expiration of the Term; Termination for Cause; Termination Without Good Reason. The Executive's employment hereunder may be terminated (i) upon the then-applicable Renewal Date if either party provided written notice not to extend the term of this Agreement in accordance with the provisions of Section 2, (ii) by the Company for Cause, or (iii) by the Executive without Good Reason. If the Executive's employment terminates for any of such reasons, the Executive shall be entitled to receive the following (collectively, the "Accrued Amounts"):

(i) any accrued but unpaid Base Salary and accrued but unused vacation, which shall be paid on the pay date immediately following the Termination Date in accordance with the Company's customary payroll procedures, unless a different date shall be required by relevant law;

(ii) any earned but unpaid Annual Bonus with respect to any completed fiscal year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date;

(iii) reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

(iv) such employee benefits, if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date; *provided that*, in no event shall the Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided herein.

Termination of the Executive's employment shall not be deemed to be for Cause unless and until the Company delivers to the Executive a copy of a resolution duly adopted by a majority of the Board (after reasonable written notice is provided the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that the Executive has engaged in the conduct described in the definition of "Cause" in Section 9. Except for a failure, breach, or refusal that, by its nature, cannot reasonably be expected to be cured, the Executive shall have ten (10) business days from the delivery of written notice by the Company within which to cure any acts constituting Cause.

In addition to the Accrued Amounts, if the Executive's employment hereunder is terminated upon the then-applicable Renewal Date in accordance with the provisions of Section 2, the Executive shall be entitled to receive a payment equal to the product of (A) the Annual Bonus, if any, that the Executive would have earned for the fiscal year in which the Termination Date occurs based on achievement of the applicable performance goals for such year and (B) a fraction, the numerator of which is the number of days the Executive was employed by the Company during the year of termination and the denominator of which is the number of days in such year (the "Pro-Rata Bonus"). This amount shall be paid on the date that annual bonuses are paid to similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the fiscal year in which the Termination Date occurs.

(c) Termination Without Cause or for Good Reason. The Term and the Executive's employment hereunder may be terminated by the Executive for Good Reason or by the Company without Cause. In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and, subject to the Executive's compliance with Sections 6 and 7 and his execution of a release of claims in favor of the Company, its Affiliates, and their respective officers and directors in a form provided by the Company and reasonably acceptable to the Executive, such approval not to be unreasonably withheld or delayed (the "Release") and such Release becoming effective within 45 days following the Termination Date (such 45-day period, the "Release Execution Period"), the Executive shall be entitled to receive the following:

(i) continued Base Salary for one year following the Termination Date, payable in equal installments in accordance with the Company's normal payroll practices, but no less frequently than monthly, which shall commence within 45 days following the Termination Date; *provided that*, if the Release Execution Period begins in one taxable year of the Company and ends in a subsequent taxable year, payments shall not begin until the beginning of that subsequent taxable year; *provided, further, that*, the first installment payment shall include all amounts of Base Salary that would otherwise have been paid to the Executive during the period beginning on the Termination Date and ending on the first payment date as if no delay had been imposed;

(ii) a payment equal to the product of (A) the Annual Bonus, if any, that the Executive would have earned for the fiscal year in which the Termination Date occurs based on achievement of the applicable performance goals for such year and (B) a fraction, the numerator of which is the number of days the Executive was employed by the Company during the year of termination and the denominator of which is the number of days in such year (the "Pro-Rata Bonus"). This amount shall be paid on the date that annual bonuses are paid to similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the fiscal year in which the Termination Date occurs;

(iii) if the Executive timely and properly elects health continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company shall reimburse the Executive for the monthly COBRA premium paid by the Executive for himself and his dependents. Such reimbursement shall be paid to the Executive on the 15th day of the month immediately following the month in which the Executive timely remits the premium payment. The Executive shall be eligible to receive such reimbursement until the earliest of: (A) the eighteen-month anniversary of the Termination Date; (B) the date on which the Executive is no longer eligible to receive COBRA continuation coverage; and (C) the date on which the Executive becomes eligible to receive substantially similar coverage from another employer or other source. Notwithstanding the foregoing, if the Company's making payments under this Section 5(c)(iii) would violate the nondiscrimination rules applicable to non-grandfathered plans under the Affordable Care Act (the "ACA"), or result in the imposition of penalties under the ACA and the related regulations and guidance promulgated thereunder, the parties agree to reform this Section 5(c)(iii) in a manner as is necessary to comply with the ACA; and

(iv) the treatment of any outstanding stock options shall be determined in accordance with the terms of the Stock Option Agreement.

The Executive cannot terminate his employment for Good Reason unless he has provided written notice to the Company and Holdings of the existence of the circumstances providing grounds for termination for Good Reason within 30 days of the initial existence of such grounds and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within 65 days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

(d) Death or Disability. The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Term, and the Company may terminate the Executive's employment on account of the Executive's Disability. If the Executive's employment is terminated during the Term on account of the Executive's death or Disability, the Executive (or the Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the following:

(i) the Accrued Amounts, payable:

(1) with respect to accrued but unpaid Base Salary and accrued but unused vacation, on the pay date immediately following the Termination Date in accordance with the Company's customary payroll procedures, unless a different date shall be required by relevant law;

(2) with respect to earned but unpaid Annual Bonus amounts with respect to any completed fiscal year immediately preceding the Termination Date, on the date which the same shall be paid on the otherwise applicable payment date;

(3) with respect to reimbursement for unreimbursed business expenses properly incurred by the Executive, in accordance with the Company's expense reimbursement policy;

(4) with respect to such employee benefits, if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date, in accordance with the Company's employee benefit plans; and

(ii) a lump sum payment equal to the Pro-Rata Bonus, if any, that the Executive would have earned for the fiscal year in which the Termination Date occurs based on the achievement of applicable performance goals for such year, which shall be payable on the date that annual bonuses are paid to the Company's similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the fiscal year in which the Termination Date occurs.

Notwithstanding any other provision contained herein, all payments made in connection with the Executive's Disability shall be provided in a manner that is consistent with federal and state law.

(e) Notice of Termination. Any termination of the Executive's employment hereunder by the Company or by the Executive during the Term (other than termination pursuant to Section 5(d) on account of the Executive's death or expiration of the Term) shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 18. The Notice of Termination shall specify:

(i) the termination provision of this Agreement relied upon;

(ii) to the extent applicable, the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated; and

(iii) the applicable Termination Date.

(f) Resignation of All Other Positions. Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the Board (or a committee thereof) of the Company or any of its Affiliates, as well as any other employment or consultancy relationships with the Company or any of its Affiliates.

(g) Exit Obligations. Upon the termination of the Executive's employment, the Executive (or, in the event of the Executive's death, the personal representative of his estate) shall (i) provide or return to the Company any and all Company property and all Company documents and materials belonging to the Company and stored in any fashion, including, without limitation, those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's (or his estate's) possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's (or his estate's) possession or control.

(h) Cooperation. The parties agree that certain matters in which the Executive will be involved during the Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason (except in the event of the Executive's death), to the extent reasonably requested by the Board or the President/Chief Executive Officer of Holdings, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; *provided that*, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

6. Confidential Information.

(a) Company Creation and Use of Confidential Information. The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money, and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the industry in which it conducts its business. The Executive understands and acknowledges that, as a result of these efforts, the Company has created, and continues to use and create, Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

(b) Disclosure and Use Restrictions. The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not, directly or indirectly, to disclose, publish, communicate, or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any Person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company or with the prior approval of the Board or the President/Chief Executive Officer of Holdings in each instance (and, then, such disclosure shall be made only within the limits and to the extent of such duties or approval); and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media, or other resources containing any Confidential Information, or remove any such documents, records, files, media, or other resources from the premises or control of the Company, except as required in the performance of the Executive's authorized employment duties to the Company or with the prior approval of the Board or the President/Chief Executive Officer of Holdings in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or approval). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, *provided that* the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. The Executive shall promptly provide written notice of any such order to Holdings.

(c) Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016. Notwithstanding any other provision of this Agreement:

(i) The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

(A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

(B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

(ii) If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

(A) files any document containing trade secrets under seal; and

(B) does not disclose trade secrets, except pursuant to court order.

(d) Duration. The Executive understands and acknowledges that his obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he begins employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

7. Restrictive Covenants.

(a) Acknowledgement. The Executive acknowledges and agrees that the nature of the Executive's position gives him access to and knowledge of Confidential Information and places him in a position of trust and confidence with the Company. The Executive acknowledges and agrees that the services he provides to the Company are unique, special, or extraordinary, that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business, and marketing strategies by virtue of the Executive's employment; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company. The Executive further acknowledges and agrees that the Company's ability to reserve these for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure by the Executive is likely to result in unfair or unlawful competitive activity. The Executive further acknowledges that (i) the amount of his compensation reflects, in part, his obligations and the Company's rights under Sections 6 and 7; (ii) he has no expectation of any additional compensation, royalties, or other payment of any kind not otherwise referenced herein in connection herewith; and (iii) he will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Sections 6 and 7 or the Company's enforcement thereof.

(b) Non-Competition. Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Restriction Period, and because of the transactions contemplated by that certain Stock Purchase Agreement by and among the Company, Holdings, and the various sellers signatory thereto, dated as of November 3, 2016, the Executive agrees and covenants not to engage in Restricted Activity within the Restricted Area. Nothing herein shall prohibit the Executive from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, *provided that* such ownership represents a passive investment and that the Executive is not a controlling person of, or a member of a group that controls, such corporation.

(c) Non-Solicitation of Employees. The Executive agrees and covenants that he will not, directly or indirectly, solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company during the Restriction Period.

(d) Non-Solicitation of Customers. The Executive understands and acknowledges that because of the Executive's experience and relationship with the Company, he will have access to and learn about much or all of the Company's customer information. The Executive understands and acknowledges that loss of customer relationships and/or goodwill will cause significant and irreparable harm. The Executive agrees and covenants, during the Restriction Period, that he will not, directly or indirectly, solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former, or prospective customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company.

(e) Non-Disparagement. The Executive agrees and covenants that he will not at any time make, publish, or communicate to any Person or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company, any Affiliate thereof, or any of their respective businesses, or any of the Company's employees, officers, and existing and prospective customers, suppliers, and other associated third parties. The Company agrees and covenants that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning the Executive to any third parties.

(f) Non-Waiver. This Section 7 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, *provided that* such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to Holdings.

(g) Remedies. In the event of a breach or threatened breach by the Executive of Section 6 or 7, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available forms of relief.

8. Proprietary Rights.

(a) Work Product. The Executive acknowledges and agrees that all right, title, and interest in and to all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by the Executive for the Company (in each case, regardless of when or where prepared or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to United States and foreign (i) patents, patent disclosures, and inventions (whether patentable or not), (ii) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (iii) copyrights and copyrightable works (including computer programs), mask works, and rights in data and databases, (iv) trade secrets, know-how, and other confidential information, and (v) all other intellectual property rights, in each case whether registered or unregistered and including all registrations and applications for, and renewals and extensions of, such rights, all improvements thereto, and all similar or equivalent rights or forms of protection in any part of the world (collectively, "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

(b) Work Made for Hire; Assignment. The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title, and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title, or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

(c) Further Assurances; Power of Attorney . During and after his employment, the Executive agrees to cooperate reasonably with the Company to (i) apply for, obtain, perfect, and transfer to the Company the Work Product, as well as any and all Intellectual Property Rights in the Work Product in any jurisdiction in the world and (ii) maintain, protect, and enforce the same, including, without limitation, giving testimony and executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company a power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, prosecution, issuance, and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

9. Definitions. When used herein, the following terms shall have the following meanings:

(a) "Affiliate" means any Person controlling, under common control with, or controlled by the Parent.

(b) "Cause" means:

(i) the Executive's willful failure to perform his duties (other than any such failure resulting from incapacity due to physical or mental illness);

(ii) the Executive's willful failure to comply with any valid and legal directive of the Board or the President/Chief Executive Officer of Holdings;

(iii) the Executive's engagement in dishonesty, illegal conduct, or gross misconduct, which is, in each case, materially injurious to the Company or its Affiliates;

(iv) the Executive's embezzlement, misappropriation, or fraud, whether or not related to the Executive's employment with the Company;

(v) the Executive's conviction of or plea of guilty or nolo contendere to a crime that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs the Executive's ability to perform services for the Company, or results in material reputational or financial harm to the Company or its Affiliates;

(vi) the Executive's willful unauthorized disclosure of Confidential Information;

(vii) the Executive's material breach of any material obligation under this Agreement or any other written agreement between the Executive and the Company; or

(viii) any material failure by the Executive to comply with the Company's written policies or rules, as they may be in effect from time to time during the Term, if such failure causes material reputational or financial harm to the Company or its Affiliates.

(c) "Confidential Information" means, without limitation, all information not generally known to the public, in spoken, printed, electronic, or any other form or medium, relating to the Company, its Affiliates, the respective businesses of the Company or its Affiliates, or any existing or prospective customer, supplier, investor, or other associated third party of the Company, and information of any other Person that has been entrusted to the Company in confidence. The Executive understands that the foregoing definition is not exhaustive and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used. The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that is generally available to and known by the public at the time of disclosure to the Executive; *provided that*, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf.

(d) "Customer Information" means, without limitation, names, phone numbers, addresses, e-mail addresses, order history, order preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the customer and relevant to sales or services.

(e) "Disability" means the Executive's inability, due to physical or mental incapacity, to perform the essential functions of his job, with or without reasonable accommodation, for one hundred eighty (180) days out of any three hundred sixty-five (365)-day period; *provided*, *however*, in the event that the Company temporarily replaces the Executive, or transfers the Executive's duties or responsibilities to another individual on account of the Executive's inability to perform such duties due to a mental or physical incapacity that is, or is reasonably expected to become, a Disability, then the Executive's employment shall not be deemed terminated by the Company and the Executive shall not be able to resign with Good Reason as a result thereof. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

(f) "Good Reason" means the occurrence of any of the following, in each case during the Term without the Executive's written consent:

(i) a reduction in the Executive's Base Salary;

(ii) a material reduction in the Executive's Annual Bonus opportunity;

(iii) a relocation of the Executive's principal place of employment (as set forth in Section 1(c)) by more than 20 miles or Executive being obligated to work (other than on an infrequent basis) at any location that is greater than twenty (20) miles from Executive's principal place of employment (as set forth in Section 1(c)) without Executive's prior written consent;

(iv) any material breach by the Company of any material provision of this Agreement;

(v) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or

(vi) a material, adverse change in the Executive's title, authority, duties, or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law).

(g) "Holdings" means Vintage Stock Affiliated Holdings LLC, a Nevada limited liability company and the sole shareholder of the Company.

(h) "Parent" means Live Ventures Incorporated, a Nevada corporation and the sole member of Holdings.

(i) "Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union, or other entity or governmental body.

(j) "Restricted Activity" means any activity in which the Executive contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, employee, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar business as the Company. Restricted Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information, or Confidential Information.

(k) "Restricted Area" means each area of each state and territory of the United States of America.

(l) "Restriction Period" means the period commencing on the Effective Date of this Agreement and ending on the date that is the second (2nd) anniversary of the Termination Date.

(m) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended.

(n) "Termination Date" means:

(i) if the Executive's employment hereunder terminates on account of the Executive's death, the date of the Executive's death;

(ii) if the Executive's employment hereunder is terminated on account of the Executive's Disability, the date that it is determined that the Executive has a Disability;

(iii) if the Company terminates the Executive's employment hereunder for Cause, the date the Notice of Termination is delivered to the Executive;

(iv) if the Company terminates the Executive's employment hereunder without Cause, the date specified in the Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered to the Executive;

(v) if the Executive terminates his employment hereunder with or without Good Reason, the date specified in the Executive's Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered to the Company; and

(vi) if the Executive's employment hereunder terminates because either party provides notice of non-renewal pursuant to Section 2, the Renewal Date immediately following the date on which the applicable party delivers the notice of non-renewal.

10. Governing Law: Jurisdiction and Venue. This Agreement, for all purposes, shall be construed in accordance with the laws of Missouri without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a federal court of the Western District of Missouri or a court of the State of Missouri located in Newton County, Missouri. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

11. Entire Agreement. Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that this Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of this Agreement.

12. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive, the Company, and Holdings. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

13. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement. The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law. The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

14. Captions. Captions and headings of the sections and subsections of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or subsection. When reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement, unless otherwise indicated.

15. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

16. Section 409A.

(a) General Compliance. This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

(b) Specified Employees. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month in which the Executive's separation from service occurs shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

(c) Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

(i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

(ii) any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

(iii) any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

17. Successors and Assigns. This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and its permitted successors and assigns.

18. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

Vintage Stock, Inc.
202 E. 32nd Street
Joplin, Missouri 64804
Attn: Steve Wilcox

with a copy (which shall not constitute notice) to:

Vintage Stock Affiliated Holdings LLC
325 East Warm Springs Road
Suite 102
Las Vegas, Nevada 89119
Attn: Jon Isaac

If to the Executive:

Rodney Spriggs
c/o Vintage Stock, Inc.
202 E. 32nd Street
Joplin, Missouri 64804

If to Holdings:

Vintage Stock Affiliated Holdings LLC
325 East Warm Springs Road
Suite 102
Las Vegas, Nevada 89119
Attn: Jon Isaac

19. Withholding. The Company shall have the right to withhold from any amount payable hereunder any federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

20. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

21. Acknowledgement of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS, AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

[*Signatures appear on the following page.*]

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the date first set forth above.

VINTAGE STOCK, INC.

By: /s/ Steve Wilcox
Steve Wilcox, Vice President

EXECUTIVE:

/s/ Rodney Spriggs
Rodney Spriggs

Acknowledged and agreed to by the Parent solely with respect to Section 3(c):

LIVE VENTURES INCORPORATED

By: /s/ Jon Isaac
Jon Isaac, President and Chief Executive Officer

Schedule I

2017 Bonus Program

The performance criteria for the fiscal year commencing on October 1, 2016 and ending on September 30, 2017 (the "Performance Period") shall be based upon the attainment of increases in "EBITDA" for the Performance Period, which shall be determined by the Board and shall be net income before interest, income taxes, depreciation, and amortization of the Company, adjusted to exclude special non-recurring items and impairments and (gain)/loss on sale of assets other than in the ordinary course of business or in connection with the Company's acquisition of certain assets (including leasehold interests) of Hastings Entertainment, Inc. during the Performance Period, all of which shall be determined in accordance with generally accepted accounting principles, consistently applied, in the Company's financial statements.

If the Company achieves an EBITDA greater than $14,500,000 for the Performance Period, the total bonus pool available for the Performance Period shall be an amount equal to the results attained by multiplying (i) the total of the Company's EBITDA for the Performance Period *less* $14,500,000, by (ii) the Bonus Rate applicable to the Actual EBITDA Range.

The total bonus pool will be determined using the following schedule:

Actual EBITDA Range	Bonus Rate
$14,500,000 – 15,999,999.99	8%
$16,000,000 – 17,999,999.99	11%
$18,000,000 – 19,999,999.99	12%
$20,000,000 +	13%

The Executive shall have the power and authority to (i) select the management employees of the Company (including the Executive) who are eligible to receive a cash award under this bonus compensation program for the Performance Period and (ii) establish the amount of cash awards distributed to each participating employee of the Company (including the Executive), which shall, in total, not exceed the total bonus pool available for the Performance Period.

Exhibit A

Form of Stock Option Agreement

(attached)

Exhibit 10.26

THIS OPTION HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE OPTIONEE WILL NOT TRANSFER THIS OPTION OR THE UNDERLYING COMMON SHARES UNLESS (I) THERE IS AN EFFECTIVE REGISTRATION COVERING SUCH OPTION OR SUCH SHARES, AS THE CASE MAY BE, UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, (II) LIVE VENTURES INCORPORATED FIRST RECEIVES A LETTER FROM AN ATTORNEY, ACCEPTABLE TO IT, STATING THAT, IN THE OPINION OF THE ATTORNEY, THE PROPOSED TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND UNDER ALL APPLICABLE STATE SECURITIES LAWS, OR (III) THE TRANSFER IS MADE PURSUANT TO RULE 144 UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

FORM OF NON-QUALIFIED STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "Agreement") is made and entered into effective as of November 3, 2016 (the "Effective Date"), by and between Live Ventures Incorporated, a Nevada corporation ("LIVE"), and Rodney Spriggs (the "Optionee").

1 . **Recitals**. The Optionee is presently employed, pursuant to the terms of that certain Employment Agreement of even date herewith (the "Employment Agreement"), by an indirect wholly-owned subsidiary of LIVE, *i.e.*, Vintage Stock, Inc., a Missouri corporation (the "Subsidiary"). LIVE desires to provide the Optionee with an incentive to remain in such capacity and to afford the Optionee the opportunity to obtain share ownership in LIVE so that the Optionee may have a significant proprietary interest in LIVE's success. LIVE therefore hereby grants to the Optionee this non-qualified option to purchase shares of its stock pursuant to the terms of, and subject to the conditions set forth in, this Agreement.

2 . **Shares Subject to Option**. As of the Effective Date, LIVE hereby grants to the Optionee the option ("Option") to purchase one hundred thousand (100,000) shares of LIVE's common stock (the "Optioned Shares"), at the price set forth in the Paragraph of this Agreement entitled "Exercise Price" (the "Exercise Price"), subject to the terms and conditions and within the period of time set forth in this Agreement. This Option is intended to be a non-statutory, non-qualified stock option which does not qualify as an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. **Term; Expiration**. This Agreement and the Option granted hereunder shall expire at 6:00 p.m. Central Time on the fifth (5^{th}) anniversary of the Effective Date. If all or any portion of this Option is unexercised upon the expiration of this Agreement, then, to that extent, this Option shall be deemed to have been forfeited and of no further force or effect. The Option will expire on the Expiration Date immediately set forth above, or earlier as provided in this Agreement. If the Optionee's continuous service to the Subsidiary, LIVE, or another affiliate of LIVE is terminated:

- Due to the expiration of the Employment Agreement, the Optionee may exercise the vested portion of the Option, but only within such period of time ending on the earlier of (a) the date thirty (30) days following the Optionee's termination of Continuous Service or (b) the Expiration Date

- For Cause or without Good Reason (each as referenced in Section 5(b) of the Employment Agreement), the Option (whether vested or unvested) shall immediately terminate and cease to be exercisable

- Without Cause or Good Reason (each as referenced in Section 5(c) of the Employment Agreement), the Optionee may exercise the vested portion of the Option, but only within such period of time ending on the earlier of (a) the date ninety (90) days following the Optionee's termination of Continuous Service or (b) the Expiration Date

- Due to death or disability (each as referenced in Section 5(d) of the Employment Agreement), the Optionee or the Optionee's personal representative and/or beneficiaries, as the case may be) may exercise the vested portion of the Option, but only within such period of time ending on the earlier of (a) the date one year following the Optionee's termination of Continuous Service or (b) the Expiration Date

4. **Vesting.**

4.1 **Vesting Schedule.** Subject to the terms of the Subparagraph in this Agreement entitled "Change in Control," the Option granted hereunder shall vest as follows: 25% shall vest at the end of the first year following such issuance, with the remaining 75% vesting monthly over the next three years, in each event subject to the Optionee's continued service as an employee of Subsidiary, LIVE, or another affiliate of LIVE through such dates; provided, that, if Optionee's employment with Subsidiary, LIVE, or another affiliate of LIVE is terminated without cause by Subsidiary, LIVE, or another affiliate of LIVE, or is terminated by Optionee for Good Reason pursuant to Section 5(c) of the Employment Agreement, then the Option granted hereunder shall become immediately and fully vested, subject to Section 3 of this Agreement. From and after the respective vesting dates and through the expiration hereof, the Option may be fully and immediately exercisable in whole or in part at any time and from time to time in respect of such Optioned Shares.

4 . 2 **Change in Control**. Notwithstanding the vesting schedule set forth in the Subparagraph of this Agreement entitled "Vesting Schedule" immediately above, if at any time prior to full vesting of all of the Optioned Shares and while the Optionee is performing services for the Subsidiary, LIVE, or another affiliate of LIVE, a Change in Control (as that phrase is defined below) in LIVE occurs, Optionee's grant and right to exercise this Option shall immediately and fully vest and this Option shall immediately be exercisable as to one hundred percent (100%) of the Optioned Shares (or such percentage of the Optioned Shares as may not then have been previously purchased) on the date immediately preceding the consummation of such transaction. For purposes of this Agreement, "Change of Control" shall mean the occurrence of any of the following events: (i) the consummation of any transaction after the Effective Date in which any person or entity or group of related persons and/or entities becomes the beneficial owner, directly or indirectly, of securities representing more than thirty-five percent (35%) of the combined voting power of LIVE's then-outstanding voting securities, or (ii) a majority of the seats (other than vacant seats) on the board of directors or other governing body of LIVE shall at any time be occupied by persons other than those persons who are members of the board of directors on the Effective Date, or (iii) any merger (other than a merger in which LIVE is the survivor and there is no change of control pursuant to (i) or (ii) of this sentence), reorganization, consolidation, liquidation, winding-up, or dissolution of LIVE or the sale of all or substantially all of its assets.

5 . **Exercise Price**. Subject to the provisions of the Paragraph in this Agreement entitled "Vesting" and for adjustment in the manner provided below, the exercise price for each Optioned Share shall be on and 81/100ths US Dollars ($1.81).

6 . **Method of Exercise**. This Option shall be deemed to be exercised when written notice identifying the number of Optioned Shares as to which this Option is then being exercised has been provided to LIVE in accordance with the terms of this Option and full payment for the Optioned Shares with respect to which the Option is exercised has been received by LIVE. Upon the exercise of this Option in whole or in part and payment of the Exercise Price in the manner provided by this Agreement, LIVE shall, as soon thereafter as practicable, deliver to the Optionee a certificate or certificates for the shares purchased or LIVE's transfer agent shall record such share ownership in "book entry" format. The Exercise Price for the Optioned Shares to be purchased upon the exercise of the Option may be paid in same-day, good funds.

7. **Withholding**. LIVE may, in its discretion, require that the Optionee pay to it at or after the time of the exercise of any portion of this Option any such additional amount as LIVE deems necessary, in the exercise of its good faith reasonable discretion, to satisfy its liability to withhold federal, state, or local income tax or any other tax incurred by reason of the exercise of this Option. Such shares shall be valued on the date as of which the amount of tax to be withheld is determined.

8 . **Adjustment of Optioned Shares**. In the event that there is any stock dividend, stock split, reverse stock split, combination, reclassification, reorganization, recapitalization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of common stock or other securities of LIVE, issuance of warrants or other rights to purchase common stock or other securities of LIVE, or other similar corporate transaction or events that affect the common stock of LIVE such that an adjustment is necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be made available pursuant to this Option, then the number of unexercised Optioned Shares subject to this Option and the exercise price per share of such Optioned Shares shall be proportionately adjusted to prevent such dilution or enlargement of the benefits or potential benefits intended to be made available pursuant to this Option.

9. **Option Non-Transferable**. This Option shall not be transferable other than by will or the laws of descent and distribution and this Option shall be exercisable during the Optionee's lifetime only by the Optionee or his guardian or legal representative. Any purported assignment of this Option, or of any right or privilege conferred hereunder, contrary to the provisions hereof shall be null and void.

10. **Laws and Regulations**. No shares of common stock shall be issued under this Option unless and until all legal requirements applicable to the issuance of such shares have been complied with to the satisfaction of LIVE in the exercise of its reasonable discretion.

11. **Rights in Stock Before Issuance and Delivery**. The Optionee shall not be entitled to the privileges of stock ownership in respect of any shares issuable upon exercise of this Option, unless and until such shares have been issued to the Optionee by LIVE. Except as provided in this Agreement, no adjustment shall be made in the number of shares of common stock issued to the Optionee or in any other rights of the Optionee upon exercise of this Option by reason of any dividend (other than a stock dividend), distribution, or other right granted to LIVE's stockholders for which the record date is prior to the date of exercise of this Option.

12. **Tax Consequences.**

12.1 **Section 409A**. This Option is intended to meet the requirements of Internal Revenue Code Section 409A and the Treasury Regulations promulgated thereunder. If the Option contained in this Agreement is determined to be taxable to the Optionee and/or to LIVE, then LIVE, after consultation with the Optionee, shall have the authority to adopt, prospectively or retroactively, such amendments to this Agreement that LIVE determines in its reasonable discretion to be appropriate to: (i) exempt the transactions contemplated under this Agreement from Section 409A; (ii) make this Agreement comply with the requirements of Section 409A; or (iii) avoid more generally the adverse tax consequences of Section 409A as it applies to this Agreement.

12.2 **Other Tax Consequences**. Except as otherwise provided in this Agreement, the Optionee acknowledges that LIVE has not made any representations or warranties to the Optionee with respect to the tax consequences related to the transactions contemplated in this Agreement, and the Optionee is in no manner relying on LIVE or its representatives for an assessment of such tax consequences. The Optionee acknowledges that (i) there may be adverse tax consequences upon acquisition or disposition of this Option or the Shares subject to this Option, (ii) LIVE has no responsibility to the Optionee to ensure any particular tax result, and (iii) the Optionee should consult his own tax advisor prior to the acquisition, exercise, or disposition of this Option and the underlying Shares with regard the particular tax treatment of this Option as it relates to the Optionee.

13. **Miscellaneous**.

13.1 **Agreement Binding**. This Agreement shall be binding upon the parties, their legal representatives, and permitted successors and assigns.

13.2 **Entire Agreement**. This Agreement supersedes any statements, representations, or agreements of LIVE with respect to the grant of the Option made herein and any related rights set forth herein and affecting the grant of this Option and the Optionee hereby waives any rights or claims related to any such statements, representations, or agreements. Except to the extent specifically set forth herein, this Agreement does not supersede or amend any existing agreement, between the Optionee and LIVE. No addition to or modification of any provision of this Agreement shall be binding upon the Optionee or LIVE unless made in writing and signed by both the Optionee and LIVE.

13.3 **Notice**. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when delivered to and received personally by the recipient, (b) when sent to and received by the recipient by facsimile (receipt electronically confirmed by sender's facsimile machine) if during normal business hours of the recipient, otherwise on the next business day, (c) one business day after the date when sent to the recipient by reputable express overnight courier service (charges prepaid) and delivery confirmed, or (d) three business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid and such receipt is confirmed. Such notices, demands and other communications shall be sent to the parties at the addresses indicated below or to such other address as a party may direct on written notice given pursuant to the terms of this Sub-paragraph:

If to the Optionee:	c/o Vintage Stock, Inc. 202 E. 32nd Street Joplin, Missouri 64804
If to LIVE:	Live Ventures Incorporated 325 East Warm Springs Road, Suite 102 Las Vegas, Nevada 89119 Attn: Jon Isaac, Chief Executive Officer

13.4 **Non-Waiver**. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

13.5 **Governing Law; Jurisdiction; Venue**. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, exclusive of the conflict of law provisions thereof. The parties agree that the District Court of the County of Clark, State of Nevada shall have exclusive jurisdiction, including *in personam* jurisdiction, and shall be the exclusive venue for any and all controversies and claims arising out of or relating to this Agreement or a breach thereof, except as otherwise jointly agreed upon by the parties.

13.6 **Attorneys' Fees**. If any party shall commence any action or proceeding against another party in order to enforce the provisions hereof, or to recover damages as the result of alleged breach of any of the provisions hereof, the prevailing party therein shall be entitled to recover all reasonable costs incurred in connection therewith, including, but not limited to, reasonable attorney's fees.

13.7 **Gender and Number**. As used herein, the masculine gender shall include the feminine and neuter genders, and the singular shall include the plural, and vice versa, where the context requires.

13.8 **Caption**. All captions, titles, headings, and divisions hereof are for purposes of convenience and reference only and shall not be construed to limit or affect the interpretation of this Agreement.

13.9 **Counterparts and Electronic Signatures**. For the convenience of the parties, any number of counterparts of this Agreement may be executed by any one or more parties hereto, and each such executed counterpart shall be, and shall be deemed to be, an original, but all of which shall constitute, and shall be deemed to constitute, in the aggregate but one and the same instrument. This Agreement may be circulated for signature through electronic transmission, including, without limitation, facsimile and email, and all signatures so obtained and transmitted shall be deemed for all purposes under this Agreement to be original signatures until such time, if ever, as original counterparts are exchanged by the parties.

IN WITNESS WHEREOF, LIVE has executed this Agreement as of the day and year first above written.

LIVE VENTURES INCORPORATED

By: /s/ Jon Isaac
Jon Isaac, Chief Executive Officer

ACKNOWLEDGE AND ACCEPTED:

/s/ Rodney Spriggs
RODNEY SPRIGGS

Exhibit 10.27

LOAN AGREEMENT

By and Between

VINTAGE STOCK, INC.

and

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION

$20,000,000.00 Revolving Line of Credit Facility

Dated as of

November 3,2016

LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, modified, or restated from time to time, this "Agreement") is made and entered into as of **NOVEMBER 3, 2016** (the "Closing Date"), by and between **VINTAGE STOCK, INC.,** a Missouri corporation, with offices at 202 E. 32nd Street, Joplin, MO 64804 ("Borrower") and **TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,** with offices at 2000 McKinney Avenue, Suite 700, Dallas (Dallas County), TX 75201 ("Lender"):

WITNESSETH:

For and in consideration of the mutual covenants and agreements herein contained and of the loans and commitment hereinafter referred to, Borrower and Lender agree as follows:

ARTICLE I
GENERAL TERMS

Section 1.01 Certain Definitions. As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires:

"Accounts Advance Amount" shall mean at any time an amount equal to the product of (a) all Eligible Accounts times, (b) a percentage, which shall initially be **EIGHTY-FIVE PERCENT (85.00%).**

"Affiliate" shall mean any Person controlling, controlled by or under common control with any other Person. For purposes of this definition, "control" (including "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or otherwise. Without limiting the generality of the foregoing, for purposes of this Agreement, Borrower, each Guarantor, if any, and each of Borrower's Subsidiaries, if any, shall be deemed to be Affiliates of one another.

"Applicable Requirements" is defined in Section 5.04.

"Arvest DACA" shall mean that certain **DEPOSIT ACCOUNT CONTROL AGREEMENT** dated on or about the date hereof among **ARVEST BANK,** Lender, Term Agent, and Borrower, together with all modifications thereto.

"Asset Disposition" shall mean the sale, lease, assignment, disposition or other transfer for value by any Loan Party to any Person (other than a Loan Party) of any Property or right of such Loan Party (including, the loss, destruction or damage of any thereof or any actual or threatened (in writing to any Loan Party) condemnation, confiscation, requisition, seizure or taking thereof), other than the sale or lease of Inventory in the ordinary course of business.

"Availability" shall mean, as of any date of determination, the amount by which the Borrowing Base exceeds the outstanding principal balance of the Revolving Credit Note plus the LC Amount, as determined by Lender.

"Availability Reserves" shall mean, as of any date of determination, such amounts as Lender reasonably may from time to time establish and revise reducing the amount of revolving credit loans which would otherwise be available to Borrower under the lending formula(s) provided for herein: (a) to reflect events, conditions, contingencies or risks which, as reasonably determined by Lender, affect either (i) the Collateral or any other Property which is security for the Indebtedness, (ii) the assets or business of Borrower, (iii) the security interests and other rights of Lender in the Collateral (including the enforceability, perfection and priority thereof), (b) to reflect Lender's reasonable belief that any collateral report or financial information furnished by or on behalf of Borrower to Lender is or may have been incomplete, inaccurate or misleading in any material respect, and (c) in respect of any state of facts which Lender determines constitutes a Default or an Event of Default.

"Borrowing Base" shall mean, at any time, an amount not to exceed the lesser of: (a) the Maximum Revolving Facility amount, or (b) the sum of (i) the Accounts Advance Amount determined as of the date the Borrowing Base is calculated plus (ii) the Inventory Advance Amount determined as of the date the Borrowing Base is calculated minus (iii) any Availability Reserves.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business.

"Change of Control" shall mean that **LIVE VENTURES, INC.** shall cease, directly or indirectly, to own or control **SEVENTY-FIVE PERCENT (75.00%)** of the Stock of Borrower held by such holder as of the Closing Date.

"Collateral" shall have the meaning set forth in that certain **SECURITY AGREEMENT** dated as of the Closing Date (as the same may be amended, modified or restated from time to time, the "Security Agreement"), by and between Borrower, certain Loan Parties party thereto, if any, and Lender, and shall also include any real property now owned or hereafter acquired in which Borrower has granted a security interest to Lender.

"Collateral Access Agreement" shall mean a landlord waiver, mortgagee waiver, bailee letter or similar acknowledgment of any lessor, warehouseman, processor or other person in possession of any Collateral or on whose Property any Collateral is located, in form and substance reasonably satisfactory to Lender.

"Commitment" shall mean the obligation of Lender to make revolving credit loans to Borrower under Section 2.01(a) hereof, up to the maximum amount therein stated.

"Debt" shall mean, with respect to any Person, and without duplication: (a) all indebtedness of such Person;

(b) all borrowed money of such Person, whether or not evidenced by bonds, debentures, notes or similar instruments; (c) all obligations of such Person as lessee under capital leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP; (d) all obligations of such Person to pay the deferred purchase price of Property or services (excluding trade accounts payable in the ordinary course of business); (e) all indebtedness secured by a Lien on the Property of such Person, whether or not such indebtedness shall have been assumed by such Person; (f) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn), bankers' acceptances and similar obligations issued for the account of such Person; (g) all swap, hedging and like obligations of such Person; (h) all contingent liabilities of such Person; and (i) any Stock or other equity instrument, whether or not mandatorily redeemable, that under GAAP is characterized as debt, whether pursuant to Financial Accounting Standards Board Issuance No. 150 or otherwise.

"Default" shall mean the occurrence of any of the events specified in Section 6.01 hereof, whether or not any requirement for notice or lapse of time or other condition precedent has been satisfied.

"Distribution" by any Person shall mean (a) with respect to any Stock issued by such Person, the retirement, redemption, purchase or other acquisition for value of any such Stock, (b) the declaration or payment of any dividend or other distribution on or with respect to such Stock, (c) any loan or advance by such Person to, or other investment by such Person in, the holder of any such Stock and (d) any other payment (other than salaries and bonuses to employees or advances made in the ordinary course of business to employees for travel or other expenses incurred in the ordinary course of business) by such Person to or for the benefit of the holder of any such Stock.

"Drawdown Termination Date" shall mean the earlier of **NOVEMBER 3, 2020,** and the date the Indebtedness is accelerated pursuant to the provisions of this Agreement and the other Security Instruments.

"DTPA" shall mean the Texas Deceptive Trade Practices Consumer Protection Act, Subchapter E of Chapter 17 of the Texas Business and Commerce Code.

"EBITDA" means, for any Person for any period of determination, an amount equal to: (a) net income plus (b) the sum of the following to the extent deducted from net income: (1) interest expense; (2) income taxes; (3) depreciation; (4) amortization; (5) rent expense; (6) non-cash charges and losses including write-offs or write-downs (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods); (7) one-time fees, charges and expenses paid by Borrower in connection with the transactions consummated by Borrower on the date hereof that are paid or otherwise accounted for within ONE HUNDRED EIGHTY (180) days of the Closing Date in an amount not to exceed ONE MILLION SEVEN HUNDRED THIRTY-FIVE THOUSAND SIX HUNDRED TEN AND NO/100 DOLLARS ($1,735,610.00) in the aggregate; (8) actual cash losses arising from stores that Borrower has operated less than twelve (12) months at the time of determination not to exceed an aggregate amount of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($150,000.00) per annum; (9) one-time, nonrecurring charges paid in cash not to exceed SIX HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($650,000.00) in the aggregate per annum; and (10) management fees not to exceed FOUR HUNDRED THOUSAND AND NO/100 DOLLARS ($400,000.00) per annum (provided that if any portion of such FOUR HUNDRED THOUSAND AND NO/100 DOLLARS ($400,000.00) per annum is not paid during any fiscal year, then, in subsequent fiscal years, such management fee may be increased by such unpaid portion until paid) in any fiscal year; in each case for such period determined and consolidated in accordance with GAAP.

"Eligible Accounts" shall mean at any time all trade accounts receivable of Borrower for goods sold or leased or services rendered, in which Lender has a perfected, first-priority Lien or security interest, after deducting:

(a) the amount of all accounts receivable unpaid for NINETY (90) days or more after the date of the original invoice;

(b) all such accounts for which TWENTY-FIVE PERCENT (25.00%) or more of the outstanding aggregate balance owed by any account debtor is unpaid for NINETY (90) days or more from the date of the original invoice;

(c) the amount owed by any account debtor that exceeds TWENTY-FIVE PERCENT (25.00%) of all Eligible Accounts of Borrower;

(d) all contra-accounts, setoffs, defenses or counterclaims asserted by or available to the Persons obligated on such accounts;

(e) accounts receivable of the United States or any agency or department thereof for which Borrower has not complied with the Federal Assignment of Claims Act;

(f) all accounts owed by account debtors which are bill and hold, pre-bill, "short" pay, customer deposit, credit card, cash-on-delivery, percent completion or progress billing;

(g) all accounts arising from bonded jobs or brokered accounts;

(h) all accounts owing by officers or employees of Borrower or by Subsidiaries or by any other Person in which Borrower or any holder of Stock in Borrower may have an equity interest in;

(i) all accounts owing by individuals;

(j) the amount of all discounts, allowances, rebates, retainage, credits and adjustments to such accounts;

(k) all accounts owed by an account debtor that is organized or has its principal offices or assets outside the United States, unless payment of such account is secured by an irrevocable letter of credit, in form and substance satisfactory to Lender and issued by a financial institution acceptable to Lender, in each case in Lender's sole discretion, payable in Dollars in the full face amount of such account, and Lender has control (as defined by Section 9.107 of the UCC) of all letter of credit rights associated with such letter of credit; and

(l) all accounts owed by account debtors which are insolvent or in any bankruptcy proceeding which Lender, in its sole discretion, deems not acceptable.

Eligible Accounts shall not include any account which Lender deems, in its reasonable discretion, not to be an Eligible Account.

"Eligible Inventory" shall mean all of Borrower's Inventory which is finished goods and in which Lender has a perfected, first-priority Lien or security interest. Eligible Inventory shall not include, without limitation, Inventory:

(a) in which Lender does not have a perfected, first-priority Lien or security interest;

(b) consigned to or from third parties;

(c) that is slow-moving, obsolete, unserviceable, damaged or spoiled;

(d) accounted for on the books of Borrower as burden or overhead;

(e) comprised of packaging and shipping supplies, materials, boxes or containers;

(f) that is damaged or defective;

(g) located on premises not owned by Borrower, unless Lender shall have received a Collateral Access Agreement with respect thereto, executed by the mortgagee, lessor or contract warehouseman, as the case may be, and segregated or otherwise separately identifiable from goods of others, if any, stored on the premises and such Collateral Access Agreement shall remain in full force and effect;

(h) located outside of the continental United States; or

(i) that is a sample item or is in-transit, other than Inventory that is in-transit on the Closing Date and is delivered to Borrower within **THIRTY (30)** days after the Closing Date.

Eligible Inventory shall not include any Inventory which Lender deems, in its reasonable discretion, not to be Eligible Inventory.

"Environmental Laws" shall mean all federal, state and local laws, rules, regulations, ordinances, programs, permits, guidances, orders and consent decrees relating to health, safety or environmental matters.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" shall mean the occurrence of any of the events specified in Section 6.01 hereof, provided that any requirement for notice or lapse of time or any other condition precedent has been satisfied.

"Excluded Accounts" means, collectively, (A) payroll and other employee wage and benefit accounts, (B) tax accounts, including, without limitation, sales tax accounts, and (C) zero balance accounts.

"Financial Statements" shall mean the consolidated and consolidating financial statement or statements of Borrower and its Subsidiaries, if any, of the type delivered under Section 3.06. Section 4.01(a) or Section 4.01(b) hereof.

"Fixed Charge Coverage Ratio" shall mean, for any period, the ratio of (a) EBITDA of Borrower minus unfinanced cash capitalized expenses during such period, to (b) scheduled payments of principal and cash interest expense of Borrower on all Debt plus cash tax expense, rent expenses, and cash Distributions during such period. Unless otherwise indicated, the Fixed Charge Coverage Ratio shall be measured: (a) for each month through SEPTEMBER 30, 2017, the period measured from NOVEMBER 1, 2016 until such month-ending date, and (b) for the month ending OCTOBER 31, 2017 and each month-ending thereafter, the TWELVE (12) month period ending on the applicable date.

"GAAP" shall mean Generally Accepted Accounting Principles in effect in the United States applied on a consistent basis.

"Guarantors" shall mean (individually and collectively) any Person that at any time executes a Guaranty Agreement.

"Guaranty Agreement" shall mean all Guaranty Agreements executed by Guarantors in favor of Lender (as the same may be amended, modified, supplemented or restated from time to time). As of the Closing Date, there are no Guaranty Agreements.

"Holdings" shall mean VINTAGE STOCK AFFILIATED HOLDINGS, LLC, a Nevada limited liability company.

"Indebtedness" shall mean any and all amounts owing or to be owing by Borrower and each other Loan Party to Lender in connection with the Notes, any Letter of Credit, the Security Instruments, this Agreement, and other liabilities or obligations of Borrower and each other Loan Party to Lender from time to time existing, including, without limitation, any liabilities of Borrower and each other Loan Party to Lender arising in connection with any Lender Products or any guaranties of indebtedness and obligations acquired from third Persons, whether in connection with this or other transactions, and all amounts owing or to be owing by Borrower to any agent bank of Lender pursuant to any letter of credit agreement, overdraft agreement or other agreement or financial accommodation.

"Intercreditor Agreement" is defined in Section 8.31.

"Inventory" shall mean any goods held by Borrower for sale in the ordinary course of Borrower's business which includes goods purchased for resale.

"Inventory Advance Amount" shall mean: (a) from the Closing Date through DECEMBER 31, 2016, NINETY-FIVE PERCENT (95.00%) of the NOLV of Eligible Inventory, (b) from JANUARY 1 through SEPTEMBER 30 of 2017 and each year thereafter, NINETY PERCENT (90.00%) of the NOLV of Eligible Inventory, and (c) from OCTOBER 1 through DECEMBER 31 of 2017 and each year thereafter, NINETY-TWO AND ONE-HALF PERCENT (92.50%) of the NOLV of Eligible Inventory.

"LC Amount" means, as of any date, the aggregate face amount of all issued but undrawn Letters of Credit as of such date.

"Lender Products" shall mean any one or more of the following types of services or facilities extended to Borrower or any other Loan Party by Lender: (i) credit cards, (ii) credit card processing services, (iii) debit cards, (iv) purchase cards, (v) Automated Clearing House (ACH) transactions, (vi) cash management, including controlled disbursement services, and (vii) establishing and maintaining deposit accounts.

"Letter of Credit" means a standby or commercial letter of credit issued or arranged by Lender for the account of Borrower in accordance with the terms of this Agreement and Lender's or the issuer's applications and agreements for letters of credit.

"LIBOR Rate" means the one month LIBOR rate (expressed as a percentage per annum and adjusted as described in the last sentence of this definition of LIBOR) for deposits in United States Dollars that appears on Thomson Reuters British Bankers Association LIBOR Rates Page (or the successor thereto) as of 11:00 a.m., London, England time, on the applicable determination date. If such rate does not appear on such screen or service, or such screen or service shall cease to be available, the LIBOR Rate shall be determined by Lender to be the offered rate on such other screen or service that displays an average British Bankers Association Interest Settlement Rate for deposits in United States Dollars (for delivery on the first day of such LIBOR Interest Period) as of 11:00 a.m. on the applicable determination date. If the rates referenced in the two preceding sentences are not available, the LIBOR Rate will be determined by an alternate method reasonably selected by Lender in its reasonable discretion. The LIBOR Rate shall be adjusted from time to time in Lender's reasonable discretion for then applicable reserve requirements, deposit insurance assessment rates, marginal emergency, supplemental, special and other reserve percentages, and other regulatory costs. Notwithstanding anything contained herein to the contrary, in no event shall the LIBOR Rate ever be lower than **ZERO** for the purposes hereof.

"Lien" shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest or lien arising from a mortgage, security agreement, deed of trust, assignment, collateral mortgage, chattel mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment, bailment for security purposes or certificate of title lien. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this Agreement, Borrower or any Loan Party shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Loan Party" shall mean Borrower and each other person that is a party to a Guaranty Agreement or Security Instrument.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of any Borrower and its Subsidiaries taken as a whole; (b) a material adverse effect on the rights and remedies of Lender under this Agreement; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of this Agreement.

"Maximum Nonusurious Interest Rate" shall mean the maximum nonusurious interest rate allowable under applicable United States federal law and under the laws of the State of Texas as presently in effect and, to the extent allowed by such laws, as such laws may be amended from time to time to increase such rate.

"Maximum Revolving Facility" shall mean **TWENTY MILLION AND NO/100 DOLLARS** ($20,000,000.00).

"Net Cash Proceeds" shall mean:

(ii) with respect to any Asset Disposition, the aggregate cash proceeds (including cash proceeds received pursuant to policies of insurance or by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by any Loan Party pursuant to such Asset Disposition net of (i)the direct costs relating to such sale, transfer or other disposition (including sales commissions and legal, accounting, advisory and investment banking fees), taxes paid or reasonably estimated by the Borrower to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), (iii) amounts required to be applied to the repayment of any Debt secured by a Lien on the Property subject to such Asset Disposition, and (iv) any reserve established in accordance with GAAP; provided that, such reserved amounts shall be Net Cash Proceeds to the extent and at the time of any reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of any such reserve;

(a) with respect to any issuance of Stock, the aggregate cash proceeds received by any Loan Party pursuant to such issuance, net of the direct costs relating to such issuance (including sales and underwriters' commissions and legal, accounting, advisory and investment banking fees); and

(b) with respect to any issuance of Debt securities, other than Debt securities permitted pursuant to Section 5.01, the aggregate cash proceeds received by any Loan Party pursuant to such issuance, net of the direct costs of such issuance (including up-front, underwriters' and placement fees and legal, accounting, advisory and investment banking fees).

"Net Income" means, for any period, Borrower's before-tax net income for such period, decreased by the sum of any extraordinary, non-operating or non-cash income recorded by Borrower during such period, all as determined in accordance with GAAP.

"NOLV" shall mean the amount realizable upon an orderly liquidation of an asset, net of direct transaction costs and expenses as determined by an appraiser selected by Lender in its sole discretion pursuant to an appraisal acceptable to Lender in its sole discretion. It is contemplated that such an appraisal may establish the NOLV on a monthly or other regularly scheduled basis.

"Notes" means (whether one or more) each of the Revolving Credit Note and any other promissory note executed by Borrower and payable to the order of Lender.

"Permitted Tax Distributions" means, with respect to any Person, any dividend or distribution to any holder of such Person's stock or other equity interests to permit such holders to pay federal income taxes and all relevant state and local income taxes at a rate equal to the highest marginal applicable tax rate for the applicable tax year, however denominated (together with any interest, penalties, additions to tax, or additional amounts with respect thereto) imposed as a result of taxable income attributed to such holder as a partner of such Person under federal, state, and local income tax laws, determined on a basis that combines those liabilities arising out of the net effect of the income, gains, deductions, losses, and credits of such Person and attributable to it in proportion and to the extent in which such holders hold stock or other equity interests of such Person.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, trustee, unincorporated organization, government or any agency or political subdivision thereof, or any other form of entity.

"Plan" shall mean any Plan subject to Title IV of ERISA and maintained by Borrower or any Subsidiary, or any such plan to which Borrower or any Subsidiary is required to contribute on behalf of its employees.

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

"Real Property" shall mean all real property owned by Borrower.

"Revolving Credit Note" shall mean the promissory note (whether one or more) of Borrower described in Section 2.01(a) hereof, together with all renewals, extensions, modifications and rearrangements thereof.

"Security Instruments" shall mean this Agreement, the Note, the Security Agreement, any Guaranty Agreement, and any and all other agreements or instruments now or hereafter executed and delivered by Borrower, any Subsidiary or any other Person (other than solely by Lender and/or any bank or creditor participating in the benefits of the loans evidenced by the Notes or any collateral or security therefor) in connection with, or as security for the payment or performance of, the Notes or this Agreement (as the same may be amended, modified, supplemented or restated from time to time).

"Stock" shall mean all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity, whether voting or non-voting, including common stock, preferred stock and any other "equity security" (as defined in Rule 3al 1-1 of the General Rules and regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended).

"Subordinated Debt" shall mean the Debt, obligations and liabilities of Borrower listed on Schedule 1.01 (which Schedule may be updated from time to time), which is subordinated in right of payment to payment of the
Indebtedness upon terms and conditions and pursuant to documentation satisfactory to Lender, in its reasonable discretion.

"Subsidiary" shall mean any corporation or other entity of which more than **FIFTY PERCENT (50.00%)** of the issued and outstanding securities having ordinary voting power for the election of directors is owned or controlled, directly or indirectly, by Borrower and/or one or more of its Subsidiaries.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Term Loan" shall mean the loans made in connection with the Term Loan Agreement.

"Term Loan Agreement" shall mean that certain **TERM LOAN AGREEMENT,** of even date herewith, among Borrower, Holdings, the subsidiaries of Borrower and Holdings party thereto, the lenders party thereto, **WILMINGTON TRUST, NATIONAL ASSOCIATION,** as administrative agent ("Term Agent"), and **CAPITALA GROUP, LLC,** as lead arranger, without giving effect to any modification or amendment thereto.

"USA Patriot Act" shall mean Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001), as amended, restated or modified and in effect from time to time.

"Vintage Stock Acquisition Agreement" means that certain **STOCK PURCHASE AGREEMENT** dated on or about the Closing Date, among Borrower, Holdings, the holders of all of the outstanding capital stock of Borrower, and Rodney Spriggs.
All words and phrases used herein shall have the meaning specified in the Texas Business and Commerce Code except to the extent such meaning is inconsistent with this Agreement. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words "hereof', "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement.

Section 1.02 Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, this shall be done in accordance with GAAP, except where such principles are inconsistent with the requirements of this Agreement. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement, and either Borrower or Lender shall so request, Lender and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein. Notwithstanding anything herein to the contrary, for purposes of representations, covenants and calculations made pursuant to the terms of this Agreement, GAAP will be deemed to treat operating leases and capital leases in a manner consistent with their current treatment under GAAP as in effect on the Closing Date, notwithstanding any modifications or interpretive changes thereto that may occur hereafter.

ARTICLE II
AMOUNT AND TERMS OF LOANS

Section 2.01 The Loans and Commitment. Subject to the terms and conditions and relying on the representations and warranties contained in this Agreement and the other Security Instruments, Lender may make the following loans to Borrower:

(a) Revolving Credit Loans.

(i) From the Closing Date through the Drawdown Termination Date, Lender will make revolving credit loans to Borrower from time to time on any Business Day in such amounts as Borrower may request up to the maximum amount hereinafter stated, and Borrower may make prepayments (as permitted or required in Sections 2.07 and 2.08 hereof), and reborrowings, in respect thereof; provided, however, that the aggregate principal amount of all such revolving credit loans (also referred to herein as "Revolving Advances") at any one time outstanding shall not exceed the Borrowing Base.

(ii) To evidence the Revolving Advances made by Lender pursuant to this Section, Borrower will issue, execute and deliver the Revolving Credit Note which shall be payable on the Drawdown Termination Date and secured by all of the Collateral.

(iii) Interest on the Revolving Credit Note shall accrue and be payable as provided in Section 2.02 hereof.

(b) Letters of Credit.

(i) Subject to and upon the terms and conditions contained herein, at the request of Borrower, Lender may in its sole discretion provide or arrange for Letters of Credit, for the account of Borrower, containing terms and conditions acceptable to Lender and the issuer thereof, up to an amount determined by Lender in its sole discretion. Any payments made by Lender to any issuer or beneficiary of a Letter of Credit and/or related parties in connection with a Letter of Credit shall constitute additional Revolving Advances to Borrower pursuant to this Section.

(ii) In addition to any customary charges, fees or expenses charged by any bank or issuer in connection with any Letter of Credit, Borrower shall pay to Lender a letter of credit fee at a rate equal to **TWO AND THREE-QUARTERS PERCENT (2.75%)** per annum on the daily outstanding face amount of all Letters of Credit for the immediately preceding month; provided that for: (A) the period from and after the date of termination or non-renewal hereof until Lender has received full and final payment of all obligations of Borrower hereunder (notwithstanding entry of a judgment against Borrower), and (B) the period from and after the date of the occurrence of an Event of Default for so long as such Event of Default is continuing as determined by Lender, such letter of credit fee shall increase to **FOUR AND THREE- QUARTERS PERCENT (4.75%)** per annum on such daily outstanding face amount. Such letter of credit fee shall be calculated on the basis of a **THREE HUNDRED SIXTY (360)** day year and actual days elapsed and the obligation of Borrower to pay such shall survive the termination or non-renewal of this Agreement.

(iii) No Letter of Credit shall be available unless on the date of the proposed issuance of such Letter of Credit the Revolving Advances available to Borrower (subject to the Borrowing Base and Maximum Revolving Facility limitations) are equal to or greater than the face amount thereof and all other commitments and obligations made or incurred by Lender with respect thereto. Effective on the issuance of each Letter of Credit, a reserve against the Borrowing Base shall be established in an amount equal to such Letter of Credit and all other commitments and obligations made or incurred by Lender with respect thereto.

(iv) Each Letter of Credit shall have an expiry date on or before the date that is **FOURTEEN (14)** days prior to the Drawdown Termination Date.

(v) Upon (A) the Drawdown Termination Date, or (B) the existence or the occurrence and continuance of an Event of Default, and at Lender's request, Borrower will furnish cash collateral in an amount equal to the then-applicable LC Amount to secure the reimbursement obligations of Borrower in connection with any Letter of Credit then outstanding.

(vi) Borrower shall indemnify and hold Lender harmless from and against any and all losses, claims, damages, liabilities, costs and expenses which Lender may suffer or incur in connection with any Letter of Credit and any documents, drafts or acceptances relating thereto, including any losses, claims, damages, liabilities, costs and expenses due to any action taken by any issuer or correspondent with respect to any Letter of Credit; provided, however, that such indemnity shall not, as to the Lender, be available to the extent that such losses, claims, damages, liabilities, costs or expenses resulted from the Lender's gross negligence or willful misconduct, **IT BEING EXPRESSLY UNDERSTOOD AND AGREED THAT SUCH INDEMNITY SHALL EXTEND TO AND COVER LENDER'S NEGLIGENCE.** Borrower assumes all risks with respect to the acts or omissions of the drawer under or beneficiary of any Letter of Credit and for such purposes the drawer or beneficiary shall be deemed Borrower's agent. Borrower assumes all risks for, and agrees to pay, all foreign, Federal, State and local taxes, duties and levies relating to any goods subject to any Letter of Credit or any documents, drafts or acceptances thereunder. Borrower hereby releases and holds Lender harmless from and against any acts, waivers, errors, delays or omissions, whether caused by Borrower, by any issuer or correspondent or otherwise with respect to or relating to any Letter of Credit. The provisions of this Section shall survive the payment of obligations of Borrower hereunder and the termination of this Agreement.

(vii) Nothing contained herein shall be deemed or construed to grant Borrower any right or authority to pledge the credit of Lender in any manner. Lender shall have no liability of any kind with respect to any Letter of Credit provided by an issuer other than Lender unless Lender has duly executed and delivered to such issuer the application or a guarantee or indemnification in writing with respect to such Letter of Credit. Borrower shall be bound by any interpretation made by Lender, or any other issuer or correspondent under or in connection with any Letter of Credit or any documents, drafts or acceptances thereunder, notwithstanding that such interpretation may be inconsistent with any instructions of Borrower. Lender shall have the sole and exclusive right and authority to, and Borrower shall not: (A) at any time an Event of Default has occurred and is continuing, (1) approve or resolve any questions on non- compliance of documents or (2) give any instructions as to acceptance or rejection of any documents or goods, and (B) at all times, (1) grant any extensions of the maturity of, time of payment for, or time of presentation of, any drafts, acceptances, or documents, drafts or acceptances thereunder or any letters of credit included in the Collateral. Lender may take any such actions either in its own name or in Borrower's name.

(viii) Any rights, remedies, duties or obligations granted or undertaken by Borrower to any issuer or correspondent in any application for any Letter of Credit, or any other agreement in favor of any issuer or correspondent relating to any Letter of Credit, shall be deemed to have been granted or undertaken by Borrower to Lender. Any duties or obligations undertaken by Lender to any issuer or correspondent in any application for any Letter of Credit, or any other agreement by Lender in favor of any issuer or correspondent relating to any Letter of Credit, shall be deemed to have been undertaken by Borrower to Lender and to apply in all respects to Borrower.

(ix) If as a result of any regulatory change there shall be imposed, modified, or deemed applicable any tax, reserve, special deposit, or similar requirement against or with respect to or measured by reference to Letters of Credit issued or to be issued hereunder or the Lender's commitment to issue Letters of Credit hereunder, and the result shall be to increase the cost to the Lender of issuing or maintaining any Letter of Credit or its commitment to issue Letters of Credit hereunder or reduce any amount receivable by the Lender hereunder in respect of any Letter of Credit (which increase in cost, or reduction in amount receivable, shall be the result of the Lender's reasonable allocation of the aggregate of such increases or reductions resulting from such event), then, upon demand by the Lender, the Borrower agrees to pay the Lender, from time to time as specified by the Lender, such additional amounts as shall be sufficient to compensate the Lender for such increased costs or reductions in amount. A statement as to such increased costs or reductions in amount incurred by the Lender, submitted by the Lender to the Borrower, shall be conclusive as to the amount thereof, provided that the determination thereof is made on a reasonable basis.

Section 2.02 Interest Rates.

(a) The Revolving Credit Note shall bear interest from the date thereof until maturity at a varying rate of interest which is the LIBOR Rate plus **TWO AND THREE-QUARTERS PERCENT** (2.75%), as the same may change from time to time, calculated on the last day of each month (but in no event to exceed the Maximum Nonusurious Interest Rate) (the "Revolving Credit Note Rate").

(b) Upon the occurrence of a Default or an Event of Default, and continuing until Lender waives in writing such Default or Event of Default, as the case may be, the principal and past due interest (to the extent permitted by law) in respect of the Notes shall bear interest at a rate which is **FOUR PERCENT (4.00%)** per annum in excess of the rate set forth in Section 2.02(a) hereinabove but in no event to exceed the Maximum Nonusurious Interest Rate) irrespective of whether the Indebtedness has been accelerated.

(c) Interest calculations are subject to certain recapture provisions set forth in the Notes.

(d) Interest charges shall be paid monthly in arrears on the **FIRST (1st)** day of each calendar month.

Section 2.03 Notice and Manner of Revolving Credit Borrowing.

(a) The amount and date of each Revolving Advance shall be made as set forth in this Section. Revolving Advances under the Revolving Credit Note may be made by Lender (i) pursuant to the terms of any written agreement executed in connection herewith between Borrower and Lender, or (ii) at the oral or written request of Borrower or of any officer or agent of Borrower designated by or acting under the authority of resolutions of the board of directors, board of managers or other governing body, as applicable of Borrower, a duly certified or executed copy of which shall be furnished to Lender, until written notice of the revocation of such authority is received by Lender. Borrower covenants and agrees to furnish to Lender written confirmation of any such oral request within **FIVE (5)** days of the resulting Revolving Advance, but any such Revolving Advance shall be deemed to be made under and entitled to the benefits of the Revolving Credit Note, irrespective of any failure by Borrower to furnish such written confirmation. Any Revolving Advance shall be conclusively presumed to have been made under the terms of the Revolving Credit Note, to or for the benefit of Borrower when made pursuant to the terms of any written agreement executed in connection therewith between Borrower and Lender, or in accordance with such requests and directions, or when said Revolving Advances are deposited to the credit of the account of Borrower regardless of the fact that Persons other than those authorized hereunder may have authority to draw against such account, or may have requested a Revolving Advance.

(b) Lender shall be entitled to rely upon, and shall be fully protected in relying upon, any instruction, request, notice or other communication with respect to Revolving Advances or similar notices believed by Lender to be genuine. Lender may assume that each Person executing and delivering such an instruction, request or notice was duly authorized.

Section 2.04 Limitation. Lender shall have no obligation to make Revolving Advances hereunder to the extent such Revolving Advance would cause the outstanding principal balance of the Revolving Credit Note to exceed the Borrowing Base. If at any time the sum of the aggregate principal amount of the Revolving Advances outstanding hereunder exceeds the Borrowing Base, such amount shall be deemed an "Overadvance." Borrower shall immediately repay the amount of such Overadvance plus all accrued and unpaid interest thereon upon written demand from Lender. Notwithstanding anything contained herein to the contrary, an Overadvance shall be considered a Revolving Advance and shall bear interest at the rate as set forth in the Revolving Credit Note and be secured by any Lien granted under the Security Instruments.

Section 2.05 Application of Cash Sums. All cash sums paid to and received by Lender on account of any Collateral (a) shall be promptly applied by Lender on the Indebtedness whether or not such Indebtedness shall have, by its terms, matured, such application to be made to principal or interest or expenses as Lender may elect, or (b) prior to the happening of any Default or Event of Default, at the option of Lender, shall be released to Borrower for use in Borrower's business.

Section 2.06 Computation. All payments of interest shall be computed on the per annum basis of a year of THREE HUNDRED SIXTY (360) days and for the actual number of days (including the first but excluding the last day) elapsed.

Section 2.07 Voluntary Prepayments and Reborrowings. The unpaid principal balance of the Notes at any time shall be the total amounts loaned or advanced thereunder by Lender, less the amount of payments or prepayments of principal made thereon by or for the account of Borrower. It is contemplated that by reason of prepayments thereon there may be times when no Indebtedness is owing thereunder; but notwithstanding such occurrences, the Notes and Security Instruments shall remain valid and be in full force and effect as to loans or advances made pursuant to and under the terms of the Notes subsequent to each such occurrence. All loans or advances and all payments or prepayments made thereunder on account of principal or interest may be evidenced by Lender, or any subsequent holder, maintaining in accordance with its usual practice an account or accounts evidencing the Indebtedness of Borrower resulting from all loans or advances and all payments or prepayments thereunder from time to time and the amounts of principal and interest payable and paid from time to time thereunder, in which event, in any legal action or proceeding in respect of the Notes, the entries made in such account or accounts shall be conclusive evidence of the existence and amounts of the obligations of Borrower therein recorded (absent manifest error).

Section 2.08 Mandatory Prepayments. Subject to the terms of the Intercreditor Agreement, Borrower shall make a prepayment of the Notes upon the occurrence of any of the following, at the following times and in the following amounts:

(a) If at any time the outstanding principal balance under the Revolving Credit Note plus the LC Amount exceeds the Borrowing Base, then Borrower shall immediately prepay the amount of such excess for application towards reduction of the outstanding principal balance of the Revolving Credit Note. Said prepayment shall be without premium or penalty, and shall be made together with the payment of accrued interest on the amount prepaid.

(b) Except as provided in Section 5.05. concurrently with the receipt by any Loan Party of any Net Cash Proceeds from any Asset Disposition, in an amount equal to ONE HUNDRED PERCENT (100.00%) of such Net Cash Proceeds; provided that, so long as no Default or Event of Default shall have occurred and be continuing, such Net Cash Proceeds shall not be required to be so applied, at the election of Borrower (as notified by Borrower to Lender in writing on or prior to the date of such Asset Disposition) to the extent such Loan Party reinvests all or any portion of such Net Cash Proceeds in like operating assets within ONE HUNDRED EIGHTY (180) days after the receipt of such Net Cash Proceeds; provided that. if such Net Cash Proceeds shall have not been so reinvested shall be immediately applied to prepay the Loans.

(c) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from any issuance of Stock of any Loan Party (excluding (x) any issuance of Stock pursuant to any employee or director option program, benefit plan or compensation program and (y) any issuance by a Loan Party to any other Loan Party), in an amount equal to ONE HUNDRED PERCENT (100.00%) of such Net Cash Proceeds.

(d) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from any issuance of any Debt securities after the Closing Date of any Loan Party, in an amount equal to ONE HUNDRED PERCENT (100.00%) of such Net Cash Proceeds.

(e) Concurrently with the receipt by any Loan Party of any insurance proceeds or condemnation proceeds, in an amount equal to **ONE HUNDRED PERCENT (100.00%)** of such insurance proceeds or condemnation proceeds.

Section 2.09 Cross-collateralization and Default. The Security Instruments, including this Agreement, the Notes and any other instrument given in connection with, or as security for, any Indebtedness of Borrower or any Subsidiary, shall serve as security one for the other, and an event of default under the Notes, this Agreement or any such instrument shall constitute an event of default under all such other instruments.

Section 2.10 Reserved.

Section 2.11 Operating Accounts. Attached hereto as Schedule 2.11 is a listing of all present operating accounts which are checking or other demand daily depository accounts maintained by Borrower (the "Operating Accounts") together with the address of the depository, the account number(s) maintained with such depository, and a contact person at such depository. To induce Lender to establish the interest rates provided for in the Notes and in order to enable Lender to more fully monitor Borrower's financial condition, Borrower will use Lender as its depository bank for the maintenance of business, cash management, operating and administrative accounts. During the term of this Agreement, with respect to each depository institution other than Lender holding Borrower's depository accounts, Borrower shall: (a) cause such depository institution to deliver an agreement in form and substance reasonably acceptable to Lender pursuant to which Lender obtains control of such depository accounts, or (b) with respect to any deposit account not covered by clause (a) immediately preceding, not permit more than **TEN THOUSAND AND NO/100 DOLLARS ($10,000.00)** to remain in any single deposit account with such institution at any time or **FIFTY THOUSAND AND NO/100 DOLLARS ($50,000.00)** to remain in all such deposit accounts with such institution at any time; provided that this limitation shall not apply to the deposit account(s) covered by the Arvest DACA. Borrower shall exercise good faith in clause (a) immediately preceding. Within **ONE HUNDRED TWENTY (120)** days after the Closing Date, Borrower shall cause its primary operating account to be held with Lender. So long as any deposit accounts are held at **ARVEST BANK,** Borrower shall cause the Arvest DACA to remain in full force and effect over such accounts.

Section 2.12 Cash Collateral Blocked Accounts. Borrower and Lender shall establish with banks acceptable to Lender certain lockboxes and blocked accounts (collectively "Blocked Accounts") as set forth on Schedule 2,12 attached hereto, for the benefit of Lender, for the deposit of all receipts and collections in accordance with Section 2,13 hereof, pursuant to executed blocked account agreements in form and substance satisfactory to Lender, in its sole discretion. All receipts and collections deposited in such Blocked Accounts shall be pledged to Lender and forwarded on a daily basis to an account held by Lender. Proceeds received from such Blocked Accounts shall be applied against any Indebtedness owing by Borrower to Lender and shall be applied in accordance with Section 2.05 hereof. Only Lender shall have the right to direct withdrawals from such Blocked Accounts. Borrower shall pay all fees and charges as may be required by any depository in which such Blocked Accounts are opened. Borrower shall within **NINETY (90)** days of the execution of this Agreement, provide Lender with the duly executed blocked account agreements related to such Blocked Accounts. Within **ONE HUNDRED TWENTY (120)** days after the Closing Date, Borrower will close any lockboxes and Blocked Accounts existing prior to the Closing Date and provide forwarding instructions to the relevant Blocked Accounts. Borrower covenants and agrees to notify all of its customers and account debtors in writing on or before such date directing such customers and account debtors to forward all current and future remittances and/or payments owed to Borrower to the Blocked Account set forth on Schedule 2.12.

Section 2.13 Collection of Accounts.

(a) All receipts of cash, cash equivalents, checks, credit card receipts, drafts, instruments, and other items of payment arising out of the sale of inventory or other Property of Borrower or the creation of accounts receivable, including without limitation, insurance proceeds and tax refunds (referred to as "Receipts"), and all Property of Borrower in which Lender has a security interest or Lien, shall be deposited daily into one or more of the Blocked Accounts, and shall be held in trust by Borrower for Lender until so deposited.

(b) In the event, notwithstanding the provisions of this Section, Borrower receives or otherwise has dominion and control of any Receipts, or any proceeds or collections of any Property of Borrower in which Lender has a security interest or Lien, such Receipts, proceeds, and collections shall be held in trust by Borrower for Lender and shall not be commingled with any of Borrower's other funds or deposited in any account of Borrower other than a Blocked Account.

Section 2.14 Collateral Management Fee. Borrower shall pay to Lender on the Closing Date and on each annual anniversary thereof during the term of this Agreement and any extensions of the term of this Agreement, an annual collateral management fee equal to **TEN THOUSAND AND NO/lOO DOLLARS** ($10,000.00) (the "Collateral Management Fee"), which fee shall be compensation for certain services provided by Lender and (to the maximum extent permitted by applicable law) shall not be deemed interest.

Section 2.15 Unused Line Fee. If the average outstanding daily principal balance of Revolving Advances plus the LC Amount (the "Line Usage") shall be less than the Maximum Revolving Facility in any calendar quarter, Borrower shall pay to Lender on the **FIRST (1st)** day of the next succeeding calendar quarter a fee (the "Unused Line Fee") equal to (a) **ONE HALF OF ONE PERCENT** (0.50%) if the Line Usage shall be less than **FIFTY PERCENT** (50.00%) of the Maximum Revolving Facility, and (b) **ONE QUARTER OF ONE PERCENT** (0.25%) if the Line Usage shall be equal or greater than **FIFTY PERCENT** (50.00%) of the Maximum Revolving Facility. The Unused Line Fee shall be calculated on the basis of a **THREE HUNDRED SIXTY** (360) day year for the actual number of days elapsed and shall be payable for the entire term of this Agreement, including all renewal terms, or for so long as any of the Indebtedness is outstanding.

Section 2.16 Closing Fee. Borrower shall pay to Lender on the Closing Date a fee in the amount of **THIRTY THOUSAND AND NO/100 DOLLARS ($30,000.00)** (the "Closing Fee") with respect to the Revolving Credit Note, and (to the maximum extent permitted by applicable law) such fee shall not be deemed interest.

Section 2.17 Delinquency Charge. To the extent permitted by law, a delinquency charge will be imposed in an amount not to exceed **FIVE PERCENT** (5.00%) of any installment under the Notes that is more than **TEN** (10) days late.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

In order to induce Lender to enter into this Agreement, Borrower represents and warrants to Lender (which representations and warranties will survive the delivery of the Notes and the making of the loans thereunder) and upon each request for a loan represents and warrants to Lender that:

Section 3.01 Existence. Borrower is duly organized, legally existing and in good standing under the laws of the jurisdiction in which it is organized and is duly qualified as a foreign entity in all jurisdictions wherein (a) it maintains a place of business, (b) the Collateral is located, or (c) Borrower's obligations that give rise to any part of the Collateral are to be performed, except, in each case, where such failure would not have a Material Adverse Effect on Borrower. As of the Closing Date, neither Borrower nor any Loan Party has been known as or used any fictitious or trade names except those listed on Schedule 3.01 attached hereto. Except as set forth on Schedule 3.01. as of the Closing Date, neither Borrower nor any of its Subsidiaries has been the survivor of a merger or consolidation or acquired all or substantially all of the assets of any Person. As of the Closing Date, the chief executive offices of Borrower and Borrower's records concerning its accounts receivable are located only at the address set forth on Schedule 3.01 and its only other places of business and the only other locations of Collateral (together with the owners and/or operators thereof), if any, are the addresses set forth on Schedule 3.01 subject to the right of Borrower to establish new locations in accordance with the terms of this Agreement.

Section 3.02 Power and Authorization. Borrower is duly authorized and empowered to create, execute and issue the Notes; and Borrower and each Loan Party are duly authorized and empowered to execute, deliver and perform this Agreement and the other Security Instruments to which it is a party; and all action on Borrower's or any Loan Party's part requisite for the due creation and issuance of the Notes and for the due execution, delivery and performance of the Security Instruments, including this Agreement, to which Borrower or any Loan Party is a party has been duly and effectively taken. The board of directors, board of managers or other governing body, as applicable, of Borrower acting pursuant to a duly called and constituted meeting, after proper notice, or pursuant to valid and unanimous consent, has determined (a) that entry into and performance of this Agreement and each of the other documents to which Borrower is a party, directly or indirectly benefits Borrower and (b) that adequate and fair consideration and reasonably equivalent value has been received by Borrower to execute and perform this Agreement and each of the other documents to which it is a party.

Section 3.03 Binding Obligations. This Agreement does constitute, and the Notes and other Security Instruments to which Borrower or any Loan Party is a party upon their creation, issuance, execution and delivery will constitute, valid and binding obligations of Borrower or such Loan Party, as the case may be, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principals of equity.

Section 3.04 No Legal Bar or Resultant Lien. The Notes, this Agreement and the other Security Instruments to which Borrower or any Loan Party is a party, do not and will not violate any provisions of the articles or certificates of incorporation, formation or limited partnership (or analogous constituent documents) of Borrower or any Loan Party, or any contract, agreement, law, regulation, order, injunction, judgment, decree or writ to which Borrower or any Loan Party is subject, or result in the creation or imposition of any Lien upon any Properties of Borrower or any Loan Party, other than those contemplated by this Agreement.

Section 3.05 No Consent. The execution, delivery and performance of the Notes, this Agreement and the other Security Instruments to which Borrower or any Loan Party is party does not require the consent or approval of any other Person, including, without limitation, any regulatory authority or governmental body of the United States or any state thereof or any political subdivision of the United States or any state thereof.

Section 3.06 Financial Condition. The unaudited, consolidated and consolidating financial statements of Borrower and its Subsidiaries, dated **AUGUST 31, 2016,** which have been delivered to Lender, are complete and correct, have been prepared from the books and records of Borrower in accordance with GAAP, consistently applied, and fully and accurately reflect the financial condition and results of the operations of Borrower and its Subsidiaries as at the date or dates and for the period or periods stated. No material adverse change, either in any case or in the aggregate, has since occurred in the business, profits, Properties, operations or condition, financial or otherwise, of Borrower or any other Loan Party, except as disclosed to Lender in writing.

Section 3.07 Investments and Guaranties. Neither Borrower nor any Subsidiary has made investments in, advances to or guaranties of the obligations of any Person, except as reflected in the Financial Statements.

Section 3.08 Ownership. As of the Closing Date, the authorized capital Stock of Borrower, and the number and ownership of all outstanding capital Stock of Borrower is as set forth on Schedule 3.08 attached hereto. As of the Closing Date, there are no outstanding subscriptions, warrants, options, calls, commitments, convertible securities or other agreements to which Borrower is a party or by which it is bound, calling for the issuance of any capital Stock or securities convertible into capital Stock of Borrower or any Subsidiary, except as disclosed on Schedule 3.08.

Section 3.09 Liabilities. For those periods identified in the Financial Statements, except for liabilities (a) incurred in the normal course of business, (b) described in the Financial Statements or (c) that are not required by GAAP to be disclosed in the Financial Statements, neither Borrower nor any Subsidiary has liabilities, direct or contingent, owing to any Person other than Lender. Except as described in the Financial Statements, or as otherwise disclosed to Lender in writing, there is no litigation, legal or administrative proceeding, investigation or other action of any nature pending or, to the knowledge of Borrower, threatened against or affecting Borrower or any Subsidiary which involves the possibility of any judgment or liability not fully covered by insurance and which would have a Material Adverse Effect.

Section 3.10 Taxes: Governmental Charges. Borrower and each Subsidiary has filed all tax returns and reports required to be filed and has paid all taxes, assessments, fees and other governmental charges levied upon it, except to the extent that any such tax, assessment, fee or other governmental charge is being contested by Borrower or a Subsidiary pursuant to appropriate proceedings diligently conducted and if Borrower or any Subsidiary has set up reserves therefor adequate under GAAP.

Section 3.11 Title. Borrower and each Subsidiary has good and indefeasible title to its respective Properties, free and clear of all Liens, except for Permitted Liens.

Section 3.12 Defaults. Neither Borrower nor any Subsidiary is in default under any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower or any Subsidiary is a party or by which Borrower or any Subsidiary is bound (subject to any applicable cure periods or waivers thereof), except as disclosed to Lender in writing. As of the date hereof, no Default or Event of Default hereunder has occurred and is continuing.

Section 3.13 Use of Proceeds; Margin Stock. The proceeds of the Notes will be used by Borrower (a) to repay existing Debt on the Closing Date and to repay all amounts arising pursuant to the Term Loan Agreement (including, without limitation, principal, interest and premiums), (b) for fees and expenses incurred in connection with the consummation of this Agreement and the transactions contemplated thereby and (c) as working capital for Borrower's business. None of such proceeds will be used for, and neither Borrower nor any Loan Party are engaged in the business of, extending credit for the purpose of purchasing or carrying any "margin stock" as defined in Regulation U of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 221), or for the purpose of reducing or retiring any Debt which was originally incurred to purchase or carry a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of said Regulation U. No part of the proceeds of the loans evidenced by the Notes will be used for any purpose which violates Regulation X of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 224). All loans evidenced by the Notes are and shall be "business loans" as such term is used in the Depository Institutions Deregulation and Monetary Control Act of 1980, as amended, and such loans are for business, commercial, investment or other similar purposes and not primarily for personal, family, household or agricultural use, as such terms are used and defined in Texas Revised Civil Statutes Annotated, Title 4 of the Finance Code, Chapter 346. Neither Borrower nor any Loan Party nor any Person acting on behalf of Borrower or any Loan Party has taken or will take any action which might cause the Notes or any of the Security Instruments, including this Agreement, to violate Regulation U or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Securities Exchange Act of 1934 or any rule or regulation thereunder, in each case as now in effect or as the same may hereafter be in effect.

Section 3.14 Compliance with the Law. Neither Borrower nor any Loan Party:

(a) is in violation of any law, ordinance, or governmental rule or regulation to which Borrower or any Subsidiary or any of their respective Properties are subject, including but not limited to, those laws, ordinances and governmental rules and regulations regarding employee wages and overtime, except for any violation that would not have a Material Adverse Effect;

(b) has failed to obtain any license, certificate, permit, franchise or other governmental authorization necessary for the operation of its businesses, except for any failure that would not have a Material Adverse Effect; or

(c) has failed to obtain any other license, certificate, permit, franchise or other governmental authorization necessary to the ownership of any of their respective Properties or the conduct of their respective businesses; which violation or failure would have a Material Adverse Effect.

Section 3.15 ERISA. Borrower and each Loan Party is in compliance in all material respects with the applicable provisions of ERISA, and no "reportable event," as such term is defined in Section 4043 of ERISA, has occurred with respect to any Plan of Borrower or any Loan Party.

Section 3.16 Subsidiaries. A list of all the existing Subsidiaries of Borrower is provided on Schedule 3.16 attached hereto and incorporated by reference.

Section 3.17 Direct Benefit From Loans. Borrower has received or, upon the execution and funding thereof, will receive (a) direct benefit from the making and execution of this Agreement and the other documents to which it is a party, and (b) fair and independent consideration for the entry into, and performance of, this Agreement and the other documents to which it is a party.

Section 3.18 RICO. Neither Borrower nor any Subsidiary is in violation of any laws, statutes or regulations, including, without limitation, the Racketeer Influenced and Corrupt Organization Act of 1970, as amended ("RICO"), which contain provisions which could potentially override Lender's security interest in the Collateral.

Section 3.19 Leases and Collateral Access Agreements.

(a) Borrower and/or its Subsidiaries are parties to certain lease agreements pertaining to real property upon which Borrower or a Subsidiary of Borrower operates its business and certain material personal property leases (each individually, a "Lease" and collectively, the "Leases"). Schedule 3.19 attached hereto sets forth the present landlord(s) of the Property associated with each real estate Lease, the expiration date of the respective Lease, and any renewal notice period of each such Lease. Schedule 3.19 is complete and correct and fully and accurately describes all real estate Leases to which Borrower and/or any other Loan Party is a party.

(b) If Borrower's or any other Loan Party's Inventory is in the possession or control of any Person other than a purchaser in the ordinary course of business or a public warehouseman where the warehouse receipt is in the name of or held by Lender, Borrower shall notify such Person of Lender's security interest therein and, upon request by Lender, instruct such Person to execute a Collateral Access Agreement or otherwise acknowledge in writing its agreement to hold all such Inventory for the benefit of the Lender and subject to Lender's instructions. If so requested by Lender, Borrower and such other Loan Parties (as promptly as possible after requested by Lender but in any event within **FIVE (5)** Business Days after any such request is made) will deliver (i) to Lender warehouse receipts covering any of Borrower's or such Subsidiary's Inventory located in warehouses showing Lender as the beneficiary thereof and (ii) to the warehouseman such agreements relating to the release of warehouse Inventory as Lender may reasonably request. Schedule 3.19 attached hereto sets forth the present warehouseman, bailees, or other Person in possession or control of Inventory of the Borrower or any other Loan Party as of the Closing Date.

Section 3.20 Patents, Trademarks, Copyrights and Licenses. Each of Borrower and its Subsidiaries owns or possesses all the patents, trademarks, service marks, trade names, copyrights and licenses necessary for the present conduct of its business without any known conflict with the rights of others. As of the Closing Date, all such patents, trademarks, service marks, trade names, copyrights, licenses and other similar rights are listed on Schedule 3.20 attached hereto.

Section 3.21 Priority of Liens. The security interests and Liens granted to Lender under this Agreement and the other Security Instruments constitute valid and perfected first-priority Liens and security interests in and upon the Collateral, subject only to Permitted Liens.

Section 3.22 Continuous Nature of Representations and Warranties. Each representation and warranty contained in this Agreement, the Notes and the Security Instruments shall be continuous in nature and shall remain accurate, complete and not misleading at all times during the term of this Agreement, except for changes in the nature of Borrower's or its Subsidiaries' business or operations that would render the information in this Agreement, the Notes or the Security Instruments, or any exhibit attached hereto or thereto either inaccurate, incomplete or misleading, so long as Lender has consented to such changes or such changes are expressly permitted by this Agreement, and except for such representations and warranties that by their nature are limited only to a specific date.

Section 3.23 Patriot Act. Neither Borrower nor any other Loan Party is subject to or in violation of any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act) that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or for the benefit of certain Persons specified therein or that prohibits or limits Lender from making any advance or extension of credit to Borrower or any other Loan Party or from otherwise conducting business with Borrower or any other Loan Party.

Section 3.24 Vintage Stock Acquisition Agreement. Borrower **has** delivered to Lender a complete and correct copy of the Vintage Stock Acquisition Agreement (including all schedules, exhibits, amendments, supplements, modifications and assignments thereof and, to the extent reasonably requested by Lender, all other material documents delivered pursuant thereto or in connection therewith). As of the Closing Date, neither Holdings nor Borrower is in default in any material respect in the performance or compliance with any provisions thereof. The Vintage Stock Acquisition Agreement is in full force and effect as of the Closing Date, and it has not been terminated, rescinded or withdrawn. All requisite material approvals by Governmental Authorities having jurisdiction over each of the parties to the Vintage Stock Acquisition Agreement, with respect to the transactions contemplated thereby, have been obtained, and no such approvals impose any conditions to the consummation of the transactions contemplated by the Vintage Stock Acquisition Agreement or to the conduct by Borrower of its business thereafter which have not been satisfied or fulfilled or will be as of the Closing Date. As of the Closing Date, each of the representations and warranties given by any Loan Party in the Vintage Stock Acquisition Agreement is true and correct in all material respects. As of the Closing Date, each of the representations and warranties given by any Person (other than a Loan Party) in the Vintage Stock Acquisition Agreement is, to the knowledge of Holdings and Borrower, true and correct in all material respects. Other than with respect to those required to be given by landlords of facilities leased by Borrower, all consents and approvals to the consummation of the transactions contemplated by the Vintage Stock Acquisition Agreement or to the conduct by any Borrower of its business thereafter which have not been satisfied or fulfilled or will be as of the Closing Date, other than those consents and approvals with respect to which the failure to obtain could be not reasonably be expected to have a Material Adverse Effect.

ARTICLE IV
AFFIRMATIVE COVENANTS

Without the prior written consent of Lender, Borrower will at all times comply with the covenants contained in this Article IV from the Closing Date and for so long as any part of the Indebtedness or the Commitment is outstanding.

Section 4.01 Financial Statements and Reports. Borrower and all Subsidiaries will promptly furnish to Lender from time to time upon request such information regarding the business and affairs and financial condition of Borrower and all its Subsidiaries as Lender may reasonably request, and will furnish to Lender:

(a) **Annual Financial Statements.** As soon as available and in any event within ONE HUNDRED TWENTY (120) days after the close of each fiscal year of Borrower, audited Financial Statements of Borrower and its Subsidiaries, consisting of the consolidated balance sheets of Borrower and its Subsidiaries as at the end of such year and the consolidated operating statements of Borrower and its Subsidiaries, as at the end of such year (showing income, expenses and surplus), setting forth in each case in comparative form figures for the previous fiscal year, all prepared in accordance with GAAP, consistently applied, and in a manner acceptable to Lender and certified by a nationally recognized independent public accounting firm acceptable to Lender.

(b) **Monthly Financial Statements.** As soon as available and in any event within **THIRTY** (30) days after the end of each calendar month, the consolidated (i) balance sheets of Borrower and its Subsidiaries, at the end of such month, (ii) cash flow statements of Borrower and its Subsidiaries, and (iii) operating statements of Borrower and its Subsidiaries, for such month (showing income, expenses and surplus for such month and for the period from the beginning of the fiscal year to the end of such month), each prepared in accordance with GAAP, consistently applied, and in a manner acceptable to Lender and certified by the chief financial officer or treasurer of Borrower.

(c) **Projections.** Not earlier than **THIRTY (30)** days before and not later than **THIRTY (30)** days after **SEPTEMBER 30** of each year, monthly projections for Borrower and its Subsidiaries for the following year, and annual projections for the year thereafter, in each case consisting of the consolidated (i) balance sheets of Borrower and its Subsidiaries, (ii) cash flow statements of Borrower and its Subsidiaries, and (iii) operating statements of Borrower and its Subsidiaries (showing income, expenses and surplus), in a manner acceptable to Lender and certified by the chief financial officer or treasurer of Borrower.

(d) **Account Agings.** As soon as available and in any event within **FIFTEEN (15)** days (or earlier if deemed necessary by Lender in its sole discretion) after the end of each calendar month, consolidated agings of all accounts payable and accounts receivable of Borrower (the "Account Agings") showing each such account which is current and each such account which is **THIRTY (30), SIXTY (60), NINETY (90),** and over **NINETY (90)** days past invoice date and, with respect to accounts receivable, reconciling such aging with the Revolving Credit Borrowing Base Reports.

(e) **Revolving Credit Borrowing Base Reports.** As soon as available and in any event within **FIFTEEN (15)** days (or earlier if deemed necessary by Lender in its sole discretion) after the end of each calendar month, a report in such form as Lender may request (each a "Revolving Credit Borrowing Base Report"), reflecting the Eligible Accounts and Eligible Inventory of Borrower as of the end of such month and calculating the Accounts Advance Amount and Inventory Advance Amount based thereon, together with the Account Agings, cash receipt journals, sales journals and backup for all miscellaneous credits and debits, and inventory reports (if applicable), which support such reports, as applicable. Such report shall also reflect the amount of sales and receipts of Borrower during the preceding month and such other information as Lender may reasonably request. If requested by Lender, Borrower shall deliver, concurrently with any Revolving Credit Borrowing Base Report, copies of checks, invoices for new billings, purchases journals, and cost of goods sold reports. If at any time Availability is less than **TWO MILLION AND NO/100 DOLLARS ($2,000,000.00),** Borrower shall deliver Revolving Credit Borrowing Base Reports on or before the **THIRD (3rd)** Business Day of each week until such time as Availability is equal to or greater than such amount.

(f) **Inventory Report(s).** As soon as available and in any event within **FIFTEEN (15)** days (or earlier if deemed necessary by Lender in its sole discretion) after the end of each calendar month, an Inventory perpetual report for Borrower and a schedule that lists Inventory by item, quantity, cost and location.

(g) **Inventory Appraisal(s).** Not less frequently than once every **SIX (6)** months upon Lender's request, in each case at Borrower's expense, an Inventory appraisal in form satisfactory to Lender and prepared by an appraiser satisfactory to Lender.

(h) **Field Examination.** Upon Lender's request and at Borrower's expense, a field examination of Borrower in form reasonably satisfactory to Lender; provided, however, that if no Event of Default has occurred and is continuing, then no more than **ONE (1)** field examination shall be conducted in any fiscal year of Borrower.

(i) **Monthly Bank Statements.** If requested by Lender, as soon as available and in any event within **FIFTEEN (15)** days (or earlier if deemed necessary by Lender in its sole discretion) after the end of each calendar month, a copy of all bank statements on all cash accounts of Borrower.

All Financial Statements referred to in this Section shall be in such detail as Lender may reasonably request and shall conform to GAAP applied on a basis consistent, except only for such changes in accounting principles or practice with which independent certified public accountants concur.

Section 4.02 Compliance with Laws; Payment of Taxes and Other Claims. Borrower will observe and comply with all laws, statutes, codes, acts, ordinances, rules, regulations, directions and requirements of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers applicable to it, and (b) pay and discharge promptly all taxes, charges, Liens, assessments and governmental charges or levies imposed upon Borrower or any Subsidiary or upon the income or any Property of Borrower or any Subsidiary as well as all claims of any kind (including claims for labor, materials, supplies and rent) which, if unpaid, might become a Lien upon any or all of the Property of Borrower or any Subsidiary; provided, however, that, subject to the written approval of Lender, neither Borrower nor any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested by appropriate proceedings diligently conducted and if Borrower or any Subsidiary shall have set up reserves therefor adequate under GAAP; provided, further, however, that Lender (at its sole discretion) may, if Borrower fails to do so, pay any such amounts owed by Borrower, and shall be the sole judge of the legality or validity of such amounts and the amount necessary to discharge same.

Section 4.03 Maintenance. Borrower will and will cause each Subsidiary to: (a) maintain its corporate, limited liability company or partnership, as the case may be, existence, rights and franchises; (b) observe and comply with all valid laws, statutes, codes, acts, ordinances, judgments, injunctions, rules, regulations, certificates, franchises, permits and licenses of all Federal, State, county, municipal and other governmental authorities; (c) maintain its Properties (and any Properties leased by or consigned to it or held under title retention or conditional sales contracts) in good and workable condition (ordinary wear and tear excepted) at all times and make all repairs, replacements, additions, betterments and improvements to its Properties as are needful and proper so that the business carried on in connection therewith may be conducted properly and efficiently at all times; (d) not misuse, abuse, waste, destroy, endanger or allow its Properties to deteriorate; (e) protect the title to the Collateral, except to the extent that the Security Instruments permit the sale, transfer or other disposition of such Collateral; and (f) maintain and keep books of records and accounts, all in accordance with GAAP, consistently applied, of all dealings and transactions in relation to its business and activity.

Section 4.04 Further Assurances. Borrower will and will cause each Subsidiary to cure promptly any defects in the creation and issuance of the Notes and the execution and delivery of the Security Instruments, including, without limitation, this Agreement. Borrower at its expense will promptly execute and deliver to Lender upon request all such other and further documents, agreements and instruments, and do all such additional and further acts, filings, deeds and give such assurances necessary or appropriate in order to effectuate the agreements of Borrower or any Subsidiary in the Security Instruments, including, without limitation, this Agreement, or to further evidence and more fully describe the collateral intended as security for the Notes, or to correct any omissions in the Security Instruments, or more fully to state the security obligations set out herein or in any of the Security Instruments, or to perfect, protect or preserve any Liens created pursuant to any of the Security Instruments, or to make any recordings, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith.

Section 4.05 Performance of Obligations. Borrower will pay the Notes according to the reading, tenor and effect thereof; and Borrower will do and perform every act and discharge all of the obligations provided to be performed and discharged by Borrower under the Security Instruments, including this Agreement, at the time or times and in the manner specified, and cause each Subsidiary to take such action with respect to their obligations to be performed and discharged under the Security Instruments to which they respectively are parties.

Section 4.06 Reimbursement of Expenses. Borrower will pay all fees and expenses incurred by Lender in connection with the preparation, amendment, interpretation, administration and enforcement of this Agreement and any and all other Security Instruments contemplated hereby, including but not limited to legal fees and expenses and expenses incurred in connection with any appraisals and field examinations required under Section 4.01. Borrower will promptly reimburse Lender for all amounts expended, advanced or incurred by Lender to satisfy any obligation of Borrower or any Loan Party under this Agreement or any other Security Instrument, or to protect the Properties or business of Borrower or any Subsidiary or to collect the Notes, or to enforce the rights of Lender under this Agreement, the Notes, or any other Security Instrument, which amounts will include all court costs, attorneys' fees, fees of auditors and accountants, and investigation expenses incurred by Lender in connection with any such matters, together with interest at either (a) the post-default rate specified in Section 2.02 hereof on each such amount from the date that the same is expended, advanced or incurred by Lender until the date of reimbursement to Lender, or (b) if no Event of Default shall have occurred and be continuing, the pre-default rate specified in Section 2,02 hereof on each such amount from the date that the same is expended, advanced or incurred by Lender until the date of written demand or request by Lender for the reimbursement of same, and thereafter at the applicable post-default rate specified in Section 2.02 hereof until the date of reimbursement to Lender. Revolving Advances may be made automatically by Lender to pay any fees and expenses owing by Borrower.

Section 4.07 Insurance. Borrower and each Subsidiary now maintains and will continue to maintain with financially sound and reputable insurers, insurance with respect to their respective Properties and businesses against such liabilities, casualties, risks and contingencies, and in such types and amounts as is customary in the case of corporations engaged in the same or similar businesses and similarly situated, but in any event, all fixed assets of Borrower shall be insured for an amount at least equal to the fair market value of such fixed assets. All such policies shall name Lender as loss payee and additional insured, as applicable, and shall provide that the insurer shall provide Lender with **THIRTY (30)** days prior written notification of the cancellation of such policies. Upon request of Lender, Borrower will furnish or cause to be furnished to Lender from time to time a summary of the insurance coverage of Borrower and the Subsidiaries in form and substance satisfactory to Lender and if requested will furnish Lender copies of the applicable policies.

Section 4.08 Right of Inspection. Upon prior notice from Lender, Borrower will permit and will cause each Subsidiary to permit any officer, employee or agent of Lender to visit and inspect any of the Properties of Borrower, or any Subsidiary, to conduct collateral reviews, to examine Borrower's or any Subsidiary's books of record and accounts, to take copies and extracts therefrom, and to discuss the affairs, finances and accounts of Borrower or any Subsidiary with Borrower's or such Subsidiary's officers, employees, accountants and auditors, all at such times and as often as Lender may desire. Borrower shall reimburse Lender for all of Lender's expenses in connection with the collateral reviews (including travel expenses), which expenses include **ONE THOUSAND AND NO/100 DOLLARS ($1,000.00)** per-person per-day for on-site collateral reviews.

Section 4.09 Notice of Certain Events. Borrower shall promptly notify Lender if Borrower learns of the occurrence of (a) any event which constitutes a Default, together with a detailed statement by a responsible officer of Borrower of the steps being taken to cure the effect of such Default; (b) the receipt of any notice from, or the taking of any other action by, the holder of any promissory note, debenture or other evidence of Debt of Borrower or any Subsidiary or of any security (as defined in the Securities Act of 1933, as amended) of Borrower or any Subsidiary with respect to a claimed default, together with a detailed statement by a responsible officer of Borrower specifying the notice given or other action taken by such holder and the nature of the claimed default and what action such Borrower, or such Subsidiary is taking or proposes to take with respect thereto; (c) any legal, judicial or regulatory proceedings affecting Borrower or any Subsidiary or any of the Properties of Borrower or any Subsidiary in which the amount involved is material and is not covered by insurance or which, if adversely determined, would have a material and adverse effect on the business or the financial condition of Borrower or any Subsidiary; (d) any dispute between Borrower or any Subsidiary and any governmental or regulatory body or any other Person which, if adversely determined, would materially interfere with the normal business operations of Borrower or any Subsidiary; or (e) any material adverse changes, either in any case or in the aggregate, in the assets, liabilities, financial condition, business, operations, affairs or circumstances of Borrower or any Subsidiary, from those reflected in the most recent Financial Statements or by the facts warranted or represented in any Security Instrument, including without limitation this Agreement.

Section 4.10 ERISA Information and Compliance. Borrower will promptly furnish to Lender (a) if requested by Lender, promptly after the filing thereof with the United States Secretary of Labor or the Pension Benefit Guaranty Corporation, copies of each annual and other report with respect to each Plan or any trust created thereunder, and (b) immediately upon becoming aware of the occurrence of any "reportable event," as such term is defined in Section 4043 of ERISA, or of any "prohibited transaction," as such term is defined in Section 4975 of the Internal Revenue Code of 1986, as amended, in connection with any Plan or any trust created thereunder, a written notice signed by a responsible officer or manager of Borrower specifying the nature thereof, what action Borrower or any of its Subsidiaries is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto. Borrower will fund, or will cause its Subsidiaries to fund, all current service pension liabilities as they are incurred under the provisions of all Plans from time to time in effect for the benefit of employees of Borrower or any of its Subsidiaries, and comply with all applicable provisions of ERISA.

Section 4.11 Environmental Requirements. Borrower shall and shall cause each Subsidiary to comply with all Environmental Laws applicable to Borrower and/or such Subsidiary or to its Property with respect to occupational health and safety, hazardous waste and substances and environmental matters, except to the extent that the failure to comply would not result in a Material Adverse Effect. Borrower shall and shall cause each Subsidiary to promptly notify Lender of its receipt of any notice of a violation or an alleged violation of any such federal laws, state statutes, municipal ordinances or other governmental standards, rules or regulations. Borrower shall and shall cause each Subsidiary to indemnify and hold Lender harmless from all loss, cost, damages, claim and expense incurred by Lender on account of Borrower's failure to perform the obligations of this Section.

Section 4.12 Additional Guarantors. Borrower shall cause each of its now or hereafter existing Subsidiaries to duly execute and deliver, or become a party to, a Guaranty Agreement with such other Security Instruments as Lender may require as security therefor from time to time. Upon the formation or acquisition of any Subsidiary after the Closing Date, Borrowers shall cause such Subsidiary to acknowledge and consent to the terms of the Intercreditor Agreement and to agree to such terms applicable to such Subsidiary thereunder.

Section 4.13 Compliance Certificate. At the time that Borrower provides the monthly and annual Financial Statements pursuant to Section 4.01 hereof, beginning for the month ending **NOVEMBER 30, 2016,** Borrower shall also provide a compliance certificate in the form attached as Exhibit A hereto which (a) states that the information on any and all schedules to this Agreement is complete and accurate as of the date of such certificate or, if such is the case, attaches to such certificate updated schedules, (b) states that, based on a reasonably diligent examination, no Default or Event of Default has occurred or exists, or, if such is not the case, specifies such Default or Event of Default, and its nature, when it occurred, whether it is continuing and the steps taken or being taken by Borrower with respect thereto, (c) shows in reasonable detail Borrower's calculations with the financial covenants and limitations on leases set forth in Article V.

Section 4.14 Blocked Accounts. At all times during the term of this Agreement (unless otherwise agreed in writing in Lender), Borrower will maintain Blocked Accounts as required by Section 2.12 hereof, and will direct all collections and other Receipts to such Blocked Accounts in accordance with Section 2,13 hereof.

Section 4.15 Post-Closing – Landlord Matters.

(a) **Landlord** Consent **Requirement.** With respect to each landlord for a leased property listed on Schedule 3.19 that is required to consent to the change of control of Borrower under the Vintage Stock Acquisition Agreement, Borrower shall obtain such consent of such landlord within ONE HUNDRED TWENTY (120) days of the Closing Date (the "Landlord Consent Period"); provided that, Borrower's failure to obtain such consents shall not constitute an Event of Default unless consents remain outstanding on more than SIX (6) such leased properties at the end of the Landlord Consent Period. This covenant shall not be subject to any notice or cure period set forth in Article VI.

(b) **Non-Consenting Property Reserve.** In the event that Borrower fails to obtain landlord consents as required pursuant to clause (a) immediately preceding, Lender shall establish an Availability Reserve in an aggregate amount equal to the Non-Consenting Property Amount (as defined below) on the first Business Day immediately following the expiration of the Landlord Consent Period. Such Availability Reserve shall remain in place until: (a) the date the Indebtedness is paid in full, or (b) the date that Borrower has obtained the consent of each landlord for a leased property listed on Schedule 3,19 that is required to consent to the change of control of Borrower under the Vintage Stock Acquisition Agreement.

(c) **Defined Terms**.

"Non-Consenting Property" means any leased property set forth on Schedule 3.19 for which Borrower fails to deliver a landlord consent pursuant to clause (a) immediately preceding herein within the Landlord Consent Period.

"Non-Consenting Property Amount" means an amount equal to (a) the quotient of (i) the aggregate sum of the Retail EBITDA of the retail stores located at each Non-Consenting Property for the most recently completed FOUR (4) fiscal quarters of Borrower, and (ii) the number of Non-Consenting Properties; *multiplied by* (b) the difference between (x) the total number of Non- Consenting Properties and (y) THREE (3).

"Retail EBITDA" means, for any period of determination, the sum of the following, without duplication, (a) the net earnings of a retail store, plus (b) each of the following to the extent deducted in calculating such net earnings (without duplication): (i) interest charges, (ii) the provision for federal, state, local and foreign income taxes payable, (iii) depreciation and amortization expense, (iv) non-cash charges and losses including write-offs or write-downs (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods), in each case (i)-(iv), solely with respect to the operations of such retail store, and less (c) without duplication and to the extent reflected as a gain or otherwise included in the calculation of net earnings of such retail store, non-cash gains (excluding any such non-cash gains to the extent (A) there were cash gains with respect to such gains in past accounting periods or (B) there is a reasonable expectation that there will be cash gains with respect to such gains in future accounting periods).

Section 4.16 Post-Closing – Other Matters. Within FIVE (5) days after the Closing Date, Borrower shall deliver to Lender such insurance certificates and endorsements as shall be required by the Security Instruments or by Lender in its permitted discretion.

ARTICLE V
NEGATIVE COVENANTS

Without the prior written consent of Lender, Borrower will at all times comply with the covenants contained in this Article V. from the Closing Date and for so long as any part of the Indebtedness or the Commitment is outstanding.

Section 5.01 Debts, Guaranties and Other Obligations. Borrower will not, and will not permit any Subsidiary to incur, create, assume or in any manner become or be liable in respect of any Debt (including obligations for the payment of rentals), and Borrower will not, and will not permit a Subsidiary to, guarantee or otherwise in any way become or be responsible for obligations of any other Person, whether by agreement to purchase the Debt of any other Person or agreement for the furnishing of funds to any other Person through the purchase or lease of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging the Debt of any other Person, or otherwise, except that the foregoing restrictions shall not apply to:

(a) the Notes or other Indebtedness owed to Lender;

(b) liabilities, direct or contingent, of Borrower and its Subsidiaries existing on the Closing Date which are reflected in the Financial Statements or have been disclosed to Lender in writing, and any renewals and extensions (but not increases) thereof (provided that such extensions and renewals are on materially the same terms as in effect on the Closing Date);

(c) indebtedness incurred to finance the acquisition of capital assets;

(d) liabilities in relation to leases and lease agreements to the extent permitted by Section 5.07 hereof;

(e) endorsements of negotiable or similar instruments for collection or deposit in the ordinary course of business;

(f) trade payables or similar obligations from time to time incurred in the ordinary course of business other than for borrowed money;

(g) taxes, assessments or other government charges which are not yet due or are being contested pursuant to Section 4,02 hereof;

(h) Debt which is subordinated to the Notes, including the Subordinated Debt and including Debt issued by an Affiliate of Borrower, by terms satisfactory to Lender, in its reasonable discretion;

(i) obligations (contingent or otherwise) existing or arising under any Swap Contract; provided that, (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(j) Debt consisting of (i) guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, indemnity bonds, customs bonds, completion guarantees, and similar obligations, and leases, (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers in connection with Asset Dispositions permitted by Section 5.05:

(k) Debt incurred in the ordinary course of business under performance, surety, statutory, customs and appeal bonds;

(l) Debt in respect of workers' compensation claims, self-insurance obligations, performance bonds, export or import indemnities or similar instruments, customs bonds, governmental contracts, leases, surety, appeal or similar bonds and completion guarantees provided by a Loan Party in the ordinary course of its business;

(m) Debt in respect of netting services, overdraft protections and other like services, in each case incurred in the ordinary course of business;

(n) Debt in connection with the Term Loan;

(o) Debt listed on Schedule 5.01 attached hereto on the Closing Date in an aggregate amount per year not to exceed $100,000; and

(p) unsecured Debt not contemplated by the above provisions in an aggregate principal amount not to exceed $500,000 at any time outstanding; provided that, (i) no Default or Event of Default shall then exist or would exist after giving effect thereto and (ii) the Loan Parties have satisfied the Applicable Requirements as of the date of the incurrence thereof.

Section 5.02 Liens. Borrower will not, and will not permit any Subsidiary to create, incur, assume or permit to exist any Lien on any of its Properties (now owned or hereafter acquired), except the following (collectively, the "Permitted Liens"):

(a) Liens securing the payment of any Indebtedness to Lender;

(b) Liens for taxes, assessments, or other governmental charges not yet due or which are being contested by appropriate action promptly initiated and diligently conducted, if such reserve as shall be required by GAAP shall have been made therefor;

(c) Liens of landlords, vendors, carriers, warehousemen, mechanics, laborers and materialmen arising by law in the ordinary course of business for sums which are not overdue for a period of more than forty-five (45) days or being contested by appropriate action promptly initiated and diligently conducted, if such reserve as shall be required by GAAP shall have been made therefor;

(d) Liens existing on Property owned by Borrower or any Subsidiary on the Closing Date which have been disclosed to and permitted by Lender in writing and listed on Schedule 5.02 attached hereto, and any renewals and extensions thereof;

(e) pledges or deposits made in the ordinary course of business in connection with workmen's compensation, unemployment insurance, social security and other like laws;

(f) inchoate Liens arising under ERISA to secure the contingent liability of Borrower or any Subsidiary permitted by Section 4.10 hereof;

(g) deposits to secure the performance of bids, trade contracts and leases (other than Debt), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(h) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which do not materially interfere with the ordinary conduct of the business of the applicable Person;

(i) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 6.01(i);

(j) Liens securing Debt permitted under Section 5.01(c); provided that, (i) such Liens do not at any time encumber any property other than the property financed by such Debt and (ii) the Debt secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(k) Any interest or title of a lessor, licensor, sublessor or sublicensor under any lease, license, sublease or sublicense entered into by any Loan Party or any Subsidiary thereof in the ordinary course of business or as otherwise permitted by this Agreement and covering only the assets so leased, licensed, subleased or sublicensed;

(l) Liens of a collection bank arising under Section 4-210 of the UCC on items in the course of collection;

(m) Liens arising from precautionary UCC financing statements (or equivalent filings or registrations in foreign jurisdictions) filed with respect to any operating lease or in connection with the consignment of goods in the ordinary course of business;

(n) licenses, sublicenses, leases or subleases granted to third parties in the ordinary course of business not interfering with the business of the Loan Parties or any of their Subsidiaries;

(o) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by Borrower or any other Loan Party in the ordinary course of business;

(p) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the UCC or common law of banks or other financial institutions where Loan Parties or any of their Subsidiaries maintain deposits (other than deposits intended as cash collateral) in the ordinary course of business;

(q) Liens securing Debt contemplated by the Term Loan Agreement; and

(r) other Liens as to which the aggregate amount of the obligations secured thereby does not exceed $500,000 at any time outstanding.

Section 5.03 Investments, Loans and Advances. Borrower will not, and will not permit any Subsidiary to, make or permit to remain outstanding any loans or advances to or investments in any Person, except that the foregoing restriction shall not apply to:

(a) loans, advances or investments the material details of which have been set forth in the Financial Statements or have been otherwise disclosed to Lender in writing prior to the execution of this Agreement;

(b) investments in direct obligations of the United States of America or any agency thereof;

(c) investments in time deposits with, or certificates of deposit or bankers' acceptances of, commercial banks in the United States having a combined capital and surplus in excess of ONE HUNDRED MILLION AND NO/lOO DOLLARS ($100,000,000.00);

(d) investments in commercial paper with the best rating by Standard & Poor's ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or any other rating agency satisfactory to Lender issued by companies in the United States with a combined capital and surplus in excess of ONE HUNDRED MILLION AND NO/100 DOLLARS ($100,000,000.00);

(e) investments in marketable short-term money market and similar highly liquid funds having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency);

(f) investments in readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an investment grade rating from either Moody's or S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency);

(g) investments classified in accordance with GAAP as current assets of Borrower or any of its Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P, and the portfolios of which are limited solely to investments of the character and quality described in Section 5.03(b) - (f):

(h) advances to officers, directors and employees of Borrower in an aggregate amount not to exceed $100,000 at any time outstanding;

(i) (i) investments by Borrower and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional investments by Borrower and its Subsidiaries in Loan Parties and (iii) additional investments by Subsidiaries of Borrower that are not Loan Parties in other Subsidiaries that are not Loan Parties;

(j) 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;

(k) guarantees and investments constituting Debt permitted by Section 5.01;

(l) investments existing on the date hereof set forth on Schedule 5.03;

(m) any acquisition that is approved by Lender; provided, however, that such approval shall not be unreasonably withheld or delayed;

(n) creation or acquisition of any additional Subsidiary that becomes a Loan Party, provided, that such Subsidiary that complies with the provisions of Section 4,12;

(o) investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;

(p) investments resulting from entering into any Swap Contract permitted by Section 5.01(D:

(q) investments in non-cash consideration received in Asset Dispositions to the extent permitted by the Security Instruments;

(r) deposits, prepayments and other credits to suppliers and deposits in connection with lease obligations, taxes, insurance and similar items, in each case made in the ordinary course of business and securing contractual obligations of a Loan Party, in each case to the extent constituting a Lien permitted under Section 5.02;

(s) investments in prepaid expenses, utility and workers' compensation, performance and other similar deposits, each as entered into in the ordinary course of business;

(t) investments received in connection with the bankruptcy or reorganization of account debtors;

(u) loans, advances or investments permitted by Section 5.01 hereof; and

(v) other investments not contemplated by the above provisions in an aggregate principal amount not to exceed $500,000 at any time outstanding; provided that, (i) no Default or Event of Default shall then exist or would exist after giving effect thereto and (ii) the Loan Parties have satisfied the Applicable Requirements as of the date of the making thereof.

Section 5.04 Dividends. Distributions, Payments, and Redemptions. Borrower will not, and will not permit any Subsidiary to (a) make any Distribution with respect to its Stock now or hereafter outstanding (other than Permitted Tax Distributions), (b) return any capital to its stockholders or interest holders, as applicable, (c) make any distribution of its assets to any other Loan Party or their respective stockholders, or interest holders, as applicable, or (d) make any payment, redemption or prepayment or other retirement, prior to the stated maturity thereof or prior to the due date of any Debt owing to any Person other than Lender, other than trade debt incurred in the ordinary course of business and payments and prepayments of the Term Loan expressly permitted under the Intercreditor Agreement. Borrower will not, and will not permit any Subsidiary to, make any payment of any management, consulting or similar fee if any Default or Event of Default exists at the time of any such payment or would exist as a result of making any such payment, provided, that, in any event, Borrower may not pay management fees in an amount exceeding FOUR HUNDRED THOUSAND AND NO/100 DOLLARS ($400,000.00) in any fiscal year (provided that if any portion of such FOUR HUNDRED THOUSAND AND NO/100 DOLLARS ($400,000.00) per annum is not paid during any fiscal year, then, in subsequent fiscal years, such management fee may be increased by such unpaid portion until paid). Notwithstanding anything in this **Section 5.04** to the contrary, (i) Borrower may make mandatory prepayments of the Term Loan from proceeds of Equity Issuances and Debt Issuances (each as defined in the Intercreditor Agreement) as permitted by **Section 5(b)** of the Intercreditor Agreement, and (ii) so long as: (1) no Default or Event of Default exists or would occur as a result of the making of any Distribution or payment, and (2) Borrower has pro forma Availability of at least TWO MILLION AND NO/100 DOLLARS ($2,000,000.00):

(a) Borrower may make such mandatory prepayments of the Term Loan from excess cash flow as are required under the Term Loan Agreement;

(b) Borrower has delivered calculations reasonably acceptable to Lender evidencing a pro forma Fixed Charge Coverage Ratio of at least 1.10 to 1.00, then Borrower may make voluntary prepayments of the Term Loan in an aggregate amount of up to ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS ($1,500,000.00) in any fiscal year; and

(c) If Borrower has delivered calculations reasonably acceptable to Lender evidencing a pro forma Fixed Charge Coverage Ratio of at least 1.20 to 1.00 (such requirement, together with the requirements in clauses(ii)(l) and (2) of this Section 5.04 being collectively the "Applicable Requirements"), then Borrower may make Distributions and may make payments and prepayments on Debt.

Section 5.05 Sale of Properties. Borrower will not, and will not permit any Subsidiary to sell, transfer or otherwise dispose of all or any substantial portion or integral part of its Properties except in the ordinary course of business, or enter into any arrangement, directly or indirectly, with any Person whereby Borrower or any Subsidiary shall sell or transfer any Property, whether now owned or hereafter acquired, and whereby Borrower or any Subsidiary shall then or thereafter rent or lease as lessee such Property or any part thereof or other Property which Borrower or any Subsidiary intends to use for substantially the same purpose or purposes as the Property sold or transferred except with respect to Asset Dispositions that are approved in writing by Lender in its sole discretion and subject to the mandatory prepayment requirements of Section 2.08 hereof.

Section 5.06 Nature of Business. Borrower will not, and will not allow any Subsidiary to, permit any material change to be made in the character of its business as carried on at the Closing Date.

Section 5.07 Limitation on Leases. Borrower will not, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any obligation for the payment of rent or hire of Property of any kind whatsoever (real or personal), under leases or lease agreements, without the prior written consent of Lender except (a) leases and lease agreements in existence on the Closing Date, and (b) no more than **TWENTY-FIVE (25)** other leases and lease agreements in any fiscal year of Borrower.

Section 5.08 Mergers, Consolidations. Acquisitions, etc. Borrower will not, and will not permit any Loan Party to, amend its certificate or articles of incorporation, formation or partnership, as the case may be, in a manner that is materially adverse to Lender, or otherwise change its corporate, limited liability company, or partnership, as the case may be, name or structure, without providing Lender at least **THIRTY (30)** days advance written notice of such change. Borrower will not, and will not permit any Loan Party to, or consolidate with or merge into or acquire any Person, or permit any other Person to consolidate with or merge into or acquire Borrower or any Loan Party or acquire the Stock of any Person or form any Subsidiary, without prior approval of Lender, unless in each case, the surviving entity or the acquired Person or the Subsidiary that is formed becomes a Loan Party.

Section 5.09 ERISA **Compliance.** Borrower will not permit any Plan maintained by it or any Subsidiary to:

(a) engage in any "prohibited transaction" as such term is defined in Section 4975 of the Internal Revenue Code of 1986, as amended;

(b) incur any "accumulated funding deficiency" as such term is defined in Section 302 of ERISA; or

(c) terminate any such Plan in a manner which could result in the imposition of a Lien on the Property of Borrower or any Subsidiary pursuant to Section 4068 of ERISA.

Section 5.10 Issuance of Stock and Interests. During the term of this Agreement, Borrower will not, and will not permit any Subsidiary to, issue any additional Stock or partnership interests, as applicable, without the written consent of Lender.

Section 5.11 Changes in Accounting Methods. Borrower will not, and will not permit any Subsidiary to, make any change in its accounting method as in effect on the Closing Date or change its fiscal year ending date from **SEPTEMBER 30** of each year, unless such change has the prior, written approval of Lender.

Section 5.12 Transactions With Affiliates. Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into any transaction (including, but not limited to, the sale or exchange of Property or the rendering of any service) with any Affiliate, other than in the ordinary course of its business and upon substantially the same or better terms as it could obtain in an arm's length transaction with a Person who is not an Affiliate.

Section 5.13 Affiliate Receivables. Borrower will not at any time allow any accounts receivable and other receivables to be owed to Borrower by any Affiliate, except as disclosed on Schedule 5.13 attached hereto or otherwise consented to by Lender in its sole discretion.

Section 5.14 Use of Proceeds. Borrower will not use the proceeds of the Notes for purposes other than those set forth in Section 3.13 hereof.

Section 5.15 RICO. Borrower will not, and will not permit any Subsidiary to, violate any laws, statutes or regulations, whether federal or state, for which forfeiture of its properties is a potential penalty, including, without limitation, RICO.

Section 5.16 Fixed Charge Coverage Ratio. Borrower will maintain a Fixed Charge Coverage Ratio of not less than 1.10 to 1.00. Such determination shall be made as of the end of each month beginning **DECEMBER 31, 2016.**

Section 5.17 Subordinated Loan Documents. Borrower will not change or amend the terms of any Subordinated Debt or any of the documents related thereto without the written consent of Lender, unless such change or amendment is not prohibited by the documentation that subordinates such Subordinated Debt to the Indebtedness.

ARTICLE VI
EVENTS OF DEFAULT

Section 6.01 Events of Default. Any of the following events shall be considered an "Event of Default" as that term is used herein:

(a) **Principal and Interest Payments.** A default is made in the payment or prepayment when due of any installment of principal or interest on any Note or any other Indebtedness; or

(b) **Representations and Warranties.** Any representation or warranty made by Borrower, any Subsidiary or any Guarantor in any Security Instrument, including this Agreement, in particular Article III, proves to have been incorrect in any material respect as of the date thereof; or any representation, statement (including the Financial Statements), certificate or data furnished or made by Borrower, any Subsidiary or any Guarantor (or any officer, accountant or attorney of Borrower or any Subsidiary) under any Security Instrument, including this Agreement, proves to have been untrue in any material respect, as of the date as of which the facts therein set forth were stated or certified; or

(c) **Affirmative Covenants.** A default is made in the due observance or performance of any of the covenants or agreements contained in Article IV of this Agreement or the Security Instruments and such default continues for **FIFTEEN (15)** days; or

(d) **Negative Covenants.** Default is made in the due observance or performance by Borrower or any Subsidiary of any of the covenants or agreements contained in Article V of this Agreement or the other Security Instruments; or

(e) **Other Security Instrument Obligations.** Default is made in the due observance or performance by Borrower, any Subsidiary or any Guarantor of any of the covenants or agreements contained in this Agreement, and, other than with respect to a default under Section 2,11 or 2.12 (for which there shall be no cure period), such default continues for **FIFTEEN (15)** days, or any Security Instrument other than this Agreement, and such default continues unremedied beyond the expiration of any applicable grace period which may be expressly allowed under such Security Instrument; or

(f) **Insolvency.** If Borrower or any other Loan Party (i) becomes insolvent, or makes a transfer in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due; (ii) generally is not paying its debts as such debts become due; (iii) has a receiver, trustee or custodian appointed for, or take possession of, all or substantially all of its assets, either in a proceeding brought by it or in a proceeding brought against it and such appointment is not discharged or such possession is not terminated within **SIXTY (60)** days after the effective date thereof or it consents to or acquiesces in such appointment or possession; (iv) files a petition for relief under the United States Bankruptcy Code or any other present or future federal or state insolvency, Bankruptcy or similar laws (all of the foregoing hereinafter collectively called "Applicable Bankruptcy Law") or an involuntary petition for relief is filed against it under any Applicable Bankruptcy Law and such involuntary petition is not dismissed within **SIXTY (60)** days after the filing thereof, or an order for relief naming it is entered under any Applicable Bankruptcy Law, or any composition, rearrangement, extension, reorganization or other relief of debtors now or hereafter existing is requested or consented to by it; or (v) fails to have discharged within a period of **SIXTY (60)** days any attachment, sequestration or similar writ levied upon any property of it; or

(g) **Discontinuance of Business.** Borrower or any Loan Party discontinues its usual business; or

(h) **Other Debt.** The occurrence of any event which results in the maturity or the acceleration of the maturity of any Debt for borrowed money in an aggregate principal amount in excess of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($250,000.00) owing by Borrower or any other Loan Party to any third party under any agreement or understanding and such Debt is not paid when due; or

(i) **Term Loan Indebtedness.** There shall occur an "Event of Default" (or any comparable term) (subject, in each case, to any applicable grace or cure periods applicable thereto and after giving effect to any amendments or waivers thereof) under the Term Loan Agreement; or

(j) **Judgment.** The entry of any judgment against Borrower or any other Loan Party or the issuance or entry of any attachments or other Liens against any of the property of such Person for an amount in excess of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($250,000.00) (individually or in the aggregate) if uninsured, undischarged, unbonded or undismissed on the date on which such judgment would be executed upon and for a period of THIRTY (30) consecutive days thereafter; or

(k) **Challenge to Agreement or any Security Instrument.** Borrower or any or any Loan Party or any Affiliate of any of them, shall challenge or contest in any action, suit or proceeding the validity or enforceability of this Agreement or any of the Security Instruments, the legality or enforceability of any of the Indebtedness or the perfection or priority of any Lien granted by any Loan Party to Lender; or

(l) **Repudiation of or Default under Guaranty Agreement.** Any Guarantor shall revoke or attempt to revoke the Guaranty Agreement signed by such Guarantor, or shall repudiate such Guarantor's liability thereunder or shall be in default under the terms thereof; or

(m) **Death or Incompetence of a Guarantor.** Any Guarantor that is a natural Person shall have died or have been declared incompetent by a court of proper jurisdiction; or

(n) **Revocation Proceeding.** Any regulatory officer in the State of Texas or in any other state in which Borrower or any Subsidiary has a location revokes any license issued to Borrower or any Subsidiary if Borrower's or such Subsidiary's failure to hold such license would have a Material Adverse Effect; or

(o) **Margin Stock.** The failure of Borrower or any Loan Party to comply with Regulations U or X of the Board of Governors of the Federal Reserve System, as amended; or

(p) **Change of Control.** The occurrence of a Change of Control; or

(q) **Payments on Subordinated Debt.** If Borrower shall make any payment on account of the Subordinated Debt, except as is permitted by this Agreement or other documentation which has been approved by Lender.

Section 6.02 Remedies. Upon the happening of any Event of Default specified in Section 6.01 hereof, (a) Lender may declare the entire principal amount of all Indebtedness then outstanding including interest accrued thereon to be immediately due and payable (provided, that the occurrence of any event described in Section 6.01(f) hereof shall automatically accelerate the maturity of the Indebtedness, without the necessity of any action by Lender) without presentment, demand, protest, notice of protest or dishonor, notice of default, notice of intent to accelerate the maturity thereof, notice of acceleration of the maturity thereof, or other notice of any kind, all of which are hereby expressly waived by Borrower and each Loan Party; and (b) all obligations, if any, of Lender hereunder, including the Commitment shall immediately cease and terminate unless and until Lender shall reinstate same in writing. In addition to and not in limitation of any of the other rights and remedies provided to Lender hereunder or under the Security Instruments in connection with the Property of Borrower and the Loan Parties in which Lender has a Lien, Borrower hereby agrees that upon request by Lender after the occurrence of an Event of Default, Borrower shall, and shall cause each Loan Party to, cooperate with Lender in the transfer of, and will, and will cause each Loan Party to, execute all documentation requested by Lender in connection with the transfer of, to such Person as shall be directed by Lender, any or all of the Property then held by the Loan Parties, and in connection therewith Borrower agrees, and will cause each Loan Party to agree, to take all other actions reasonably necessary in order to effectuate the transfer of any or all of such Property.

Section 6.03 Prohibition of Transfer, Assignment and Assumption . This Agreement pertains to the extension of debt financing and financial accommodations for the benefit of Borrower and each Loan Party and cannot be transferred to, assigned to or assumed by any other Person either voluntarily or by operation of law. In the event Borrower or any Loan Party becomes a debtor under the Bankruptcy Code of the United States or under the law of any foreign country, any trustee or debtor in possession may not assume or assign this Agreement nor delegate the performance of any provision hereunder.

Section 6.04 Right of Setoff. During the existence of an Event of Default, Lender and any agent bank of Lender is hereby authorized at any time and from time to time, without notice to Borrower (any such notice being expressly waived by Borrower), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Debt at any time owing by Lender or any agent bank of Lender to or for the credit or the account of Borrower against any and all of the Indebtedness of Borrower. Lender agrees promptly to notify Borrower after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Lender may have.

ARTICLE VII
CONDITIONS

The obligation of Lender to make the Revolving Advances or other loans to be evidenced by the Notes, or to issue the initial Letter of Credit hereunder, is subject to the accuracy of each and every representation and warranty of Borrower and each Loan Party made or referred to in each Security Instrument, including this Agreement, or in any certificate delivered to Lender pursuant to or in connection with any Security Instrument, including this Agreement, to the performance by Borrower of its obligations to be performed hereunder on or before the date of the Revolving Advance or other loan, and to the satisfaction of the following further conditions which must be satisfied as of the Closing Date or advance under the Notes.

Section 7.01 Notes. Borrower shall have duly and validly issued, executed and delivered the Notes to Lender.

Section 7.02 Constituent Documents. Lender shall have received a copy of the articles or certificate of incorporation and bylaws, or analogous formation and organization documentation, of Borrower and each other Loan Party which is to execute this Agreement or any other Security Instrument, certified as true by the Secretary of Borrower and each other Loan Party, respectively.

Section 7.03 Closing Certificate. Lender shall have received, on or before the Closing Date, certificates of the Secretary or other responsible party of Borrower and each other Loan Party which is to execute any Security Instrument setting forth (a) resolutions of its board of directors, board of managers or other governing body, as applicable, in form and substance satisfactory to Lender with respect to the authorization of the Notes, this Agreement and any other Security Instruments provided herein and the officers authorized to sign such instruments, and (b) specimen signatures of the officers so authorized.

Section 7.04 Opinion of Borrower's **Counsel.** Lender shall have received on or before the Closing Date from counsel for Borrower and each Loan Party a favorable written opinion satisfactory to Lender and its counsel.

Section 7.05 Reserved.

Section 7.06 No Default. At the time of each Revolving Advance or other loan hereunder, no Default or Event of Default shall have occurred and shall be continuing.

Section 7.07 No Material Adverse Changes. Prior to each Revolving Advance or other loan, there shall have occurred, in the reasonable opinion of Lender, no material adverse changes, either in any case or in the aggregate, in the assets, liabilities, financial condition, business, operations, affairs or circumstances of Borrower and the Loan Parties, taken as a whole, from those reflected in the most recently delivered Financial Statements or by the facts warranted or represented in any Security Instrument, including this Agreement.

Section 7.08 Other Security Instruments and Information. Borrower shall have duly and validly executed and delivered, or caused to be executed and delivered, to Lender the Security Instruments, and any other documents requested by Lender as security for the Notes and other Indebtedness and shall have delivered the information necessary to the preparation and perfection of the Liens created by such instruments.

Section 7.09 Recordings. The applicable Security Instruments, including financing statements, security agreements and other notices related thereto, shall have been duly delivered to the appropriate offices for filing, recording or registration, and Lender shall have received confirmations of receipt thereof from the appropriate filing, recording or registration offices.

Section 7.10 Collateral Access Agreements, (a) On the Closing Date, Borrower shall have delivered an executed Collateral Access Agreement for its location at 202 E. 32nd Street, Joplin, MO 64804, and (b) after the Closing Date, except as otherwise agreed in writing by Lender, Borrower shall have delivered Collateral Access Agreements for each location listed on Schedule 3.19 and not described in clause (a) immediately preceding. In the event Collateral Access Agreements (other than those required to be delivered at closing) are not delivered, Lender may, in its sole discretion, establish Availability Reserves for the payment of rent under any such scheduled locations in such amounts as may be determined by Lender; provided, however, that absent the occurrence of a Default or an Event of Default, Lender shall not establish any such reserves during the first ONE HUNDRED TWENTY (120) days after the Closing Date.

Section 7.11 Fees. Lender shall have received, in immediately available funds, the Closing Fee and the Collateral Management Fee.

Section 7.12 Borrowing Base Reports. Borrower shall have delivered to Lender a duly executed Revolving Credit Borrowing Base Report for the week preceding the Closing Date demonstrating a non-negative Borrowing Base for such period.

Section 7.13 Additional Matters. Lender shall have received all exhibits, annexes schedules herein referenced and such additional reports, certificates, documents, statements, legal opinions, agreements and instruments, in form and substance reasonably satisfactory to Lender, as Lender shall have reasonably requested from Borrower, each Loan Party and their respective counsel.

Section 7.14 Revolving Advances. Revolving Advances shall further be subject to the following specific conditions:

(a) There shall have been no Default under this Agreement nor under any of the other Security Instruments; and

(b) The Financial Statements shall have been furnished and shall be, as of the date thereof, accurate and correct, and all other financial information required by Lender shall have been furnished and shall be, as of the date of the requested advance, accurate and correct.

Section 7.15 No Litigation. No action, proceeding, investigation, regulations or legislation shall have been instituted, threatened or proposed before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of, or which is related to or arises out of the consummation of the transactions contemplated hereby.

Section 7.16 Excess Availability Requirement. Lender shall have determined that immediately after Lender has made on the Closing Date the initial Revolving Advances contemplated hereby or has issued the initial Letter of Credit and Borrower has paid (or made provisions for payment of) secured loans, capitalized leases, accounts payable over SIXTY (60) days past the original invoice date, outstanding checks, and all closing costs incurred in connection with the transactions contemplated hereby, Availability shall be at least TWO MILLION AND NO/100 DOLLARS ($2,000,000.00).

Section 7.17 Background Check. Prior to the Closing Date, Lender shall have completed a background check with respect to such members of Borrower's management team as Lender shall deem necessary, and the results of which shall be satisfactory to Lender in its sole discretion.

Section 7.18 Blocked Accounts. Except as otherwise agreed in writing by Lender or provided herein, Borrower shall have established the Blocked Accounts (including lockboxes) required by Section 2.12 hereof pursuant to executed blocked account and lockbox agreements in form and substance satisfactory to Lender, in its discretion.

Section 7.19 Payoff Letter. Borrower shall have delivered, or caused to be delivered, to Lender, in form and substance satisfactory to Lender, a payoff letter from ARVEST BANK, together with such UCC termination statements as shall be requested by Lender.

Section 7.20 Subordination, Intercreditor, No-Offset Agreements. Borrower shall have executed or caused to be executed applicable subordination, intercreditor and no-offset agreements as reasonably required by Lender.

Section 7.21 Field Examination and Appraisals. Prior to the **Closing** Date, Lender shall have received such field examinations and inventory, machinery, and equipment appraisals as Lender shall require.

Section 7.22 Insurance. Prior to the Closing Date, Lender shall have received evidence of insurance certificates in form and substance reasonably satisfactory to Lender.

ARTICLE VIII
MISCELLANEOUS

Section 8.01 Notices. All communications under or in connection with this Agreement or the Notes shall be in writing and shall be mailed by registered or certified mail, return receipt requested, postage prepaid, or personally delivered to an officer of the receiving party. All such communications shall be mailed or delivered as follows:

(a) If to Borrower:	Vintage Stock, Inc. 202 E. 32nd Street Joplin, MO 64804
(b) If to Lender:	Texas Capital Bank, National Association 2000 McKinney Avenue, Suite 700 Dallas, TX 75201 Attn: Terri Sandridge
with a copy to:	Gardere Wynne Sewell LLP 2021 McKinney Ave., Suite 1600 Dallas, TX 75201 Attn: Steven S. Camp

Any notice so addressed and mailed by registered or certified mail, return receipt requested, shall be deemed to be given when so mailed, and any notice so delivered in person shall be deemed to be given when actually received by, or receipt therefor is given by, an authorized officer of Borrower or Lender, as the case may be. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by written notice to the other party of such new address.

Section 8.02 Deviation from Covenants. The procedure to be followed by Borrower to obtain the consent of Lender to any deviation from the covenants contained in this Agreement or any other Security Instrument shall be as follows:

(a) Borrower shall send a written notice to Lender setting forth (i) the covenant(s) relevant to the matter, (ii) the requested deviation from the covenant(s) involved, and (iii) the reason for the requested deviation from the covenant(s); and

(b) Lender will within a reasonable time send a written notice to Borrower, signed by an authorized officer of Lender, permitting or refusing the request; but in no event will any deviation from the covenants of this Agreement or any other Security Instrument be effective without the written consent of Lender.

Section 8.03 Invalidity**.** In the event that any one or more of the provisions contained in the Note, this Agreement or in any other Security Instrument shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Notes, this Agreement or any other Security Instrument.

Section 8.04 Survival of Agreements**.** All representations and warranties of Borrower herein, and all covenants and agreements herein not fully performed before the Closing Date, shall survive such date.

Section 8.05 Successors and Assigns**.** All covenants and agreements by or on behalf of Borrower or any Loan Party in the Notes, this Agreement and any other Security Instrument shall bind its successors and assigns or the heirs and personal representatives of any individual Guarantor and shall inure to the benefit of Lender and its successors and assigns; except that neither Borrower, nor any Loan Party, nor any Person acting on behalf of any of them may assign any of their rights hereunder without the prior written consent of Lender. In the event that Lender sells participations in the Notes, or other Indebtedness of Borrower incurred or to be incurred pursuant to this Agreement, to other lenders: (a) each of such other lenders shall have the rights of set off against such Indebtedness and similar rights or Liens to the same extent as may be available to Lender, (b) Lender's obligations pursuant to Security Instruments shall remain unchanged for all purposes, (c) the Loan Parties shall continue to deal solely and directly with Lender in connection with Lender's rights and obligations pursuant to the Security Instruments, (d) except for reductions in Indebtedness resulting from any rights of set off or similar rights exercised by participants as contemplated by clause (a), all amounts payable by the Loan Parties shall be determined as if Lender had not sold such participation and shall be paid directly to Lender.

Section 8.06 Renewal. Extension or Rearrangement. All provisions of this Agreement relating to the Notes or other Indebtedness shall apply with equal force and effect to each and all promissory notes hereafter executed which in whole or in part represent a renewal, extension, increase or rearrangement of any part of the Indebtedness originally represented by the Notes or of any part of such other Indebtedness. Any provision of this Agreement to be performed during the "term of this Agreement," "term hereof' or similar language, shall include any extension period.

Section 8.07 Waivers. No course of dealing on the part of Lender, its officers, employees, consultants or agents, nor any failure or delay by Lender with respect to exercising any right, power or privilege of Lender under the Notes, this Agreement or any other Security Instrument shall operate as a waiver thereof, except as otherwise provided in Section 8.02 hereof.

Section 8.08 Cumulative Rights. Rights and remedies of Lender under the Notes, this Agreement and each other Security Instrument shall be cumulative, and the exercise or partial exercise of any such right or remedy shall not preclude the exercise of any other right or remedy.

Section 8.09 Construction. This Agreement and each of the other Security Instruments is, and the Notes will be, a contract made under and shall be construed in accordance with and governed by and construed in accordance with the laws of the State of Texas.

Section 8.10 Interest. It is the intention of the parties hereto to conform strictly to applicable usury laws now in force. Accordingly, if the transactions contemplated hereby would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary in the Notes, this Agreement or in any other Security Instrument or agreement entered into in connection with or as security for the Notes, it is agreed as follows: (a) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under the Notes, this Agreement or under any of the other aforesaid Security Instruments or agreements or otherwise in connection with the Notes shall under no circumstances exceed the maximum amount of interest permitted by applicable law, and any excess shall be credited to the Notes by the holder thereof (or, if the Notes shall have been paid in full, refunded to Borrower); (b) determination of the rate of interest for determining whether the loans hereunder are usurious shall be made by amortizing, prorating, allocating and spreading, during the full stated term of such loans, all interest at any time contracted for, charged or received from Borrower in connection with such loans, and any excess shall be canceled, credited or refunded as set forth in clause (a) herein; and (c) in the event that the maturity of the Notes is accelerated by reason of an election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount permitted by applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited to the Notes (or, if the Notes shall have been paid in full, refunded to Borrower).

Section 8.11 Multiple Originals. This Agreement may be executed in **TWO (2)** or more copies; each fully executed copy shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 8.12 Exhibits and Schedules. All exhibits and schedules to this Agreement are incorporated herein by this reference for all purposes. The exhibits and schedules may be attached hereto, or bound together with or separately from this Agreement, and such binding shall be effective to identify such exhibits and schedules as if attached to this Agreement.

Section 8.13 No Tripartv Loan . Texas Revised Civil Statutes Annotated, Finance Code, Chapter 346 (which regulates certain revolving loan accounts and revolving triparty accounts) shall not apply to the loans evidenced by this Agreement or the Notes.

Section 8.14 Applicable Rate Ceiling. Unless changed in accordance with law, the applicable rate ceiling under Texas law shall be the indicated (weekly) rate ceiling from time to time in effect as provided in Texas Revised Civil Statutes Annotated, Finance Code, Chapter 303, as amended.

Section 8.15 Performance and Venue . The obligations of Borrower contained herein are performable at Lender's offices in Dallas, Dallas County, Texas, and venue for any action in connection therewith shall be in Dallas County, Texas.

Section 8.16 Negotiation **of Documents.** This Agreement, the Notes and all other Security Instruments have been negotiated by the parties at arm's length, each represented by its own counsel, and the fact that the documents have been prepared by Lender's counsel, after such negotiation, shall not be cause to construe any of such documents against Lender.

Section 8.17 Notices Received by Lender. Any instrument in writing, telex, telegram, telecopy or cable received by Lender in connection with any loan or Letter of Credit hereunder, which purports to be dispatched or signed by or on behalf of Borrower, shall conclusively be deemed to have been signed by such party, and Lender may rely thereon and shall have no obligation, duty or responsibility to determine the validity or genuineness thereof or authority of the Person or Persons executing or dispatching the same.

Section 8.18 Debtor-Creditor Relationship. None of the terms of this Agreement or of any other document executed in conjunction herewith or related hereto shall be deemed to give Lender the rights or powers to exercise control over the business or affairs of Borrower. The relationship between Borrower and Lender created by this Agreement is only that of debtor/creditor.

Section 8.19 No Third-Party Beneficiaries. This Agreement is for the sole and exclusive benefit of Borrower and Lender. This Agreement does not create, and is not intended to create, any rights in favor of or enforceable by any other Person. This Agreement may be amended or modified by the agreement of Borrower and Lender, without any requirement or necessity for notice to, or the consent of or approval of any other Person.

Section 8.20 INDEMNIFICATION**.** BORROWER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS LENDER AND ITS AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS AND ADVISORS (EACH, AN "INDEMNIFIED PARTY") FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) THAT MAY BE INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY INDEMNIFIED PARTY, IN EACH CASE ARISING OUT OF OR IN CONNECTION WITH OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION OR PROCEEDING OR PREPARATION OF DEFENSE IN CONNECTION THEREWITH) THIS AGREEMENT, THE NOTES, THE SECURITY INSTRUMENTS OR ANY OTHER INSTRUMENT OR AGREEMENT EXECUTED IN CONNECTION THEREWITH OR HEREWITH, ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN OR HEREIN OR THE ACTUAL OR PROPOSED USE OF THE PROCEEDS OF THE LOANS MADE PURSUANT TO THIS AGREEMENT (INCLUDING ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF THE INDEMNIFIED PARTY), EXCEPT TO THE EXTENT SUCH CLAIM, DAMAGE, LOSS, LIABILITY, COST OR EXPENSES IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IN THE CASE OF AN INVESTIGATION, LITIGATION OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION APPLIES, SUCH INDEMNITY SHALL BE EFFECTIVE REGARDLESS OF WHETHER SUCH INVESTIGATION, LITIGATION OR PROCEEDING IS BROUGHT BY BORROWER OR ITS RESPECTIVE DIRECTORS, SHAREHOLDERS OR CREDITORS OR AN INDEMNIFIED PARTY IS OTHERWISE A PARTY THERETO AND WHETHER THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED, WITHOUT PREJUDICE TO THE SURVIVAL OF ANY OTHER AGREEMENT OF BORROWER HEREUNDER, THE AGREEMENTS AND OBLIGATIONS OF BORROWER CONTAINED IN THIS SECTION SHALL SURVIVE THE PAYMENT IN FULL OF THE INDEBTEDNESS AND ALL OTHER AMOUNTS PAYABLE UNDER THIS AGREEMENT.

Section 8.21 RELEASE OF LIABILITY**.** TO THE MAXIMUM EXTENT PERMITTED BY LAW FROM TIME TO TIME IN EFFECT, BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY (AND AFTER BORROWER HAS CONSULTED WITH ITS OWN ATTORNEY) IRREVOCABLY AND UNCONDITIONALLY AGREES THAT NO CLAIM MAY BE MADE BY BORROWER AGAINST LENDER OR ANY OF ITS AFFILIATES, PARTICIPANTS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS, ACCOUNTANTS, OR AGENTS OR ANY OF ITS OR THEIR SUCCESSORS AND ASSIGNS, FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY BREACH OR WRONGFUL CONDUCT (WHETHER THE CLAIM IS BASED ON CONTRACT, TORT OR STATUTE) ARISING OUT OF, OR RELATED TO, THE TRANSACTIONS CONTEMPLATED BY ANY OF THIS AGREEMENT, THE NOTES, THE SECURITY INSTRUMENTS OR ANY OTHER RELATED DOCUMENTS, OR ANY ACT, OMISSION, OR EVENT OCCURRING IN CONNECTION HEREWITH OR THEREWITH. IN FURTHERANCE OF THE FOREGOING, BORROWER HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR, AND BORROWER SHALL INDEMNIFY AND HOLD HARMLESS LENDER AND ITS AFFILIATES, PARTICIPANTS, SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS, ACCOUNTANTS AND AGENTS AND THEIR SUCCESSORS AND ASSIGNS OF AND FROM ANY SUCH CLAIMS.

Section 8.22 WAIVER OF TRIAL BY JURY**.** 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, EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTIONS 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 CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 8.23 DTPA Waiver**.** Borrower acknowledges and agrees, on Borrower's own behalf and on behalf of any permitted assigns and successors hereafter, that the DTPA is not applicable to this transaction. Accordingly, Borrower's rights and remedies with respect to the transaction contemplated under this Agreement and with respect to all acts or practices of Lender, past, present or future, in connection with such transaction, shall be governed by legal principles other than the DTPA. In furtherance thereof, Borrower agrees as follows:

(a) Borrower represents that Borrower has the knowledge and experience in financial and business matters that enable Borrower to evaluate the merits and risks of the business transaction that is the subject of this Agreement. Borrower also represents that Borrower is not in a significantly disparate bargaining position in relation to Lender. Borrower has negotiated the loan documents with Lender at arm's length and has willingly entered into the loan documents.

(b) Borrower represents that (i) Borrower has been represented by legal counsel in the transaction contemplated by this Agreement and (ii) such legal counsel was not directly or indirectly identified, suggested or selected by Lender or an agent of Lender.

(c) This Agreement relates to a transaction involving total consideration by Borrower of more than ONE HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000.00) and does not involve Borrower's residence. Borrower agrees, on Borrower's own behalf and on behalf of Borrower's permitted assigns and successors, that all of Borrower's rights and remedies under the DTPA are WAIVED AND RELEASED, including specifically, without limitation, all rights and remedies under the DTPA resulting from or arising out of any and all acts or practices of Lender in connection with this transaction, whether such acts or practices occur before or after the execution of this Agreement.

In furtherance thereof, Borrower agrees that by signing this Agreement, Borrower and any permitted assigns and successors are bound by the following waiver:

> **WAIVER OF CONSUMER RIGHTS. BORROWER HEREBY WAIVES ITS RIGHTS UNDER THE DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT, SECTION 17.41 ET. SEQ. TEXAS BUSINESS & COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF BORROWER'S OWN SELECTION, BORROWER VOLUNTARILY CONSENTS TO THIS WAIVER.**

Section 8.24 Reversal of Payments. Lender shall have the continuing and exclusive right to apply, reverse and re-apply any and all payments to any portion of the Indebtedness in a manner consistent with the terms of this Agreement. To the extent Borrower makes a payment or payments to Lender, or Lender receives any payment or proceeds of any collateral for Borrower's benefit, which payment(s) or proceed or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other part under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Indebtedness or party thereof intended to be satisfied shall be revived and continued in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 8.25 Injunctive Relief. Borrower recognizes that, in the event Borrower fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy at law may prove to be inadequate relief to Lender, therefore, Borrower agrees that if any Default or Event of Default shall have occurred and be continuing, Lender shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages.

Section 8.26 No Duty. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Lender shall have the right to act exclusively in the interest of Lender and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to Borrower or any other Person. Documents in connection with the transactions contemplated hereunder have been prepared by GARDERE WYNNE SEWELL LLP ("Lender's Counsel"). Borrower acknowledges and understands that Lender's Counsel is acting solely as counsel to Lender in connection with the transaction contemplated herein, is not representing Borrower in connection therewith, and has not, in any manner, undertaken to assist or render legal advice to Borrower with respect to this transaction. Borrower has been advised to seek other legal counsel to its interests in connection with the transactions contemplated herein.

Section 8.27 Sale or Participation of the Loan. Each Loan Party agrees that Lender may, at its option, sell the Notes or its interests in the Notes and its rights under this Agreement (whether by sale, participation, or otherwise) and, in connection with each such sale, Lender may disclose any financial and other information available to Lender concerning any Loan Party to each prospective purchaser.

Section 8.28 Patriot Act Notice. Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow the Lender to identify Borrower in accordance with the Act.

Section 8.29 Notice of Final Agreement. It is the intention of each Loan Party, Guarantor and Lender that the following NOTICE OF FINAL AGREEMENT be incorporated by reference into each of the Security Instruments (as the same may be amended, modified or restated from time to time) and other loan documents or instruments executed in connection therewith. Each Loan Party, Guarantor and Lender represents and warrants that the entire agreement made and existing by or among each Loan Party, Guarantor and Lender with respect to the Indebtedness is and shall be contained within the Security Instruments and other instruments and documents executed or delivered in connection therewith, and that no agreements or promises exist or shall exist by or among, any Loan Party, Guarantor and Lender that are not reflected in the Security Instruments or other documents and instruments executed in connection therewith.

Section 8.30 NOTICE OF FINAL AGREEMENT. THIS AGREEMENT AND THE OTHER SECURITY INSTRUMENTS (AND ANY OTHER DOCUMENT OR INSTRUMENT EXECUTED IN CONNECTION THEREWITH) REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES, AND THE SAME MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 8.31 Intercreditor Agreement. (a) Notwithstanding anything in the Security Instruments to the contrary, this Agreement is subject to the provisions of that certain Intercreditor Agreement dated as of the date hereof, among Lender, **WILMINGTON TRUST, NATIONAL ASSOCIATION,** as agent, and Debtor (as the same may be amended, supplemented, modified or replaced from time to time) (the "Intercreditor Agreement"). In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

(b) Notwithstanding anything herein to the contrary and to the extent provided for in the Intercreditor Agreement, to the extent this Agreement or any other Security Instrument requires the delivery of, or control over, Term Lender Facility Priority Collateral (as such term is defined in the Intercreditor Agreement) to be granted or provided to Lender at any time prior to the payment in full of the Term Lender Obligations (as such term is defined in the Intercreditor Agreement), then Borrower may deliver such Term Lender Facility Priority Collateral (or control with respect thereto) and any related approval or consent rights to the Term Agent in accordance with the Term Lender Facility Documents in full satisfaction of any such requirement under this Agreement or any of the other Security Instruments; provided that upon the Discharge of Term Lender Obligations Borrower shall deliver (or cause to be delivered) to Lender, or provide control to Lender over, as applicable, such Term Lender Facility Priority Collateral within the same period of time from the date of the Discharge of Term Lender Obligations (as such term is defined in the Intercreditor Agreement) as would apply under this Agreement and the other Security Instruments if such Term Lender Facility Priority Collateral was acquired by Borrower as of such date.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

VINTAGE STOCK INC.

By: /s/ Rodney Spriggs
Name: Rodney Spriggs
Title: CEO and President

Exhibit 10.28

REVOLVING CREDIT NOTE

$20,000,000.00 **NOVEMBER 3, 2016**

On the Drawdown Termination Date (as that term is defined in the Loan Agreement) or such other date pursuant to the terms of the Loan Agreement (as hereinafter defined), the undersigned, VINTAGE STOCK, INC., a Missouri corporation ("Borrower"), with its principal office at 202 E. 32nd Street, Joplin, MO 64804, HEREBY UNCONDITIONALLY PROMISES TO PAY (without set-off) to the order of TEXAS CAPITAL BANK, NATIONAL ASSOCIATION (together with its successors and assigns, "Lender"), at its offices at 2000 McKinney Avenue, Suite 700, Dallas (Dallas County), TX 75201 (or at such other place as may be designated by Lender), in lawful money of the United States of America, up to the sum of TWENTY MILLION AND NO/100 DOLLARS ($20,000,000.00), or so much thereof as may be advanced from time to time pursuant to the terms of that certain LOAN AGREEMENT dated as of the date hereof, between Borrower and Lender (as amended, restated or otherwise modified from time to time, the "Loan Agreement"; capitalized terms used but not defined herein shall have the same meanings as in the Loan Agreement), together with interest on the unpaid principal balance hereof from time to time outstanding at a floating rate per annum which is equal to the LIBOR Rate plus TWO AND THREE-QUARTERS PERCENT (2.75%), but in no event to exceed the maximum nonusurious interest rate allowable under applicable United States federal law and under the laws of the State of Texas as presently in effect and, to the extent allowed by such laws, as such laws may be amended from time to time to increase such rate (hereinafter called the "Maximum Nonusurious Interest Rate"). Upon the occurrence of an Event of Default, and continuing until the Event of Default is cured or Lender waives in writing such Event of Default, as the case may be, the interest shall accrue herein a varying rate per annum specified in Section 2.02(b) of the Loan Agreement. Unless otherwise specified below, interest shall be computed on a per annum basis of a year of 360 days and for the actual number of days (including the first but excluding the last day) elapsed, unless such calculation would result in a usurious rate, in which case interest shall be calculated on a per annum basis of a year of 365 days or 366 days, as the case may be.

Notwithstanding the foregoing, if at any time the rate of interest accruing on this REVOLVING CREDIT NOTE (as amended, restated or otherwise modified from time to time, this "Note") exceeds the Maximum Nonusurious Interest Rate, the rate of interest shall be limited to the Maximum Nonusurious Interest Rate.

Accrued interest is due and payable monthly in arrears commencing on the FIRST (1st) day of the first month after the date of this Note, and on the FIRST (1st) day of each and every succeeding month thereafter during the term hereof and at maturity; provided, that, upon any prepayment of principal, at the option of Lender, it may demand (at any time at or after prepayment) all accrued and unpaid interest with respect to the principal amount prepaid through the date of prepayment. Reference is hereby made to Section 2.02 and Section 2.06 of the Loan Agreement for additional provisions regarding calculation of interest accrued on this Note.

The unpaid principal balance of this Note at any time shall be the total amounts loaned or advanced hereunder by the holder hereof, less the amount of payments or prepayments of principal made hereon by or for the account of Borrower; provided, however, that at no time will the aggregate principal amount of Revolving Advances (as defined in the Loan Agreement) at any one time outstanding exceed the Borrowing Base (as defined in the Loan Agreement). All loans or advances and all payments or prepayments made hereunder on account of principal or interest may be evidenced by Lender, or any subsequent holder, maintaining in accordance with its usual practice an account or accounts evidencing the indebtedness of Borrower resulting from all loans or advances and all payments or prepayments hereunder from time to time and the amounts of principal and interest payable and paid from time to time hereunder, in which event, in any legal action or proceeding in respect of this Note, the entries made in such account or accounts shall be conclusive evidence of the existence and amounts of the obligations of Borrower therein recorded (absent manifest error). In the event that the unpaid principal amount hereof at any time, for any reason, exceeds the maximum amount hereinabove specified, Borrower agrees to pay the excess principal amount forthwith upon demand; such excess principal amount shall in all respects be deemed to be included among the loans or advances made pursuant to the other terms of this Note and shall bear interest at the rates hereinabove stated.

Advances hereunder may be made by the holder hereof (a) pursuant to the terms of any written agreement executed in connection herewith between Borrower and Lender, including, without limitation, the Loan Agreement, or (b) at the oral or written request of any of the undersigned or of any officer or agent of Borrower who is designated by or acting under the authority of resolutions of the board of directors of Borrower, a duly certified or executed copy of which shall be furnished to the holder hereof and shall be effective until written notice of the revocation of such authority is received by the holder hereof. Borrower covenants and agrees to furnish to the holder hereof written confirmation of any such oral request within **FIVE (5)** days of the resulting loan or advance, but any such loan or advance shall be deemed to be made under and entitled to the benefits of this note irrespective of any failure by Borrower to furnish such written confirmation. Any loan or advance shall be conclusively presumed to have been made under the terms of this Note to or for the benefit of Borrower when made pursuant to the terms of any written agreement executed in connection herewith between Borrower and Lender, or in accordance with such requests and directions or when said advances are deposited to the credit of the account of Borrower with Lender regardless of the fact that persons other than those authorized hereunder may have authority to draw against such account, or may have requested an advance.

Upon the occurrence and continuance of an Event of Default, at the option of Lender, the principal and unpaid accrued interest on this Note and any and all other indebtedness of Borrower to Lender under the Loan Agreement may be declared due and payable forthwith without demand, notice of default or of intent to accelerate the maturity hereof, notice of acceleration, notice of nonpayment, presentment, protest or notice of dishonor, all of which are hereby expressly waived by Borrower and each other liable party (as defined below).

If this Note is not paid at maturity whether by acceleration or otherwise and is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in probate, bankruptcy, receivership, reorganization, arrangement or other legal proceedings for collection, Borrower and each drawer, acceptor, endorser, guarantor, surety, accommodation party or other person now or hereafter primarily or secondarily liable upon or for payment of all or any part of this Note (each herein called an "other liable party") jointly and severally agree to pay Lender the collection costs of Lender, including reasonable attorneys' fees. Borrower and each other liable party are and shall be directly and primarily, jointly and severally, liable for the payment of all sums called for hereunder, and Borrower and each other liable party hereby expressly waive bringing of suit and diligence in taking any action to collect any sums owing hereon and in the handling of any security, and Borrower and each other liable party hereby consent to and agree to remain liable hereon regardless of any renewals, extensions for any period or restatements hereof, or partial prepayments hereon, or any release or substitution of security herefor, in whole or in part, with or without notice, from time to time, before or after maturity.

It is the intention of Borrower and Lender to conform strictly to applicable usury laws now in force. Accordingly, if the transactions contemplated hereby would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary in this Note or in any other Security Instrument (as defined in the Loan Agreement) or agreement entered into in connection with or as security for this Note, it is agreed as follows: (a) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under this Note or under any of the other aforesaid Security Instruments or agreements or otherwise in connection with this Note shall under no circumstances exceed the Maximum Nonusurious Interest Rate, and any excess shall be credited to this Note as Lender may determine in its sole discretion (or, if this Note shall have been paid in full, then refunded to Borrower); (b) determination of the rate of interest for determining whether the loans hereunder are usurious shall be made by amortizing, prorating, allocating and spreading, during the full stated term of such loans, all interest at any time contracted for, charged or received from Borrower in connection with such loans, and any excess shall be canceled, credited or refunded as set forth in clause (a) herein; and (c) in the event that the maturity of this Note is accelerated by reason of an election of the holder hereof resulting from any Event of Default under the Loan Agreement or default hereunder or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the Maximum Nonusurious Interest Rate, and excess interest, if any, provided for in this Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited to this Note as Lender may determine in its sole discretion (or, if this Note shall have been paid in full, then refunded to Borrower).

This Note shall be construed under and governed by the laws of the State of Texas and applicable federal law, but Texas Revised Civil Statutes Annotated, Finance Code, Chapter 346 (which regulates certain revolving loan accounts and revolving triparty accounts) shall not apply to the loan evidenced by this Note.

Unless changed in accordance with law, the applicable rate ceiling under Texas Jaw shall be the indicated (weekly) rate ceiling from time to time in effect as provided in Texas Revised Civil Statutes Annotated, Finance Code, Chapter 303, as amended.

LIBOR Rate Loans:

The maintenance of the advances outstanding at the LIBOR Rate shall be subject to the following additional terms and conditions:

(a) If Lender notifies Borrower that reasonable means do not exist for Lender to determine the LIBOR Rate for the amount requested, then Lender may substitute another rate based on a comparable index chosen by Lender in its reasonable discretion and add the Applicable Margin to that, and Borrower will pay interest at a rate per year equal to the sum of such rate plus the Applicable Margin. The provisions of this Section shall apply to any such substituted total rate based on any such index, as fully as if such total rate were the LIBOR Rate.

(b) If any treaty, statute, regulation, interpretation thereof, or any directive, guideline, or otherwise by a central bank or fiscal authority (whether or not having the force of Jaw) shall either prohibit or extend the time at which any principal subject to the LIBOR Rate, or corresponding deposits, may be purchased, maintained, or repaid, then Lender may substitute another comparable index chosen by Lender in its reasonable discretion and add the Applicable Margin to that, and Borrower will pay interest at a rate per year equal to the sum of such rate (index) plus the Applicable Margin. The provisions of this Section shall apply to any such substituted total rate based on any such index, as fully as if such total rate were the LIBOR Rate.

(c) All payments of principal and interest shall be made net of any taxes, costs, fees, losses and expenses incurred or charged by Lender resulting from having principal outstanding hereunder at the LIBOR Rate, including:

(1) Taxes (or the withholding of amounts for taxes) of any nature whatsoever including income, excise, and interest equalization taxes (other than income taxes imposed by the United States or any state thereof on the income of Lender), as well as all levies, imposts, duties, or fees whether now in existence or resulting from a change in, or promulgation of, any treaty, statute, regulation, or interpretation thereof, or any directive, guideline, or otherwise, by a central bank or fiscal authority (whether or not having the force of law), or a change in the basis of, or time of payment of, such taxes and other amounts resulting therefrom;

(2) Any reserve or special deposit requirements against assets or liabilities of, or deposits with or for the account of, Lender with respect to principal outstanding at the LIBOR Rate (including those imposed under Regulation D of the Federal Reserve Board) or resulting from a change in, or the promulgation of, such requirements by treaty, statute, regulation, or interpretation thereof, or any directive, guideline, or otherwise by a central bank or fiscal authority (whether or not having the force of law); and

(3) Any other costs resulting from compliance with treaties, statutes, regulations, or interpretations, or any directives, guidelines, or otherwise by a central bank or fiscal authority (whether or not having the force of law).

(d) If Lender incurs or charges any such taxes, costs, fees, losses and expenses, Borrower, upon demand in writing specifying the amounts thereof, shall promptly pay them; save for manifest error Lender's specification shall be presumptively deemed correct.

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WHEREFORE, intending to be legally bound hereby, Borrower has executed this Note.

BORROWER:

VINTAGE STOCK, INC.

By: /s/ Rodney Spriggs
Name: Rodney Spriggs
Title: CEO and President

Exhibit 10.29

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Security Agreement") dated as of **NOVEMBER 3, 2016,** is made by **VINTAGE STOCK, INC.,** a Missouri corporation ("Debtor"), with its principal office and mailing address at 202 E. 32nd Street, Joplin, MO 64804, in favor of **TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,** whose office address is at 2000 McKinney Avenue, Suite 700, Dallas (Dallas County), TX 75201 (together with its successors and assigns, "Secured Party").

WITNESSETH:

A. Debtor has requested that Secured Party make a loan or loans to or for the account of Debtor pursuant to that certain **LOAN AGREEMENT** by and between Debtor and Secured Party of even date herewith (as renewed, modified, amended or restated from time to time, the "Agreement").

B. Secured Party has conditioned its agreement to make such loan or loans under the Agreement upon Debtor's execution and delivery of this Security Agreement.

NOW, THEREFORE, to induce Secured Party to make a loan or loans to or for the account of Debtor, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees with Secured Party, as follows:

ARTICLE I
GENERAL

Section 1.01 **Terms Defined in Agreement and Code.** All terms used herein which are not otherwise defined shall mean as in the Agreement; terms not defined in the Agreement and defined in the Code shall have the same meaning herein unless otherwise defined herein or the context otherwise requires. "Code" shall mean the Uniform Commercial Code as presently in effect in the State of Texas, Texas Business & Commerce Code Annotated, Sections 1.101 through 11.108.

ARTICLE II
SECURITY INTEREST

Section 2.01 **Grant of Security Interest.** Debtor hereby grants and confirms that it has granted to Secured Party a security interest in, a general lien upon, and a right of set-off against the following described collateral, except to the extent expressly prohibited by a document relating to a Permitted Lien (the "Collateral"):

(a) all of Debtor's accounts of any kind (including all leases) whether now existing or hereafter arising (herein called the "Accounts"); all chattel paper (including electronic chattel paper, hereinafter collectively referred to as "chattel papers"), documents and instruments whether now existing or hereafter arising relating to the Accounts; all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Accounts or any such chattel papers, documents and instruments; and all returned or repossessed goods arising therefrom or relating to any Accounts, or other proceeds of any sale or other disposition of inventory;

(b) all of Debtor's investment property, payment intangibles, letter of credit rights and general intangibles of any kind whether now existing or hereafter arising including, without limitation the following (herein called the "General Intangibles"):

(i) all leases of personal property;

(ii) all copyrights, trademarks, trademark registrations and applications for registration, trade names, corporate names, trade styles, service marks, logos, other source and business identifying marks, together with any goodwill associated therewith, and all patents, patent applications, and all renewals, extensions and continuations in part of the above, any written agreement granting any right to use any copyright, trademark, trademark application or registration, patent, patent application or registration, and the right to sue for past, present and future infringements of the foregoing including the intellectual property collateral set forth on Schedule 3.20 to the Agreement attached thereto; and

(iii) all chattel papers, documents and instruments whether now existing or hereafter arising relating to the General Intangibles; and all rights now or hereafter existing in and to all security agreements, leases, licenses and other contracts securing or otherwise relating to any General Intangibles or such chattel papers, documents and instruments;

(c) all of Debtor's inventory, goods, machinery, equipment, furniture, fixtures and parts in all of their forms, whether now owned or hereafter acquired and wherever located, all parts thereof and all accessions or additions thereto and products thereof, whether now owned or hereafter acquired (any and all such inventory, goods, machinery, equipment, furniture, fixtures, parts, accessions, additions and products herein called the "Goods"); and including, without limiting the foregoing, the Goods located at Debtor's places of business listed on Schedule 3.01 to the Agreement; all chattel papers, documents and instruments whether now existing or hereafter arising relating to the Goods; and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Goods or any such chattel papers, documents and instruments;

(d) all of Debtor's chattel papers, letters of credit, notes, documents and instruments (herein called the "Instruments") whether now existing or hereafter arising; and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any such chattel papers, documents and instruments;

(e) any additional Property from time to time delivered to or deposited with Secured Party or any agent bank of Secured Party, whether as security for the Indebtedness or otherwise;

(f) all commercial tort claims, deposit accounts, money letter of credit rights, payment intangibles or software; and

(g) the proceeds, products, additions, substitutions and accessions of and to any and all of the foregoing property or assets and all supporting obligations relating thereto; and all of Debtor's books, records, reports, memoranda and data compilations, in any form (including, without limitation, corporate and other business records, customer lists, credit files, computer programs, printouts and any other computer materials and records), of Debtor pertaining to any and all of the foregoing property or assets.

Notwithstanding anything to the contrary contained herein, the security interests and Liens granted under this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property, and to the extent that any Collateral later becomes Excluded Property, the Lien and security interest granted hereunder will automatically be deemed to have been terminated and released; provided further that, if and when any property shall cease to be Excluded Property, a Lien on and security interest in such property shall automatically be deemed granted therein. As used in this Security Agreement, "Excluded Property" means: (i) any leasehold interests in real property; (ii) all cars, trucks, trailers and other vehicles or assets subject to certificates of title under the laws of any state; (iii) any assets with respect to which Secured Party determines, in its sole discretion, that the burden or costs of creating and/or perfecting such a security interest therein is excessive in relation to the benefit to Secured Party of the security to be afforded thereby; (iv) payroll and other employee wage and benefit accounts, tax accounts, including, without limitation, sales tax accounts, and fiduciary or trust accounts; (v) any permit, lease, license, contract or other Instrument of Debtor to the extent the grant of a security interest in such permit, lease, license, contract or other Instrument in the manner contemplated by this Security Agreement, under the terms thereof or under applicable law, is prohibited and would result in the termination thereof or give the other parties thereto the right to terminate, accelerate or otherwise alter Debtor's rights, titles and interests thereunder (including upon the giving of notice or the lapse of time or both); provided that any such limitation on the security interests granted hereunder shall only apply to the extent that any such prohibition or right to terminate or accelerate or alter Debtor's rights could not be rendered ineffective pursuant to the Code or any other applicable law (including bankruptcy and debtor relief laws) or principles of equity; provided, further, that in the event of the termination or elimination of any such prohibition or right or the requirement for any consent contained in any applicable law, permit, lease, license, contract or other Instrument, to the extent sufficient to permit any such item to become Collateral hereunder, or upon the granting of any such consent, or waiving or terminating any requirement for such consent, a security interest in such permit, lease, license, contract or other Instrument shall be automatically and simultaneously granted hereunder and shall not be included as Excluded Property hereunder; (vi) any United States intent-to-use trademark applications to the extent that, and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of or render void or result in the cancellation of, any registration issued as a result of such intent-to-use trademark applications under applicable law; provided that upon submission and acceptance by the USPTO of an amendment to allege pursuant to 15 U.S.C. Section 1060(a) or any successor provision, such intent-to-use trademark application shall be considered Collateral; (vii) any voting capital stock in excess of 65% of the issued and outstanding voting capital stock of any foreign Subsidiary; or (viii) margin stock; provided, that the security interest granted to Secured Party under this Agreement shall attach immediately to any asset of Debtor at such time as such asset ceases to be "Excluded Property" described in any of the foregoing clauses (i) through (viii) above; provided, further, Excluded Property shall not include any proceeds, products, substitutions or replacements of any Excluded Property (unless such proceeds, products, substitutions or replacements would themselves otherwise constitute Excluded Property).

Section 2.02 **Indebtedness Secured.** The security interest in, general lien upon, and right of set-off against the Collateral is granted to Secured Party to secure the Indebtedness.

Section 2.03 **License.** Secured Party is hereby granted a non-exclusive license or other right to use, following the occurrence and during the continuance of an Event of Default, without charge, Debtor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and, following the occurrence and during the continuance of an Event of Default, Debtor's rights under all licenses and all franchise agreements shall inure to Secured Party's benefit to the extent assignable and to the extent Debtor has such rights. In addition, Debtor hereby irrevocably agrees that Secured Party may, following the occurrence and during the continuance of an Event of Default, sell any of Debtor's inventory directly to any Person, including without limitation Persons who have previously purchased Debtor's inventory from Debtor and in connection with any such sale or other enforcement of Secured Party's rights under this Security Agreement, may sell inventory which bears any trademark owned by or licensed to Debtor and any inventory that is covered by any copyright owned by or licensed to Debtor and Secured Party may finish any work in process and affix any trademark owned by or licensed to Debtor and sell such inventory as provided herein.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

In order to induce Secured Party to accept this Security Agreement, Debtor represents and warrants to Secured Party (which representations and warranties will survive the creation of the Indebtedness and any extension of credit thereunder) that:

Section 3.01 **Information.** All information supplied and statements (including financial statements), certificates or data furnished or made by Debtor (or any officer, attorney or accountant of Debtor) to Secured Party (including, without limitation, any extracts from or copies of the Books and Records) in connection with the Indebtedness and/or this Security Agreement, whether contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine in all material respects. No information, statements, certificate, exhibit or report furnished by Debtor to Secured Party in connection with the Indebtedness and/or this Security Agreement contains any material misstatement of fact or omitted to state a material fact necessary to make the statement contained therein not misleading in light of the circumstances when made.

Section 3.02 **Status of Accounts.** Each Account now existing represents, and each Account hereafter arising will represent, the valid and legally enforceable indebtedness of a bona fide account debtor arising from the sale, lease or rendition by Debtor of goods and/or services and is not and will not be subject to contra accounts, set-offs, defenses or counterclaims by or available to account debtors obligated on the Accounts except as disclosed to Secured Party in writing; such goods will have been delivered to, or be in the process of being delivered to, and such services will have been rendered by Debtor to the account debtor and accepted by the account debtor; and the amount shown as to each Account on Debtor's books will be the true amount owing and unpaid thereon, subject to any discounts, allowances, rebates, credits and adjustments to which the account debtor has a right and which have been disclosed to Secured Party in writing.

Section 3.03 **Status of Related Rights**. All Related Rights are, and those hereafter arising will be, valid and genuine in all material respects. Any chattel paper included in the Related Rights has, and those hereafter arising will have, only one duplicate original counterpart which constitutes chattel paper or collateral within the meaning of the Code or the law of any applicable jurisdiction. "Related Rights" shall mean all chattel papers, documents and instruments relating to the Accounts or General Intangibles and all rights now or hereafter existing in and to all security agreements, leases and other contracts securing or otherwise relating to any Accounts or General Intangibles or any such chattel papers, documents and instruments.

Section 3.04 **Status of Books and Record**. All Books and Records have been, and those entries hereafter made therein will be, made in the regular course of Debtor's business; made on the basis of information recorded or transmitted (or to be recorded or transmitted) by a Person, either an employee or representative of Debtor, with knowledge of the acts, events, conditions, opinions or diagnoses recorded therein and in the regular course of Debtor's business; made at or near the time of the act, event, condition, opinion or diagnosis recorded therein and in the regular course of Debtor's business; and contain full, true and correct entries, in all material respects, of all dealings or transactions relating to the Accounts, General Intangibles, Goods, Related Rights and other Collateral, in accordance with generally accepted accounting principles, consistently applied. "Books and Records" shall mean all books, records, reports, memoranda, and/or data compilations, in any form (including, without limitation, corporate and other business records, customer lists, credit files, computer programs, printouts and any other computer materials and records), of Debtor pertaining to any of the Accounts, General Intangibles, Goods, and any other Property included in the Collateral.

Section 3.05 **Mobile Goods**. In the event any of the Goods are mobile, such Goods are of a type normally used in more than one jurisdiction, such as motor vehicles, fuel, trailers, rolling stock, airplanes, shipping containers, road building and construction machinery and commercial harvesting machinery and the like.

Section 3.06 **Certificate of Title**. In the event any of the Goods with a value in excess of $50,000 are covered by a certificate of title, such Goods are specifically identified on Exhibit A attached hereto.

Section 3.07 **Collateral Not Covered by Documents**. None of the Goods included in the Collateral are, and at the time the security interest in favor of Secured Party attaches, none of the after acquired Goods included in the Collateral will be, covered by any Document (as defined in the Code or in the Uniform Commercial Code of any state other than Texas where the Goods are (or will be) located).

Section 3.08 **Status of Instruments**. Each Instrument now existing is, and each Instrument hereafter will be, the valid and legally enforceable indebtedness of a bona fide maker thereof for good and valuable consideration, of which a Debtor is the owner and holder, and is not and will not be subject to set-offs, counterclaims or defenses by any maker except as disclosed to Secured Party in writing; and the amount shown on the relevant Debtor's books in respect thereof will be the true amount owing (unless otherwise identified in writing to Secured Party) and unpaid thereon. Each Instrument with a face amount in excess of $10,000 is endorsed to Secured Party and is in the possession of Secured Party, unless (a) Secured Party shall otherwise consent in writing and (b) each Instrument subject to such consent bears a legend, in form and substance satisfactory to Secured Party, indicating that such Instrument is subject to a security interest granted by this Security Agreement.

ARTICLE IV
COVENANTS

A deviation from the provisions of this Article IV shall not constitute an event of default under this Security Agreement if, prior to the occurrence thereof, such deviation is consented to in writing by Secured Party. Without the prior written consent of Secured Party, Debtor will at all times comply with the covenants contained in this Article IV, from the date hereof and for so long as any part of the Indebtedness (other than contingent indemnification obligations) is outstanding.

Section 4.01 **Financing Statement Filings**. Debtor authorizes Secured Party to prepare and file financing statements pertaining to the Collateral with the central filing office of its jurisdiction of organization, or in any other jurisdiction in which Secured Party deems such a filing to be necessary or appropriate. Debtor will notify Secured Party within TEN (10) days of the occurrence of any condition or event that may change the proper location for the filing of any financing statements or other public notice or recordings for the purpose of perfecting security interests in the Collateral. Without limiting the generality of the foregoing, Debtor will (a) prior to any Collateral becoming so related to any particular real estate so as to become a fixture on such real estate, notify Secured Party of the description of such real estate and the name of the record owner thereof; (b) to the extent required under the Agreement, upon demand of Secured Party, furnish written consent(s) to Secured Party's security interest and/or disclaimer(s) signed by any Person having an interest in such real estate or other Collateral referred to in clause (a) above; and (c) not, without at least THIRTY (30) days' prior written notice to Secured Party, change Debtor's name, state of incorporation, identity or corporate structure without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed. In any notice furnished pursuant to this Section, Debtor will expressly state that the notice contains facts that will or may require additional filings of financing statements or other notices for the purpose of continuing perfection of Secured Party's security interest in the Collateral.

Section 4.02 **[Reserved].**

Section 4.03 **Possession of Collateral**. Secured Party shall be deemed to have possession of any of the Collateral in transit to it or set apart for it. Otherwise, the Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss and shall (except for temporary removal consistent with its normal use) be kept at the locations represented or permitted pursuant to the Agreement and any other location specified in writing to Secured Party (other than with respect to mobile Goods (such as phones, laptop computers and the like) in the possession of employees and consultants in the ordinary course of business).

Section 4.04 **Further Assurances**. Debtor (i) will not remove a material portion of any Goods included in the Collateral from the jurisdiction in which such Goods are located without first notifying the Secured Party other than fuel inventory and mobile Goods in the ordinary course of business; (ii) will mark conspicuously any and all chattel paper included in the Collateral and its Books and Records pertaining to the Collateral with a legend, in form and substance reasonably satisfactory to Secured Party indicating that such chattel paper or Collateral is subject to the security interest granted by this Security Agreement; and (iii) will, in the event any Account, General Intangible or Related Right is evidenced by a note or other instrument with a face amount in excess of $10,000, transfer, deliver and assign to Secured Party such note or other instrument duly endorsed and accompanied by duly executed instruments of transfer and assignment, all in form and substance reasonably satisfactory to Secured Party, to be held by Secured Party as Collateral under this Security Agreement.

Section 4.05 **Filing Reproductions**. At the option of Secured Party, a carbon, photographic or other reproduction of this Security Agreement or of a financing statement covering the Collateral shall be sufficient as a financing statement and may be filed as a financing statement.

Section 4.06 **[Reserved].**

Section 4.07 **Compromise of Collateral**. Debtor will not adjust, settle, compromise, release (wholly or partially) any account debtor or obligor with respect to, or allow any credit (other than proceeds subject to Section 4.09(c) hereof) or discount with respect to any of the Collateral without the prior written consent of Secured Party, except in the ordinary course of business.

Section 4.08 **Account Obligations**. Debtor will duly perform or cause to be performed all obligations of Debtor with respect to the goods or services, the sale or lease or rendition of which gave rise or will give rise to each Account or Instrument.

Section 4.09 **Collection and Enforcement of Accounts, General Intangibles and Related Rights.**

(a) Except as otherwise provided in Section 4.09(b) hereof, Debtor shall continue to collect, at its own expense, all amounts due or to become due to Debtor with respect to the Accounts, General Intangibles, Instruments and Related Rights in accordance with the provisions of the Agreement. In connection with such collections, Debtor may take (and, following the occurrence and during the continuation of an Event of Default, at Secured Party's direction, shall take) such action as Debtor or Secured Party may deem necessary or advisable to enforce collection of the Accounts, General Intangibles and Related Rights.

(b) Notwithstanding the provisions of Section 4.09(a) hereof, Secured Party shall have the right at any time and from time to time, whether with or without written notice to Debtor of its intention to do so, following the occurrence and during the continuation of an Event of Default, to contact account debtors or obligors under any or all of the Accounts, General Intangibles, Instruments or Related Rights in order to verify information about Debtor's accounts, to notify such account debtors or obligors of the assignment and security interest of Secured Party in such Accounts, General Intangibles, Instruments or Related Rights and to direct such account debtors or obligors to make payment of all amounts due or to become due Debtor thereunder directly to Secured Party. Upon exercising such right following the occurrence and during the continuation of an Event of Default, Secured Party may additionally, at the expense of Debtor, enforce collection of any or all of the Accounts, General Intangibles, Instruments and Related Rights and may adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Debtor might have done.

(c) During the term of the Agreement, (i) all amounts and proceeds (including chattel paper, notes and instruments) received by Debtor in respect of the Accounts, General Intangibles, Instruments and Related Rights (1) collected and deposited in a deposit account of Debtor as required under the Agreement; and (ii) upon notice by Secured Party to Debtor that Secured Party either intends to exercise the rights and remedies granted in Section 4.09(b) hereof following the occurrence and during the continuation of an Event of Default or that it has so exercised one or more of the rights or remedies granted to it in Section 4.09(b) hereof, as the case may be (it being understood and agreed that the foregoing shall not in any fashion require the Secured Party to give notice of its intent to exercise, or its exercise of, the right and remedies granted to it in Section 4.09(b) hereof), Debtor shall forthwith deliver to Secured Party, to be maintained under the control of Secured Party, the Books and Records relating to the Accounts, the General Intangibles, the Instruments and the Related Rights for the purpose of enabling Secured Party to exercise its rights and remedies under this Security Agreement.

Section 4.10 **Proceeds.** To the extent required under the Agreement, Debtor will deliver to Secured Party promptly upon receipt, all proceeds received by Debtor from the sale or other disposition of the Collateral in the exact form in which they are received, or in such other form as Secured Party may from time to time direct. To evidence Secured Party's rights in this regard, following the occurrence and during the continuation of an Event of Default, Debtor will assign or endorse proceeds to Secured Party as Secured Party requests. Upon request of Secured Party following the occurrence and during the continuation of an Event of Default, Debtor will notify obligors on all of the Collateral to make payments directly to Secured Party, and Secured Party may endorse as Debtor's agent any checks, instruments, chattel paper or other documents connected with the Collateral, take control of proceeds of the Collateral and may hold the proceeds as part of the Collateral and may use cash proceeds to reduce any part of the Indebtedness, or otherwise, and take any action necessary to obtain, preserve and enforce the security interests and liens granted hereunder and maintain and preserve the Collateral.

ARTICLE V
RIGHTS AND REMEDIES

Section 5.01 **With Respect to Collateral.** Following the occurrence and during the continuation of an Event of Default, Secured Party is hereby fully authorized and empowered (without necessity of any further consent or authorization from Debtor) and the right is expressly granted to Secured Party, and Debtor hereby constitutes, irrevocably appoints and makes Secured Party Debtor's true and lawful attorney-in-fact and agent for Debtor and in Debtor's name, place and stead, which appointment is coupled with an interest in the Collateral, with full power of substitution, in Secured Party's name or Debtor's name or otherwise, for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise without notice, all or any of the following powers at any time with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due by virtue thereof and otherwise deal with proceeds;

(b) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and nonnegotiable instruments and chattel paper taken or received by Secured Party in connection therewith;

(c) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(d) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the relative goods, as fully and effectually as if Secured Party were the absolute owner thereof;

(e) to extend the time of payment of any or all thereof and to grant waivers and make any allowance or other adjustment with reference thereto; and

(f) to enter any post office box and take all items therefrom, to open the same and, after taking all remittances, to return any remaining items to Debtor and to change any post office box to any address or post office box Secured Party chooses;

provided, however, that Secured Party shall be under no obligation or duty to exercise any of the powers hereby conferred upon it and shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under, any Collateral.

Section 5.02 **[Reserved].**

Section 5.03 **Default, Events.** At the option of Secured Party and without necessity of demand or notice, all or any part of the Indebtedness shall immediately become due and payable irrespective of any agreed maturity and any obligation of Secured Party for further financial accommodation shall terminate upon the happening of any "Event of Default" under the Agreement.

Section 5.04 **Default, Remedies.** If all or any part of the Indebtedness shall become due and payable as specified in Section 5.03 hereof following the occurrence and during the continuation of an Event of Default, Secured Party may then, or at any time thereafter apply, set off, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Secured Party may elect, and any such sale may be made either at public or private sale at its place of business or elsewhere, either for cash or upon credit or for future delivery, at such price as Secured Party may reasonably deem fair, and Secured Party may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of Debtor or right of redemption. No such purchase or holding by Secured Party shall be deemed a retention by Secured Party in satisfaction of the Indebtedness. All demands, notices and advertisements, and the presentment of property at sale, are hereby waived. If, notwithstanding the foregoing provisions, any applicable provision of the Code or other law requires Secured Party to give reasonable notice of any such sale or disposition or other action, Debtor agrees that **TEN (10)** days' prior written notice shall constitute reasonable notice. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party which is reasonably convenient to Secured Party and Debtor. Any sale hereunder may be conducted by an auctioneer or any officer or agent of Secured Party.

Section 5.05 **Proceeds.** The proceeds of any sale or other disposition of the Collateral and all sums received or collected by Secured Party from or on account of the Collateral shall be applied by Secured Party in the manner set forth in Section 9.615 of the Code as presently in effect.

Section 5.06 **Deficiency.** Debtor shall remain liable to Secured Party for any Indebtedness, advances, costs, charges and expenses, together with interest thereon remaining unpaid and upon demand following the occurrence and during the continuation of an Event of Default, shall pay the same immediately to Secured Party at Secured Party's offices.

Section 5.07 **Secured Party's Duties.** The powers and remedies conferred upon Secured Party by this Security Agreement are solely to protect its interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such power or remedy except as required by applicable law. Secured Party shall be under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, or other notice or demand in connection with the Collateral or the Indebtedness, or to take any steps necessary to preserve any rights against prior parties. Secured Party shall not be liable for failure to collect or realize upon any or all of the Indebtedness or Collateral, or for any delay in so doing, nor shall Secured Party be under any duty to take any action whatsoever with regard thereto. Secured Party shall use reasonable care in the custody and preservation of any Collateral in its possession but need not take any steps to keep the Collateral identifiable. Secured Party shall have no duty to comply with any recording, filing or other legal requirements necessary to establish or maintain the validity, priority or enforceability of, or Secured Party's rights in or to, any of the Collateral.

Section 5.08 **Secured Party's Actions.** Debtor waives any right to require Secured Party to proceed against any Person, exhaust any Collateral, or have any Other Liable Party joined with Debtor in any suit arising out of the Indebtedness or this Security Agreement or pursue any other remedy in Secured Party's power; waives any and all notice of acceptance of this Security Agreement or of creation, modification, renewal or extension for any period of any of the Indebtedness from time to time; and waives any defense arising by reason of any disability or other defense of Debtor or of any Other Liable Party, or by reason of the cessation from any cause whatsoever of the liability of Debtor or of any Other Liable Party. All dealings between Debtor and Secured Party, whether or not resulting in the creation of Indebtedness, shall conclusively be presumed to have been had or consummated in reliance upon this Agreement. Until all Indebtedness shall have been indefeasibly paid in full, Debtor shall not have any right to subrogation, and Debtor waives any right to enforce any remedy which Secured Party now has or may hereafter have against Debtor or any Other Liable Party and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Secured Party. Debtor authorizes Secured Party, without notice or demand and without any reservation of rights against Debtor and without affecting Debtor's liability hereunder or on the Indebtedness, from time to time to (a) take and hold any other Property as collateral, other than the Collateral, for the payment of any or all of the Indebtedness, and exchange, enforce, waive and release any or all of the Collateral or such other Property; (b) following the occurrence and during the continuation of an Event of Default apply the Collateral or such other Property and direct the order or manner of sale thereof as Secured Party in its discretion may determine; (c) renew and/or extend for any period, accelerate, modify, compromise, settle or release the obligation of Debtor or any Other Liable Party with respect to any or all of the Indebtedness or Collateral; and (d) release or substitute Debtor or any Other Liable Party. "Other Liable Party" shall mean any Person other than Debtor, primarily or secondarily liable for any of the Indebtedness or who grants Secured Party a lien upon and/or a security interest on any Property as security for any of the Indebtedness.

Section 5.09 **[Reserved].**

Section 5.10 **Cumulative Security.** The execution and delivery of this Security Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the Indebtedness. No security taken hereafter as security for payment of the Indebtedness shall impair in any manner or affect this Security Agreement. All such present and future additional security is to be considered as cumulative security.

Section 5.11 **Continuing Agreement.** This is a continuing agreement and all the rights, powers and remedies of Secured Party hereunder shall continue to exist until the Indebtedness (other than contingent indemnification obligations) is indefeasibly paid in full as the same becomes due and payable; until Secured Party has no further obligation to advance monies to Debtor or any Other Liable Party. Furthermore, it is contemplated by the parties hereto that there may be times when no Indebtedness is owing; but notwithstanding such occurrence, this Security Agreement shall remain valid and shall be in full force and effect as to subsequent Indebtedness; provided that Secured Party has not executed a written termination statement. Otherwise this Security Agreement shall continue irrespective of the fact that the personal liability of any Other Liable Party may have ceased, and notwithstanding the bankruptcy or incapacity of Debtor or the death, incapacity or bankruptcy of any Other Liable Party or any other event or proceeding affecting Debtor or Other Liable Party.

Section 5.12 **Cumulative Rights**. The rights, powers and remedies of Secured Party hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of any of the other rights, powers and remedies of Secured Party. Furthermore, regardless of whether or not the Uniform Commercial Code is in effect in the jurisdiction where such rights, powers and remedies are asserted, Secured Party shall have the rights, powers and remedies of a secured party under the Code, as amended.

Section 5.13 **Exercise of Right**. Time shall be of the essence for the performance of any act under this Security Agreement or the Indebtedness by Debtor or any Other Liable Party, but neither Secured Party's acceptance of partial or delinquent payment nor any forbearance, failure or delay by Secured Party in exercising any right, power or remedy shall be deemed a waiver of any obligation of Debtor or any Other Liable Party or of any right, power or remedy of Secured Party or preclude any other or further exercise thereof; and no single or partial exercise of any right, power or remedy shall preclude any other or further exercise thereof, or of the exercise of any other right, power or remedy.

Section 5.14 **Remedy and Waiver**. Secured Party may remedy any default and may waive any default without waiving the default remedied or waiving any prior or subsequent default.

Section 5.15 **Non-Judicial Remedies**. Secured Party may enforce its rights hereunder without resort to prior judicial process or judicial hearing, and Debtor expressly waives, renounces and knowingly relinquishes any and all legal rights which might otherwise require Secured Party to enforce its rights by judicial process. In so providing for non-judicial remedies, Debtor recognizes and concedes that such remedies are consistent with the usage of the trade, are responsive to commercial necessity and are the result of bargaining at arm's length. Nothing herein is intended to prevent Secured Party or Debtor from resorting to judicial process at either party's option.

ARTICLE VI
MISCELLANEOUS

Section 6.01 **Debtor**. The term "Debtor" as used throughout this Security Agreement shall include the respective successors, legal representatives, heirs and assigns of Debtor.

Section 6.02 **Preservation of Liability**. Neither this Security Agreement nor the exercise by Secured Party (or any failure to so exercise) of any right, power or remedy conferred herein or by law shall be construed as relieving any Person liable on the Indebtedness from full liability on the Indebtedness and for any deficiency thereon.

Section 6.03 **Notices**. Any notice or demand to Debtor under this Security Agreement or in connection with this Security Agreement may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed to Debtor at the address of Debtor appearing on the records of the Secured Party, in the U.S. Mail, but actual notice, however given or received, shall always be effective.

Section 6.04 **Construction**. This Security Agreement has been made in and the security interest granted hereby is granted in and both shall be governed by the laws of the State of Texas (except to the extent that the laws of any other jurisdiction govern the perfection and priority of the security interest granted hereby) and of the United States of America, as applicable, in all respects, including matters of construction, validity, enforcement and performance.

Section 6.05 **Amendment and Waiver**. This Security Agreement may not be amended, altered, or modified (nor may any of its terms be waived) except in a writing duly signed by an authorized officer of Secured Party and by Debtor.

Section 6.06 **Invalidity**. If any provision of this Security Agreement is rendered or declared invalid, illegal or unenforceable by reason of any existing or subsequently enacted legislation or by a judicial decision which shall have become final, Debtor and Secured Party shall promptly meet and negotiate substitute provisions for those rendered invalid, illegal or unenforceable, but all of the remaining provisions shall remain in full force and effect.

Section 6.07 **Successors and Assigns**. The covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor and shall inure to the benefit of Secured Party, its successors and assigns.

Section 6.08 **Survival of Agreements**. All representations and warranties of Debtor herein, and all covenants and agreements herein not fully performed before the effective date of this Security Agreement, shall survive such date.

Section 6.09 **Titles of Articles and Sections**. All titles or headings to articles, sections or other divisions of this Security Agreement are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such articles, sections or other divisions, such other content being controlling as to the agreement between the parties hereto.

Section 6.10 **Exhibits**. All exhibits to this Security Agreement are incorporated herein by reference for all purposes.

Section 6.11 **Conflict of Terms**. If any provision contained in this Security Agreement is in direct conflict with, or inconsistent with, any provision of the Agreement, the provision in the Agreement shall govern and control.

Section 6.12 **Disclosure Relating to Collateral Protection Insurance**. As of the date of this disclosure, Debtor and Secured Party have or shall have consummated a transaction pursuant to which Secured Party has agreed to make Loans to Debtor. Debtor has pledged Collateral to secure the Indebtedness in accordance with the Security Instruments. This notice relates to Debtor's obligations with respect to insuring the Collateral against damage. To this end, Debtor must do the following:

(a) Keep the Collateral insured against damage as required in the Agreement;

(b) Purchase the insurance from an insurer that is authorized to do business in Texas or an eligible surplus lines insurer;

(c) Name Secured Party the person to be paid under the policy in the event of loss; and

(d) Deliver to Secured Party a copy of the policy and proof of the payment of premiums.

Secured Party may obtain collateral protection insurance on behalf of Debtor at Debtor's expense if Debtor fails to meet any of the foregoing requirements.

Section 6.13 **Multiple Originals**. This Security Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Security Agreement may be executed by facsimile or "pdf" and each party has the right to rely upon a facsimile or "pdf ' counterpart of this Security Agreement signed by the other party to the same extent as if such party had received an original counterpart.

Section 6.14 **Intercreditor Agreement**. Notwithstanding anything in the Security Instruments to the contrary, the liens and security interests granted to Lender pursuant to this Security Agreement and the exercise of any right or remedy Lender hereunder are subject to the provisions of that certain Intercreditor Agreement dated as of the date hereof, among Lender, **WILMINGTON TRUST, NATIONAL ASSOCIATION**, as agent, and Debtor (as the same may be amended, supplemented, modified or replaced from time to time) (the "Intercreditor Agreement"). In the event of any conflict between the terms of the Intercreditor Agreement and this Security Agreement, the terms of the Intercreditor Agreement shall govern.

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IN WITNESS WHEREOF, Debtor has executed this Security Agreement as of the date set forth hereinabove.

DEBTOR:

VINTAGE STOCK, INC.

/s/ Rodney Spriggs
Rodney Spriggs
CEO and President

ACCEPTED and acknowledged by:

SECURED PARTY:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EXHIBIT A

GOODS COVERED BY CERTIFICATE OF TITLE

NONE.

Exhibit 10.30

TERM LOAN AGREEMENT

Dated as of November 3, 2016

among

VINTAGE STOCK, INC.,
as a Borrower,

VINTAGE STOCK AFFILIATED HOLDINGS LLC,
as Holdings and a Borrower,

THE SUBSIDIARIES OF THE BORROWERS PARTY HERETO,
as the Guarantors,

THE LENDERS PARTY HERETO,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Administrative Agent
and
CAPITALA PRIVATE CREDIT FUND V, L.P.,
as Lead Arranger

TABLE OF CONTENTS

Page

BORROWER PREPARED SCHEDULES

ADMINISTRATIVE AGENT AND LEAD ARRANGER PREPARED SCHEDULES

EXHIBITS

TERM LOAN AGREEMENT

This **TERM LOAN AGREEMENT** is entered into as of November 3, 2016, among Vintage Stock Affiliated Holdings, LLC (the "Initial Borrower" or "Holdings"), Vintage Stock, Inc. (the "Target Borrower" and collectively with the Initial Borrower, the "Borrowers" and each a "Borrower"), the other Guarantors (defined herein), the Lenders (defined herein), Capitala Private Credit Fund V, L.P., in its capacity as lead arranger (the "Lead Arranger"), and Wilmington Trust, National Association as administrative and collateral agent on behalf of the Lenders ("Administrative Agent").

PRELIMINARY STATEMENTS:

WHEREAS, pursuant to that certain Stock Purchase Agreement, dated as of November 3, 2016 (as amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Vintage Stock Acquisition Agreement") among the Borrowers, the holders of all of the outstanding capital stock of the Target Borrower (the "Sellers"), and Rodney Spriggs (the "Sellers' Representative"), Holdings will purchase 100% of the Equity Interests of the Target Borrower (the "Vintage Stock Acquisition").

WHEREAS, the Loan Parties (as hereinafter defined) have requested that the Lenders make term loans to the Loan Parties in an aggregate amount of $30,000,000 in order to consummate the Vintage Stock Acquisition and pay the Sellers part of the cash consideration for the Vintage Stock Acquisition and to pay certain transaction fees and expenses in connection therewith.

WHEREAS, the Lenders have agreed to make such term loans to the Loan Parties on the terms and subject to the conditions set forth herein to, among other things, fund a portion of the purchase price of the Vintage Stock Acquisition and to pay certain fees and expenses incurred in connection with the Transaction (as defined herein).

WHEREAS, upon the effectiveness of this Loan Agreement, the Initial Borrower and the Target Borrower affirm herein that they are Borrowers under this Agreement and, immediately upon the consummation of the Closing Date, the Borrowers will assume, as a joint and several obligor, all of the Obligations hereunder.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms.

As used in this Agreement, the following terms shall have the meanings set forth below:

"ABL Credit Agreement" means that certain Loan Agreement dated of even date herewith by and among the Target Borrower and Texas Capital Bank, National Association, as lender, as amended or otherwise modified from time to time in accordance with the terms hereof and of the Intercreditor Agreement.

"ABL Facility Available Amount " means, as of any date of determination, an amount determined on a cumulative basis equal to 5.0% of Excess Cash Flow per annum, beginning with the fiscal year ending September 30, 2017.

"ABL Facility Documents" means the ABL Credit Agreement, the Intercreditor Agreement, and the additional "Security Instruments", as such term is defined in the ABL Credit Agreement, in each case as the Intercreditor Agreement and such additional Security Instruments may be amended or otherwise modified from time to time in accordance with the terms hereof and of the Intercreditor Agreement.

"ABL Facility Indebtedness" means Indebtedness under the ABL Credit Agreement and related ABL Facility Documents.

"ABL Facility Lenders" means the "Lender" as such term is defined in the ABL Credit Agreement.

"ABL Facility Loans" means the loans made pursuant to, and revolving commitments under, the ABL Credit Agreement.

"ABL Facility Priority Collateral" has the meaning set forth in the Intercreditor Agreement.

"Actual Period" has the meaning set forth in "Consolidated Fixed Charge Coverage Ratio".

"Administrative Agent" means Wilmington Trust, National Association, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Agent's Office " means the Administrative Agent's address or such other address as the Administrative Agent may from time to time notify the Borrowers and the Lenders in writing.

"Administrative Questionnaire" means an Administrative Questionnaire in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. None of the Administrative Agent, the Lead Arranger, the Lenders nor any of their affiliates shall be deemed to be an "Affiliate" of any of the Loan Parties solely by reason of the provisions of the Loan Documents.

"Agent Fee Letter" means that certain fee letter agreement, dated as of the date hereof, between the Borrowers and Administrative Agent.

"Aggregate Commitments" means the Commitments of all the Lenders.

"Agreement" means this Term Loan Agreement.

"Applicable Percentage" means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Term Loan Facility represented by (i) on or prior to the Closing Date, such Lender's Commitment at such time and (ii) thereafter, the outstanding principal amount of such Lender's Term Loans at such time. The Applicable Percentage of each Lender in respect of the Term Loan Facility is set forth opposite the name of such Lender on Schedule 1.01(b) or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto.

"Applicable Premium" means as of the date of the occurrence of an Applicable Premium Trigger Event:

(a) during the period of time from and after the Closing Date up to (but not including) the date that is the first anniversary of the Closing Date, an amount equal to 2.0% of the principal amount of the Term Loan prepaid (or in the case of an Applicable Premium Trigger Event occurring under clauses (b), (c) or (d) of the definition thereof, deemed to be prepaid) on such date in cash to the Administrative Agent for the ratable account of the Lenders;

(b) during the period of time from and after the first anniversary of the Closing Date up to (but not including) the date that is the second anniversary of the Closing Date, an amount equal to 1.0% of the principal amount of the Term Loan prepaid (or in the case of an Applicable Premium Trigger Event occurring under clauses (b), (c) or (d) of the definition thereof, deemed to be prepaid) on such date in cash to the Administrative Agent for the ratable account of the Lenders; and

(c) from and after the second anniversary of the Closing Date, zero.

"Applicable Premium Trigger Event" means:

(a) any prepayment by any Loan Party of all, or any part, of the principal balance of any Term Loan for any reason pursuant to Section 2.05(a)(i) and Section 2.05(b)(ii) (with respect to any voluntary Dispositions), (iii), (iv) and (vi), whether in whole or in part, and whether before or after (i) the occurrence of an Event of Default, or (ii) the commencement of any insolvency proceeding, notwithstanding any acceleration (for any reason) of the Obligations;

(b) the acceleration of the Obligations for any reason, including, but not limited to, acceleration in accordance with Section 8.02, including as a result of the commencement of an insolvency proceeding;

(c) the satisfaction, release, payment, restructuring, reorganization, replacement, reinstatement, defeasance or compromise of any of the Obligations in any insolvency proceeding, foreclosure (whether by power of judicial proceeding or otherwise) or deed in lieu of foreclosure or the making of a distribution of any kind in any insolvency proceeding to the Administrative Agent, for the account of the Lenders in full or partial satisfaction of the Obligations;

(d) a Change of Control; or

(e) the termination of this Agreement for any reason.

For purposes of the definition of the term "Applicable Premium", if an Applicable Premium Trigger Event occurs under clause (b), (c) or (d), the entire outstanding principal amount of the Term Loan shall be deemed to have been prepaid on the date on which such Applicable Premium Trigger Event occurs.

"Applicable Rate" means, for (a) Base Rate Loans, (i) 11.50% per annum in cash pay plus (ii) 3.00% per annum payable in kind by compounding such interest to the principal amount of the Obligations on each Interest Payment Date, and (b) LIBO Rate Loans, (i) 12.50% per annum in cash pay plus (ii) 3.00% per annum payable in kind by compounding such interest to the principal amount of the Obligations on each Interest Payment Date.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the written consent of any party whose consent is required by Section 11.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit B or any other form (including an electronic documentation form generated by use of an electronic platform) approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP and (b) in respect of any Sale and Leaseback Transaction, the present value (discounted in accordance with GAAP at the debt rate implied in the applicable lease) of the obligations of the lessee for rental payments during the remaining term of such lease.

"Availability" has the meaning set forth in the ABL Credit Agreement as in effect on the Closing Date.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as in effect from time to time.

"Base Rate" means for any day a fluctuating rate of interest per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the Prime Rate and (c) the LIBO Rate plus 1.00%; and if the Base Rate shall be less than 1.50%, such rate shall be deemed 1.50% for purposes of this Agreement. For purposes of this definition, the "Prime Rate" shall mean, for any day, the rate of interest in effect for such day that is identified and normally published by The Wall Street Journal as the "Prime Rate" (or, if more than one rate is published as the Prime Rate, then the highest of such rates), with any change in the Prime Rate to become effective as of the date the rate of interest which is so identified as the "Prime Rate" is different from that published on the preceding Business Day. If the Wall Street Journal no longer reports the Prime Rate, or if the Prime Rate no longer exists, or the Administrative Agent determines in good faith that the rate so reported no longer accurately reflects an accurate determination of the prevailing Prime Rate, then the Administrative Agent (at the direction of the Required Lenders) may select another generally available and recognizable source to use as the basis for the Prime Rate.

"Base Rate Loan" means a Term Loan that bears interest based on the Base Rate.

"Borrower" and "Borrowers" have the meanings specified in the Preliminary Recitals.

"Borrower Line of Business" means the purchase and resale of a selection of entertainment products limited to new and pre-owned movies, video games devices and games, music products and other ancillary products including books, comic books and toys through its retail footprint.

"Borrower Materials" has the meaning specified in Section 6.02.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located.

"Capitala" means Capitala Private Credit Fund V, L.P. or any of its Affiliates.

"Capital Expenditures" means, with respect to any Person for any period of determination, any expenditure in respect of the purchase of any fixed or capital asset (excluding normal replacements, improvements and maintenance which are charged to current operations) that are required to be capitalized under GAAP, including expenditures in respect of Capitalized Leases. For purposes of this definition, the purchase price of equipment that is purchased within 180 days of the trade-in of existing equipment, with insurance proceeds (in accordance with Section 2.05(b)), or with the proceeds of cash contributions from Sponsor or another direct or indirect holder of Equity Interests in Borrowers (other than any Specified Equity Contribution or the proceeds of Equity Issuances required to be used for mandatory prepayments in accordance with Section 2.05(b)), shall be included in Capital Expenditures only to the extent of the gross amount by which such purchase price exceeds the credit granted by the seller of such equipment for the equipment being traded in at such time, the amount of such insurance proceeds, or the cash proceeds of such contributions as the case may be.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

"Cash Equivalents" means any of the following types of Investments, to the extent owned by any Borrower or any of its Subsidiaries free and clear of all Liens (other than Permitted Liens):

(a) direct obligations issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof having maturities of not more than one (1) year from the date of acquisition thereof; provided that the full faith and credit of the United States is pledged in support thereof;

(b) time deposits with, or certificates of deposit or bankers' acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States, 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, any state thereof or the District of Columbia, and is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) of this definition and (iii) has combined capital and surplus of at least $500,000,000, in each case with maturities of not more than one (1) year from the date of acquisition thereof;

(c) commercial paper issued by any Person organized under the laws of any state of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or at least "A-1" (or the then equivalent grade) by S&P, in each case with maturities of not more than one hundred eighty (180) days from the date of acquisition thereof; and

(d) marketable short-term money market and similar highly liquid funds having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency); (e) readily marketable direct obligations issued by any State, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an investment grade rating from either Moody's or S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another nationally recognized statistical rating agency) with maturities of one year or less from the date of acquisition; and

(e) Investments, classified in accordance with GAAP as current assets of any Borrower or any of its Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (a), (b), (c), (d) and (e) of this definition.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

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

"Change of Control" means an event or series of events by which:

(a) Live Ventures shall at any time cease to own and control, directly or indirectly, of record and beneficially, 100% of the issued and outstanding Equity Interests of Holdings on a fully diluted basis;

(b) Isaac Capital, Jon Isaac and Antonios Isaac shall at any time cease to own and control, directly or indirectly, 30% of the aggregate Equity Interests in Live Ventures;

(c) any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934 as in effect on the Closing Date) of Persons other than Isaac Capital, Jon Isaac and Antonios Isaac shall have acquired greater than a 30% beneficial ownership in Live Venture's Equity Interests;

(d) a majority of the seats (other than vacant seats) on the board of directors or other governing body of Live Ventures shall at any time be occupied by Persons other than those Persons who are members of the board of directors on the Closing Date;

(e) (i) the Chief Executive Officer of Live Ventures shall at any time cease to be Jon Isaac, or (ii) the Chief Executive Officer of the Target Borrower shall at any time cease to be Rodney Spriggs, Steve Wilcox, or Paul Harris.

(f) the Sponsor shall cease to have the right, directly or indirectly, to elect or appoint a majority of the members of the board of directors or other governing body of Holdings;

(g) Holdings ceases to own, directly or indirectly, one hundred percent (100%) of the issued and outstanding Equity Interests (both voting and economic) of the Target Borrower and the other Loan Parties (excluding directors' qualifying shares required by Law) except as otherwise expressly permitted under this Agreement;

(h) there is a "change of control" or any comparable term under, and as defined in, the ABL Facility Documents or any other Indebtedness with an outstanding principal amount in excess of the Threshold Amount shall have occurred; or

(i) there is a sale of all or substantially all of any Loan Party's assets.

"Closing Date" means the date hereof.

"Closing Fee" has the meaning specified in Section 2.09(a) hereof.

"Code" means the U.S. Internal Revenue Code of 1986.

"Collateral" means all of the "Collateral" and "Mortgaged Property" referred to in the Collateral Documents and all of the other property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

"Collateral Assignment of Vintage Stock Acquisition Agreement " means that certain collateral assignment agreement dated the date hereof by and among the Sellers, the Sellers' Representative, the Borrowers and the Administrative Agent, in form and substance reasonably satisfactory to the Lead Arranger.

"Collateral Documents" means, collectively, the Security Agreement, any Mortgages, any related Mortgaged Property Support Documents, each Guaranty, each Key-Man Collateral Assignment Agreement, the Collateral Assignment of Vintage Stock Acquisition Agreement, each Qualifying Control Agreement, each Joinder Agreement, each of the mortgages, collateral assignments, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent pursuant to Section 6.13, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means, as to each Lender, its obligation to make the Term Loan to the Borrowers pursuant to Section 2.01(a) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 1.01(b) under the caption "Commitment" or opposite such caption in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. The aggregate Commitment of all of the Lenders on the Closing Date shall be $30,000,000.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq*.), as amended from time to time, and any successor statute.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

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

"Consolidated" means, when used with reference to financial statements or financial statement items of the Borrowers and their Subsidiaries or any other Person, such statements or items on a consolidated basis in accordance with the consolidation principles of GAAP.

"Consolidated Capital Expenditures" means, for any period of determination, for the Borrowers and their Subsidiaries on a Consolidated basis, all Capital Expenditures.

"Consolidated EBITDA" means, for any period of determination, the sum of the following determined on a Consolidated basis, without duplication, for the Borrowers and their Subsidiaries in accordance with GAAP: (a) Consolidated Net Income for the most recently completed Measurement Period plus (b) each of the following to the extent deducted in calculating such Consolidated Net Income (without duplication) for the most recently completed Measurement Period: (i) Consolidated Interest Charges, (ii) the provision for federal, state, local and foreign income taxes payable, including State, franchise and similar taxes and withholding taxes for such period, taxes in lieu of income taxes and payroll tax credits, income tax credits and similar tax credits, (iii) depreciation and amortization expense including amortization of debt expense, (iv) non-cash charges and losses including write-offs or write-downs (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods), and (v) fees, charges and expenses paid by Holdings and its Subsidiaries in connection with the Transactions that are paid or otherwise accounted for within 180 days of the Closing Date in an amount not to exceed $1,800,000 in the aggregate, (vi) actual cash losses arising from stores that Target Borrower has operated less than twelve (12) months at the time of determination not to exceed an aggregate amount of $150,000 per annum, (vii) one-time, non-recurring charges paid in cash not to exceed $650,000 in the aggregate per annum, provided that such charges are approved by the Lead Arranger, such approval not to be unreasonably withheld or delayed, and (viii) Management Fees paid by Borrowers, as permitted pursuant to the Loan Documents, and

less (c) without duplication and to the extent reflected as a gain or otherwise included in the calculation of Consolidated Net Income for the most recently completed Measurement Period non-cash gains (excluding any such non-cash gains to the extent (A) there were cash gains with respect to such gains in past accounting periods or (B) there is a reasonable expectation that there will be cash gains with respect to such gains in future accounting periods).

For the purposes of determining the Consolidated Total Leverage Ratio as required by Section 4.01(i)(v) and otherwise, Consolidated EBITDA for the monthly periods ending below shall be deemed to equal (it being understood that such amounts are subject to future adjustments, as and to the extent otherwise contemplated in this Agreement, in connection with any future calculation on a Pro Forma Basis):

Fiscal Month Ending	**Consolidated EBITDA**
October 31, 2015	$507,261
November 30, 2015	$1,054,957
December 31, 2015	$2,430,815
January 31, 2016	$960,145
February 28, 2016	$1,357,194
March 31, 2016	$1,273,635
April 30, 2016	$769,495
May 31, 2016	$1,121,512
June 30, 2016	$712,237
July 31, 2016	$1,246,790
August 31, 2016	$1,456,779
September 30, 2016	$720,226

"Consolidated Fixed Charge Coverage Ratio" means, as of any date of determination, the ratio of (a) (i) Consolidated EBITDA, less (ii) the aggregate amount of all non-financed (for the avoidance of doubt, Capital Expenditures financed by any customer of the Borrowers or its Subsidiaries shall not be considered non-financed Capital Expenditures) cash Capital Expenditures, to (b) the sum of (i) Consolidated Interest Charges to the extent paid in cash, plus (ii) regularly scheduled principal payments, but excluding, for the avoidance of doubt, mandatory prepayments made pursuant to Section 2.05(b) hereof and any similar payments made pursuant to similar provisions in the ABL Facility Documents (to the extent such payments are permitted by the Intercreditor Agreement), plus (iii) Restricted Payments paid in cash, plus (iv) the aggregate amount of federal, state, local and foreign income taxes paid in cash, in each case of clauses (b)(i) through (iv), of or by the Borrowers and their Subsidiaries for the most recently completed Measurement Period.

For purposes of determining the Consolidated Fixed Charge Coverage Ratio for any Measurement Period including periods prior to the Closing Date, the amounts described in clauses (a) and (b) hereof shall be equal to (i) the amounts thereof paid or distributed during the period beginning November 1, 2016, and ending on the last day of the relevant calculation period (the "Actual Period") multiplied by (ii) a fraction, the numerator of which is 360 and the denominator of which is the number of days in the relevant Actual Period.

"Consolidated Funded Indebtedness" means, as of any date of determination, for the Borrowers and their Subsidiaries on a Consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including the Obligations hereunder and obligations under the Subordinated Acquisition Note) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all purchase money Indebtedness; (c) the maximum amount available to be drawn under issued and outstanding letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments, but specifically excluding reimbursement obligations under letters of credit to the extent the same would be duplicative of any indebtedness or other obligations described in the other clauses of this definition; (d) all Attributable Indebtedness; (e) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the Maturity Date in respect of any Equity Interests or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; (f) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (e) above of Persons other than the Borrowers or any Subsidiary; and (g) all Indebtedness of the types referred to in clauses (a) through (f) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrowers or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrowers or such Subsidiary. For purposes of this definition, (x) the amount of any Consolidated Funded Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness and (y) solely with respect to Indebtedness in respect of a revolving credit facility (including, without duplication, indebtedness constituting Guarantee obligations in respect thereof and, including, without limitation, Indebtedness arising under the ABL Facility Documents), any calculation of Consolidated Funded Indebtedness hereunder shall calculate such amount by taking the average month-end balance of such Indebtedness as of the last day of each fiscal month of the Borrowers and their Subsidiaries for the Measurement Period immediately preceding such date of determination for which financial statements have been (or were required to have been) delivered pursuant to Section 6.01(b) or (c).

"Consolidated Interest Charges" means, for any Measurement Period, as calculated in accordance with GAAP, the sum of (a) (i) total interest expense and, to the extent not included in total interest expense, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, plus (ii) all interest paid or payable with respect to discontinued operations plus (iii) the portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP, in each case, of or by any Borrower and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period minus the sum of (b)(i) the net amount receivable in respect of Swap Contracts relating to interest during such Measurement Period (solely to the extent actually paid or received during such Measurement Period) plus (ii) all interest income earned during such Measurement Period.

"Consolidated Net Income" means, at any date of determination, calculated in accordance with GAAP, the net income (or loss) of the Borrowers and their Subsidiaries on a Consolidated basis for the most recently completed Measurement Period; provided that Consolidated Net Income shall exclude (a) extraordinary gains and extraordinary losses for such Measurement Period, (b) the net income of any Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary, unless waived, during such Measurement Period, except that any Borrower's equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income, and (c) any income (or loss) for such Measurement Period of any Person if such Person is not a Subsidiary, except that Borrowers' equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed or dividended by such Person during such Measurement Period to such Borrowers or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to Borrowers as described in clause (b) of this proviso).

"Consolidated Scheduled Funded Debt Payments" means for any period for the Borrowers and their Subsidiaries on a Consolidated basis, the sum of all scheduled payments of principal on Consolidated Funded Indebtedness. For purposes of this definition, "scheduled payments of principal" (a) shall be determined without giving effect to any reduction of such scheduled payments resulting from the application of any voluntary or mandatory prepayments made during the applicable period, (b) shall be deemed to include the Attributable Indebtedness, (c) shall include voluntary prepayments permitted pursuant to Section 2.05(a), (d) shall include any permanent reductions in the revolving commitments under the ABL Facility Loans as a result of any voluntary prepayments during the applicable Measurement Period, and (e) with respect to clauses (c) and (d), for the avoidance of doubt, shall not include any mandatory prepayments required pursuant to Section 2.05(b).

"Consolidated Total Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA of the Borrowers and their Subsidiaries on a Consolidated basis for the most recently completed Measurement Period.

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

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, for 10% or more of the Equity Interests of a Person by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Curable Default" has the meaning specified in Section 8.04.

"Cure Notice" has the meaning specified in Section 8.04.

"Debt Issuance" means the issuance by any Loan Party or any Subsidiary of any Indebtedness other than Indebtedness permitted under Section 7.02.

"Debtor Relief Laws" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Declined Proceeds" has the meaning specified in Section 2.05(b)(xii).

"Default" means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) with respect to any Obligation for which a rate is specified, a rate per annum equal to two percent (2%) in excess of the rate otherwise applicable thereto and (b) with respect to any Obligation for which a rate is not specified or available, a rate per annum equal to the Base Rate plus the Applicable Rate for Term Loans that are Base Rate Loans plus two percent (2%), in each case, to the fullest extent permitted by applicable Law.

"Defaulting Lender" means, subject to Section 2.15(b), any Lender that (a) has failed to pay to the Administrative Agent or any Related Party thereof any amount required to be paid by it hereunder within two (2) Business Days after demand by the Administrative Agent (but only for so long as such amount payable under this clause (a) remains unpaid), or (b) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender, (iii) has notified the Borrowers or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's reasonable and good faith determination that a condition precedent to funding (which condition precedent, together with any applicable Default, shall be specifically identified in such writing or public statement) cannot be satisfied), or (iv) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrowers to confirm in writing to the Administrative Agent and the Borrowers that it will comply with its prospective funding obligations hereunder (provided that, such Lender shall cease to be a Defaulting Lender pursuant to this clause (iv) upon receipt of such written confirmation by the Administrative Agent and the Borrowers. Any determination by the Administrative Agent that a Lender is a Defaulting Lender pursuant to the above criteria, and the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.15(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrowers, the Lead Arranger and each other Lender promptly following such determination.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory is the subject of any Sanction.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any property by any Loan Party or Subsidiary (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding any Involuntary Disposition.

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable) or upon the happening of any event or condition, (i) matures or is mandatorily redeemable (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (ii) is redeemable at the option of the holder thereof (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), in whole or in part, (iii) provides for the scheduled payments or dividends in cash, or (iv) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interest that would constitute a Disqualified Equity Interest, in each case, prior to the date that is 91 days after the then-applicable latest Maturity Date of the Term Loans at the time of issuance, except, in the case of clauses (i) and (ii), if as a result of a change of control event or other Disposition, so long as any rights of the holders thereof to require the redemption thereof upon the occurrence of such a change of control event or other Disposition are subject to the prior payment in full of the Obligations.

"Dollar" and "$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of the United States or any political subdivision of the United States.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.06 (subject to such consents, if any, as may be required under Section 11.06(b)(iii)).

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including, without limitation, any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to human health or the environment.

"Environmental Laws" means any and all applicable federal, state, local, and foreign statutes, laws (including the common law), regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to human health, safety, pollution or the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

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

"Environmental Permit" means any permit, approval, identification number, license or other authorization of a Governmental Authority or Governmental Approval required under any applicable Environmental Law.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"Equity Issuance" means, any issuance by any Loan Party or any Subsidiary to any Person of its Equity Interests, other than (a) any issuance of its Equity Interests pursuant to the exercise of options or warrants, (b) any issuance of its Equity Interests pursuant to the conversion of any debt securities to equity or the conversion of any class of equity securities to any other class of equity securities, and (c) any issuance of options or warrants relating to its Equity Interests. The term "Equity Issuance" shall not be deemed to include any Disposition or any Debt Issuance.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA Affiliate" means any Loan Party and any other Person under common control with any Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA 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; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (h) the imposition of any Lien under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate or (i) a failure by any Borrower or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by any Borrower or any ERISA Affiliate to make any required contribution to a Multiemployer Plan.

"Event of Default" has the meaning specified in Section 8.01.

"Excess Cash Flow" means, for any fiscal year of the Borrowers, an amount equal to the sum of (a) Consolidated EBITDA for such fiscal year, (b) plus any tax refunds received by any Loan Party during such period, minus (c) the non-financed portion of Consolidated Capital Expenditures for such fiscal year (including, for purposes of clarification, Consolidated Capital Expenditures paid in cash any Borrower and its Subsidiaries in such fiscal year that are subject to deferred reimbursement by any customers or potential customers, in each case pursuant to a written contractual agreement, but have not been reimbursed in such fiscal year), and minus (d) without duplication, the aggregate sum of the following for such fiscal year:

(i) Consolidated Interest Charges actually paid in cash by each Borrower and its Subsidiaries,

(ii) cash taxes paid for such fiscal year and distributions made with respect to the net taxable income of each Borrower and its Subsidiaries for such fiscal year (whether such tax distributions are made in such fiscal year or the subsequent fiscal year) as permitted by Section 7.06(e) and cash reserves required by Law to be set aside or payable for such purposes,

(iii) Consolidated Scheduled Funded Debt Payments, and

(iv) Management Fees, non-recurring cash costs, expenses and fees incurred during such period in connection with or as a result of the Transactions, including but not limited to integration expenses, severance expense, retention, and restructuring expense, or costs relating to the consolidation of facilities incurred in connection with or as a result of the Transactions to the extent added back in the calculation of Consolidated EBITDA.

"Exchange Act" means the Securities Exchange Act of 1934.

"Excluded Accounts" means, collectively, (A) payroll and other employee wage and benefit accounts, (B) tax accounts, including, without limitation, sales tax accounts, (C) zero balance accounts and (D) fiduciary or trust accounts.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by any Borrower under Section 11.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a) or (c), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 3.01(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

"Extraordinary Receipt" means any cash received by or paid to or for the account of any Person not in the ordinary course of business, including tax refunds, pension plan reversions, proceeds of insurance (including for the avoidance of doubt, proceeds of any key-man insurance) (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings and proceeds of Involuntary Dispositions), indemnity payments and any purchase price adjustments; provided that, an Extraordinary Receipt shall not include cash receipts from proceeds of insurance or indemnity payments to the extent that such proceeds, awards or payments are received by any Person in respect of any third party claim against such Person and applied to pay (or to reimburse such Person for its prior payment of) such claim and the costs and expenses of such Person with respect thereto or to the extent that such proceeds of insurance or indemnity payments are used to remedy the condition (if such condition can be remedied) giving rise to such proceeds of insurance of indemnity payments.

"Facility Termination Date" means the date as of which all of the following shall have occurred: (a) the Aggregate Commitments have terminated and (b) all Obligations have been paid in full (other than contingent indemnification obligations).

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that, (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) quoted to the Administrative Agent for such day for such transactions from three Federal funds brokers of recognized standing selected by it.

"Foreign Lender" means (a) if each Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if it is not the case that each Borrower is a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which any Borrower 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" means any Subsidiary that is not a Domestic Subsidiary.

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

"Flood Hazard Property" means any Mortgaged Property that is in an area designated by the Federal Emergency Management Agency as having special flood or mudslide hazards.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession) including, without limitation, the FASB Accounting Standards Codification, that are applicable to the circumstances as of the date of determination, consistently applied and subject to Section 1.03.

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

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of the kind described in clauses (a) through (g) of the definition thereof or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness of the kind described in clauses (a) through (g) of the definition thereof or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed or expressly undertaken by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning set forth in Section 10.01.

"Guarantors" means, collectively, the direct and indirect Subsidiaries of the Borrowers as are or may from time to time become parties to this Agreement pursuant to Section 6.13.

"Guaranty" means, collectively, the Guarantee made by the Guarantors under Article X in favor of the Secured Parties, together with each other guaranty delivered pursuant to Section 6.13.

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

"Holdings" has the meaning specified in the preamble hereto.

"Incremental Excess Cash Flow Amount" has the meaning specified in Section 2.05(a)(iii).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and not past due for more than one hundred and eighty (180) days after the date on which such trade account was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse, but limited to the lesser of the fair market value of such Property and the principal amount of such Indebtedness if recourse is solely to such Property;

(f) all Attributable Indebtedness in respect of Capitalized Leases of such Person;

(g) the liquidation value of all Disqualified Capital Stock of such Person, to the extent mandatorily redeemable in cash prior to the date that is the 91st day after the Maturity Date of the Term Loan (as determined on the date of issuance thereof) (other than in connection with change of control events and Dispositions to the extent that the terms of such Equity Interests provide that such Person may not redeem any such Equity Interests in connection with such change of control event or Disposition unless such redemption is subject to the prior payment in full of the Obligations); and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. Notwithstanding anything herein to the contrary, for purposes of representations, covenants and calculations made pursuant to the terms of this Agreement, GAAP will be deemed to treat operating leases and capital leases in a manner consistent with their current treatment under GAAP as in effect on the Closing Date, notwithstanding any modifications or interpretive changes thereto that may occur hereafter.

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

"Indemnitee" has the meaning specified in Section 11.04(b).

"Information" has the meaning specified in Section 11.07.

"Initial Borrower" has the meaning set forth in the Preliminary Recitals.

"Initial Borrowing" has the meaning specified in Section 2.01.

"Intellectual Property" has the meaning set forth in the Security Agreement.

"Intercompany Debt" has the meaning specified in Section 7.02.

"Intercreditor Agreement" means that certain Intercreditor Agreement dated of even date herewith by and among the Administrative Agent and the ABL Facility Lender, and acknowledged by the Borrowers and certain subsidiaries thereof, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof, in form and substance reasonably satisfactory to Lead Arranger.

"Interest Payment Date" means, (i) the first day of each month and (ii) the Maturity Date of such Loan, whether by acceleration or otherwise.

"Interest Period" means, with respect to each LIBO Rate Loan, the period commencing on the date such LIBO Rate Loan (i) is disbursed or (ii) converted to or continued as a LIBO Rate Loan, which date, for purposes of this clause (i) shall occur on the date that such LIBO Rate Loan is disbursed through the last day of such calendar month, and for purposes of this clause (ii), shall occur solely on the first day of a month and end on the date one (1) month thereafter; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; and

(b) no Interest Period shall extend beyond the Maturity Date of the Term Loan.

"Interim Financial Statements" has the meaning specified in Section 4.01(f)(ii).

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) a purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person (including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor guaranties Indebtedness of such other Person), or (c) the purchase or other acquisition (in one transaction or a series of transactions) of (i) assets of another Person which constitute all or substantially all of the assets of such Person or of a division, line of business or other business unit of such Person or (ii) assets of another Person who is a competitor of, or is in a similar line of business as, the Loan Parties (other than inventory and fixtures in the ordinary course of business). For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"Involuntary Disposition" means any loss of, damage to or destruction of, or any condemnation, eminent domain proceeding or other taking for public use of, any property of any Loan Party or any Subsidiary.

"IRS" means the United States Internal Revenue Service.

"Isaac Capital" means Isaac Capital Group.

"Joinder Agreement" means a guarantor joinder agreement substantially in the form of Exhibit D executed and delivered in accordance with the provisions of Section 6.13.

"Key-Man Collateral Assignment Agreements" has the meaning specified in Section 6.21.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Landlord Consent Period" shall have the meaning specified in Section 6.23.

"Lead Arranger" means Capitala, in its capacity as lead arranger.

"Lender" means each of the Persons identified as a "Lender" on the signature pages hereto, each other Person that becomes a "Lender" in accordance with this Agreement and, their successors and assigns (with respect to assigns, in accordance with the terms of this Agreement).

"Lending Office" means, as to the Administrative Agent (if applicable) or any Lender, the office or offices of such Person described as such in such Person's Administrative Questionnaire, or such other office or offices as such Person may from time to time notify the Borrowers and the Administrative Agent; which office may include any Affiliate of such Person or any domestic or foreign branch of such Person or such Affiliate.

"LIBO Rate" means the greater of (a) a rate per annum equal to (i) the offered rate for deposits in Dollars for the applicable Interest Period and for the amount of the applicable Loan that is a LIBOR Loan that appears on Bloomberg ICE LIBOR Screen (or any successor thereto) that displays an average ICE Benchmark Administration Limited Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, divided by (ii) the sum of one minus the daily average during such Interest Period of the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the FRB for "Eurocurrency Liabilities" (as defined therein), and (b) 0.50% per annum.

"LIBO Rate Loan" means a Term Loan that bears interest at a rate based on the LIBO Rate.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property and any financing lease having substantially the same economic effect as any of the foregoing); provided that, in no event shall an operating lease in and of itself constitute a Lien.

"Live Ventures" means Live Ventures Incorporated.

"Loan" means an extension of credit by a Lender to the Borrowers under Article II in the form of the Term Loan.

"Loan Documents" means, collectively, (a) this Agreement, (b) the Notes, (c) the Collateral Documents, (d) the Agent Fee Letter, (e) the Intercreditor Agreement, (f) the Management Fee Subordination Agreement and (g) all other certificates, agreements, documents and instruments executed and delivered, in each case, by or on behalf of any Loan Party pursuant to the foregoing.

"Loan Notice" means a notice substantially in the form of Exhibit E or such other form as may be approved by the Administrative Agent and Lead Arranger (including any form on an electronic platform or electronic transmission system as may be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrowers for the Loan Notice with respect to the Loans to be made on the Closing Date and for all other Loan Notices delivered hereunder pursuant to Section 2.02(a).

"Loan Parties" means, collectively, each Borrower and each Guarantor.

"Management Agreement" means the Advisory Services Agreement among Sponsor and the Borrowers dated as of the date hereof.

"Management Fee" means an annual management fee payable by Borrowers to Sponsor in an amount not to exceed $400,000 per annum and reasonable fees and expenses as provided under the Management Agreement, which fee is payable pursuant to the Management Agreement and subject to the Management Fee Subordination Agreement and the terms hereof; provided that if any portion of such $400,000 per annum fee is not paid during any fiscal year, then, in subsequent fiscal years, such management fee may be increased by such unpaid portion until paid, subject to the Management Fee Subordination Agreement.

"Management Fee Subordination Agreement" means that subordination agreement dated as of the date hereof from Sponsor in favor of the Administrative Agent, which shall be in form and substance satisfactory to the Lead Arranger in its sole discretion.

"Master Agreement" has the meaning set forth in the definition of "Swap Contract."

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), or condition (financial or otherwise) of any Borrower or any Borrower and its Subsidiaries taken as a whole; (b) a material adverse effect on the rights and remedies of the Administrative Agent or any Lender under any Loan Document, or of the ability of the Loan Parties, taken as a whole, to perform their obligations under any Loan Document to which they are a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Loan Parties, taken a whole, of any Loan Document to which they are a party.

"Material Contract" means, with respect to any Person, each contract or agreement (a) to which such Person is a party involving aggregate consideration payable to or by such Person of $500,000 or more in any year or (b) any other contract, agreement, permit or license, written or oral, of any Borrower and its Subsidiaries as to which the breach, nonperformance, cancellation or failure to renew by any party thereto, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

"Maturity Date" means November 3, 2021 and; provided that, if such date is not a Business Day, the Maturity Date shall be the immediately following Business Day.

"Measurement Period" means, at any date of determination, the most recently completed four (4) fiscal quarters of the Borrowers.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" or "Mortgages" means, individually and collectively, as the context requires, each of the fee or leasehold mortgages, deeds of trust and deeds executed by a Loan Party that purport to grant a Lien to the Administrative Agent (or a trustee for the benefit of the Administrative Agent) for the benefit of the Secured Parties in any Mortgaged Properties, in form and substance reasonably satisfactory to the Lead Arranger and the Administrative Agent.

"Mortgaged Property" means any Real Estate of a Loan Party listed on Schedule 5.21(g)(i) and any other owned real property of a Loan Party that is or will become encumbered by a Mortgage in favor of the Administrative Agent in accordance with the terms of this Agreement.

"Mortgaged Property Support Documents" means with respect to any real property subject to a Mortgage, the deliveries and documents described on Schedule 1.01(e) attached hereto.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

"Multiple Employer Plan" means a Pension Plan which has two or more contributing sponsors (including any Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Net Cash Proceeds" means (a) in connection with any Disposition or Involuntary Disposition, the proceeds thereof received by Holdings, each Borrower or their Subsidiaries in the form of cash or Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) of such Disposition or Involuntary Disposition, net of the sum of (i) reasonable out-of-pocket attorneys' fees, accountants' fees and investment banking and advisory fees incurred by Holdings, each Borrower or their Subsidiaries in connection with such Disposition or Involuntary Disposition, (ii) principal, premium or penalty, interest and other amounts required to be paid in respect of the ABL Facility Loans, subject to the Intercreditor Agreement, or the Indebtedness secured by a Lien permitted hereunder on any asset which is the subject of such Disposition or Involuntary Disposition (other than any Lien pursuant to a Collateral Document or a Lien which is expressly *pari passu* with or subordinate to the Liens under the Loan Documents) or, in the case of any Disposition or Involuntary Disposition relating to assets of a Foreign Subsidiary that is not a Loan Party, principal, premium or penalty, interest and other amounts required to be paid in respect of Indebtedness of such Foreign Subsidiary as a result of such Disposition or Involuntary Disposition, (iii) taxes (and the amount of any distributions made pursuant to Section 7.06(e) to permit Holdings or any direct or indirect parent company of Holdings to pay taxes) (including sales, transfer, deed or mortgage recording taxes) paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (iv) any reserve established in accordance with GAAP; provided that, such reserved amounts shall be Net Cash Proceeds to the extent and at the time of any reversal (without the satisfaction of any applicable liabilities in cash in a corresponding amount) of any such reserve and (b) in connection with any Equity Issuance or Debt Issuance, the cash proceeds received by Holdings, each Borrower and their Subsidiaries from such issuance or incurrence, net of reasonable out-of-pocket attorneys' fees, investment banking and advisory fees, accountants' fees, underwriting discounts and commissions actually incurred in connection therewith, in each case as determined reasonably and in good faith by a Responsible Officer of the Borrowers.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders, or all Lenders or all affected Lenders in a Facility, in accordance with the terms of Section 11.01 and (b) has been approved by the Required Lenders.

"Non-Consenting Property" means any leased property set forth on Schedule 6.23 for which the Loan Parties fail to deliver a landlord consent pursuant to Section 6.23 within the Landlord Consent Period.

"Non-Consenting Properties" means, collectively, each Non-Consenting Property.

"Non-Consenting Property Prepayment" means an amount equal to (a) the quotient of (i) the aggregate sum of the Retail EBITDA of the retail stores located at each Non-Consenting Property for the most recently completed Measurement Period, and (ii) the number of Non-Consenting Properties; *multiplied by* (b) the difference between (x) the total number of Non-Consenting Properties and (y) three.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-Payment Penalty" has the meaning specified in Section 8.01(a).

"Note" means a promissory note made by each Borrower in favor of a Lender evidencing the Term Loan made by such Lender, substantially in the form of Exhibit F.

"Notice of Loan Prepayment" means a written notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit I or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as may be approved by the Administrative Agent), signed by a Responsible Officer of the Borrowers.

"NPL" means the National Priorities List under CERCLA.

"Obligations" means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Term Loan, (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof pursuant to any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding, and (c) any Applicable Premium.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement (or equivalent or comparable documents with respect to any non-U.S. jurisdiction); (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization (or equivalent or comparable documents with respect to any non U.S. jurisdiction) and (d) with respect to all entities, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction).

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

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

"Outstanding Amount" means with respect to the Term Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of the Term Loan occurring on such date.

"Participant" has the meaning specified in Section 11.06(d).

"Participant Register" has the meaning specified in Section 11.06(d).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Act" means the Pension Protection Act of 2006.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan but excluding a Multiemployer Plan) that is maintained or is contributed to by any Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Permitted Liens" has the meaning set forth in Section 7.01.

"Permitted Transfers" means (a) Dispositions of inventory in the ordinary course of business; (b) Dispositions of property to any Borrower or any Subsidiary; provided that, if the transferor of such property is a Loan Party then the transferee thereof must be a Loan Party; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of any Borrower and its Subsidiaries; and (e) the sale or disposition of Cash Equivalents for fair market value.

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

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan but excluding a Multiemployer Plan), maintained for employees of any Borrower or any such Plan to which any Borrower is required to contribute on behalf of any of its employees.

"Platform" has the meaning specified in Section 11.02(d).

"Pledged Equity" has the meaning specified in the Security Agreement.

"Pro Forma Basis" and "Pro Forma Effect" means:

(a) for any Disposition of all or substantially all of a division or a line of business, whether actual or proposed, for purposes of determining compliance with the financial covenants set forth in Section 7.11, each such transaction or proposed transaction shall be deemed to have occurred on and as of the first day of the relevant Measurement Period, and the following pro forma adjustments shall be made:

(i) in the case of an actual or proposed Disposition, all income statement items (whether positive or negative) attributable to the line of business or the Person subject to such Disposition shall be excluded from the results of each Borrower and its Subsidiaries for such Measurement Period;

(ii) interest accrued during the relevant Measurement Period on, and the principal of, any Indebtedness repaid or to be repaid or refinanced in such transaction shall be excluded from the results of each Borrower and its Subsidiaries for such Measurement Period;

(iii) any Indebtedness actually or proposed to be incurred or assumed in such transaction shall be deemed to have been incurred as of the first day of the applicable Measurement Period, and interest thereon shall be deemed to have accrued from such day on such Indebtedness at the applicable rates provided therefor (and in the case of interest that does or would accrue at a formula or floating rate, at the rate in effect at the time of determination) and shall be included in the results of the Borrowers and their Subsidiaries for such Measurement Period; and

(b) for any acquisition of all or substantially all of a division or a line of business, whether actual or proposed, for purposes of determining compliance with the financial covenants set forth in Section 7.11, each such transaction or proposed transaction shall be deemed to have occurred on and as of the first day of the relevant Measurement Period, and the following pro forma adjustments shall be made:

(i) in the case of an actual or proposed acquisition, all income statement items (whether positive or negative) attributable to the line of business or the Person subject to such acquisition shall be included in the results of each Borrower and its Subsidiaries for such Measurement Period;

(ii) interest accrued during the relevant Measurement Period on, and the principal of, any Indebtedness repaid or to be repaid or refinanced in such transaction shall be excluded from the results of each Borrower and its Subsidiaries for such Measurement Period;

(iii) any Indebtedness actually or proposed to be incurred or assumed in such transaction shall be deemed to have been incurred as of the first day of the applicable Measurement Period, and interest thereon shall be deemed to have accrued from such day on such Indebtedness at the applicable rates provided therefor (and in the case of interest that does or would accrue at a formula or floating rate, at the rate in effect at the time of determination) and shall be included in the results of the Borrowers and their Subsidiaries for such Measurement Period; and

(c) the above pro forma calculations shall be made in good faith by a financial or accounting officer of Borrowers who is a Responsible Officer.

(d) Notwithstanding anything to the contrary herein, all items included in any pro forma adjustment and calculation shall be limited solely to those items otherwise included as add-backs to Consolidated EBITDA pursuant to the definition thereof.

"Pro Forma Compliance" means, with respect to any transaction, that such transaction does not cause, create or result in a Default or Event of Default after giving Pro Forma Effect, based upon the results of operations for the most recently completed Measurement Period to (a) such transaction and (b) all other transactions which are contemplated or required to be given Pro Forma Effect hereunder that have occurred on or after the first day of the relevant Measurement Period.

"Pro Forma Financial Statements" has the meaning specified in Section 4.01(f)(ii).

"Public Lender" has the meaning specified in Section 11.02(d).

"Qualifying Control Agreement" means an agreement, among a Loan Party, a depository institution or securities intermediary and the Administrative Agent, which agreement is in form and substance reasonably acceptable to the Administrative Agent and the Lead Arranger and which provides the Administrative Agent with "control" (as such term is used in Article 9 of the UCC) over the deposit account(s) or securities account(s) described therein.

"Real Estate" has the meaning specified in Section 6.13(c).

"Recipient" means the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

"Register" has the meaning specified in Section 11.06(c).

"Rejection Notice" has the meaning specified in Section 2.05(b)(xii).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Removal Effective Date" has the meaning specified in Section 9.06(b).

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the applicable notice period has been waived.

"Required Contribution Date" has the meaning specified in Section 8.04.

"Required Lenders" means, at any time, Lenders having Total Credit Exposures representing more than 50% of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Resignation Effective Date" has the meaning set forth in Section 9.06.

"Responsible Officer" means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party, solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01, the secretary or any assistant secretary of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a written notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. To the extent requested by the Administrative Agent or Required Lenders, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Administrative Agent or the Required Lenders, appropriate authorization documentation, in form and substance satisfactory to the Administrative Agent or the Required Lenders, as applicable.

"Restricted Payment" means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of any Borrower or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interests of any Borrower or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of any Loan Party or any of its Subsidiaries, now or hereafter outstanding, (d) any payment with respect to the Subordinated Acquisition Note or other subordinated Indebtedness, and (e) any payment made with respect to management or sponsor fees and reimbursable expenses or indemnities.

"Retail EBITDA" means, for any period of determination, the sum of the following, without duplication, (a) the net earnings of a retail store for the most recently completed Measurement Period, plus (b) each of the following to the extent deducted in calculating such net earnings (without duplication) for the most recently completed Measurement Period: (i) interest charges, (ii) the provision for federal, state, local and foreign income taxes payable, (iii) depreciation and amortization expense, (iv) non-cash charges and losses including write-offs or write-downs (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods), in each case (i)-(iv), solely with respect to the operations of such retail store, and less (c) without duplication and to the extent reflected as a gain or otherwise included in the calculation of net earnings of such retail store for the most recently completed Measurement Period, non-cash gains (excluding any such non-cash gains to the extent (A) there were cash gains with respect to such gains in past accounting periods or (B) there is a reasonable expectation that there will be cash gains with respect to such gains in future accounting periods).

"S&P" means Standard & Poor's Financial Services LLC, a subsidiary of The McGraw Hill Companies, Inc., and any successor thereto.

"Sale and Leaseback Transaction" means, with respect to any Loan Party or any Subsidiary, any arrangement, directly or indirectly, with any Person whereby such Loan Party or such Subsidiary shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

"Sanction(s)" means any sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty's Treasury ("HMT") or other relevant sanctions authority.

"SBA Forms" means the United States Small Business Administration Forms 480, 652(1) and 1031 completed by the Loan Parties, in each case, in form and substance satisfactory to the Lead Arranger.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Parties" means, collectively, the Administrative Agent, the Lenders, the Indemnitees and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05.

"Securities Act" means the Securities Act of 1933, including all amendments thereto and regulations promulgated thereunder.

"Security Agreement" means the security and pledge agreement, dated as of the Closing Date, executed in favor of the Administrative Agent by each of the Loan Parties.

"Sellers" has the meaning specified in the Preliminary Statements hereto.

"Sellers' Representative" has the meaning specified in the Preliminary Statements hereto.

"Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Equity Contribution" has the meaning specified in Section 8.04.

"Sponsor" means Live Ventures.

"Subordinated Acquisition Note" means that certain subordinated promissory note, dated the date hereof, made by Holdings in favor of the Sellers in an amount not exceeding $10,000,000, subject to the terms of the Subordination Agreement.

"Subordination Agreement" means that certain Subordination Agreement dated the date hereof by and among the Sellers, the Sellers' Representative (as defined therein), the Administrative Agent, the Lead Arranger and acknowledged by Holdings.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrowers.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Obligations" means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark to market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender)

"Target Borrower" has the meaning set forth in the Preliminary Recitals.

"Tax Group" has the meaning set forth in Section 7.06(e) hereof.

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

"Term Loan Facility" means, at any time, (a) on or prior to the Closing Date, the aggregate amount of the Commitments at such time and (b) thereafter, the aggregate principal amount of the Term Loans of all Lenders outstanding at such time.

"Term Loan" means an advance made by any Lender under the Term Loan Facility.

"Threshold Amount" means $500,000.

"Total Credit Exposure" means, as to any Lender at any time, the Outstanding Amount of all Term Loans of such Lender at such time.

"Transaction" means, collectively, (a) the entering into by the Loan Parties and their applicable Subsidiaries of the Loan Documents and the ABL Facility Documents to which they are or are intended to be a party, (b) the refinancing of certain Indebtedness of the Loan Parties on the Closing Date, (c) the consummation of the Vintage Stock Acquisition, (d) the entering into by the Loan Parties and their applicable Subsidiaries of the Vintage Stock Acquisition Related Documents to which they are or are intended to be a party and (e) the payment of the fees and expenses incurred in connection with the consummation of the foregoing.

"Type" means, with respect to a Loan, its character as a Base Rate Loan or a LIBO Rate Loan.

"UCC" means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"United States" and "U.S." mean the United States of America.

"U.S. Loan Party" means any Loan Party that is organized under the laws of one of the states of the United States.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 3.01(e)(ii)(B)(3).

"Vintage Stock Acquisition" has the meaning specified in the Preliminary Statements hereto.

"Vintage Stock Acquisition Agreement" has the meaning specified in the Preliminary Statements hereto.

"Vintage Stock Acquisition Related Documents" means the Vintage Stock Acquisition Agreement and all other documents related thereto or executed in connection therewith.

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

"Wilmington Trust" means Wilmington Trust, National Association.

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including the Loan Documents and any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, modified, extended, restated, replaced or supplemented from time to time (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory rules, regulations, orders and provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of each Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, Lead Arranger, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) each Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Pro Forma Treatment. Each Disposition and each acquisition of all or substantially all of a line of business by any Borrower and its Subsidiaries that is consummated during any Measurement Period shall, for purposes of determining compliance with the financial covenants set forth in Section 7.11 and for purposes of determining the Applicable Rate, be given Pro Forma Effect as of the first day of such Measurement Period.

1.04 Rounding.

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

1.05 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 [Reserved].

1.07 UCC Terms.

Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided by those definitions. Subject to the foregoing, the term "UCC" refers, as of any date of determination, to the UCC then in effect.

1.08 LIBO Rate.

The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definition of "LIBO Rate" or with respect to any comparable or successor rate thereto.

ARTICLE II

COMMITMENTS AND CREDIT EXTENSIONS

2.01 Term Loan Borrowing; Commitments.

(a) Term Borrowing. Subject to the terms and conditions set forth herein, each Lender severally agrees to make a single loan to the Borrowers, in Dollars, on the Closing Date (the "Initial Borrowing") in an amount equal to such Lender's Applicable Percentage of the Term Loan Facility. The Initial Borrowing shall consist of Term Loans made simultaneously by the Lenders in accordance with their respective Applicable Percentage of the Term Loan Facility.

(b) The Initial Borrowing repaid or prepaid may not be reborrowed.

(c) The Term Loans may be Base Rate Loans or LIBO Rate Loans, as further provided herein.

(d) Each Lender's Commitment shall automatically terminate on the Closing Date upon the funding of such Lender's Term Loan.

2.02 Borrowings, Conversions and Continuations of Loans.

(a) Notice of Borrowing. The Initial Borrowing, each conversion of Loans from one Type to the other, and each continuation of LIBO Rate Loans shall be made upon the Borrowers' irrevocable notice to the Administrative Agent, which shall be given by a Loan Notice. Each such Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. three (3) Business Days prior to the requested date of the conversion to or continuation of LIBO Rate Loans or of any conversion of LIBO Rate Loans to Base Rate Loans (except in the case of the Initial Borrowing, for which notice must be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days prior to the Closing Date). Each conversion to or continuation of LIBO Rate Loans shall be in a principal amount of the entire principal thereof then outstanding. Each conversion to Base Rate Loans shall be in a principal amount of the entire principal thereof then outstanding. Each Loan Notice shall specify (A) whether the Borrowers are requesting an Initial Borrowing, a conversion of Loans from one Type to the other, or a continuation of Loans, (B) the requested date of the Initial Borrowing, conversion or continuation, as the case may be (which shall be a Business Day, and with respect to a conversion or continuation, the first day of a month), (C) the principal amount of Loans to be borrowed, converted or continued, and (D) the Type of Loans to be borrowed or to which existing Loans are to be converted. If the Borrowers fail to specify a Type of Loan in a Loan Notice or fail to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, LIBO Rate Loans with an Interest Period of one (1) month. For the avoidance of doubt, all LIBO Rate Loans, whether by requested or automatic conversion or continuation, shall have an Interest Period of one (1) month.

(b) Advances. Following receipt of a Loan Notice, in the case of the Initial Borrowing, and upon Borrowers' satisfaction of the applicable conditions set forth in Section 4.01, each Lender shall make the amount of its Loan available to the Borrowers by wire transfer of such funds in accordance with instructions provided to (and reasonably acceptable to) the Lead Arranger by the Borrowers.

(c) LIBO Rate Loans. Except as otherwise provided herein, a LIBO Rate Loan may be continued or converted only on the last day of an Interest Period for such LIBO Rate Loan. During the existence of a Default, no Loans may be converted to or continued as LIBO Rate Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the outstanding LIBO Rate Loans be converted immediately to Base Rate Loans.

(d) Notice of Interest Rates. The Administrative Agent shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for LIBO Rate Loans upon determination of such interest rate.

2.03 [Reserved].

2.04 [Reserved].

2.05 Prepayments.

(a) Optional.

(i) The Borrowers may, upon notice to the Administrative Agent by delivery to the Administrative Agent of a Notice of Loan Prepayment, at any time or from time to time voluntarily prepay the Term Loan in whole or in part after the Closing Date, subject to the Applicable Premium and Section 3.05; provided that, unless otherwise agreed by the Administrative Agent, such notice must be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days prior to any date of prepayment of the Term Loan. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if LIBO Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's ratable portion of such prepayment (based on such Lender's Applicable Percentage in respect of the relevant Facility). The Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; provided, that a notice of prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrowers (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any prepayment of principal shall be accompanied by all accrued interest on the amount prepaid, together with the Applicable Premium, if applicable, and any additional amounts required pursuant to Section 3.05. Each prepayment of the outstanding Term Loan pursuant to this Section 2.05(a) shall be applied pro rata to the remaining installments of the Term Loan until paid in full. Subject to Section 2.15, such prepayments shall be paid to the Lenders in accordance with their respective Applicable Percentages in respect of each of the relevant Facilities.

(ii) Notwithstanding anything to the contrary in the foregoing clause (a)(i) regarding the payment of any Applicable Premium, the Borrowers may, upon notice to the Administrative Agent by delivery to the Administrative Agent of a Notice of Loan Prepayment, at any time (A) voluntarily prepay all or any portion of $3,000,000 of the Term Loan, (B) from after the Closing Date up to the first anniversary of the Closing Date, in addition to the prepayment amount specified in clause (A), voluntarily prepay the Term Loan in an amount not exceeding $1,450,000 and (C) from and after the first anniversary of the Closing Date up to the second anniversary of the Closing Date, in addition to the prepayment amount specified in clause (A), voluntarily prepay the Term Loan in an amount not exceeding $2,900,000, less any amount prepaid pursuant to clause (B), in each case, without such prepayment being subject to payment of the Applicable Premium (but such prepayment shall be subject to the other terms and conditions of clause (a)(i) above).

(iii) Commencing with the fiscal year ended September 30, 2017, the Borrowers may also voluntarily prepay the Loans under this clause (a) in excess of any mandatory prepayments required to be made pursuant to Section 2.05(b)(i) below in an aggregate amount of this clause (a)(iii) and Section 2.05(b)(i) combined not to exceed 75% of Excess Cash Flow for the fiscal year covered by financial statements required to be delivered pursuant to Section 6.01(a), (any such amount of the Loans that may be prepaid pursuant to this clause (a)(iii), the "Incremental Excess Cash Flow Amount"), which Incremental Excess Cash Flow Amount shall not be subject to payment of any Applicable Premium. For the avoidance of doubt, no payment of the Incremental Excess Cash Flow Amount shall be subject to payment of any Applicable Premium, whenever paid and whether paid as a partial prepayment of the Loans or in conjunction with a satisfaction in full of the Loans.

(b) Mandatory.

(i) Excess Cash Flow. Commencing with the fiscal year ended September 30, 2017, on the date that is no later than five (5) Business Days after financial statements are required to be delivered pursuant to Section 6.01(a), the Borrowers shall prepay the Loans as hereafter provided in an aggregate amount equal to 50% of Excess Cash Flow for the fiscal year covered by such financial statements.

(ii) Dispositions and Involuntary Dispositions. The Borrowers shall prepay the Loans as hereinafter provided in an aggregate amount equal to 100% of the Net Cash Proceeds received by any Loan Party or any Subsidiary from all Dispositions outside the normal course of business (other than Permitted Transfers and Dispositions permitted pursuant to Section 7.05(c), (d), (e), (h), (i) and (k) but including proceeds of the sale of equity securities of any Subsidiary of any Borrower, and insurance and condemnation proceeds) and Involuntary Dispositions, in each case in excess of $250,000 in the aggregate, promptly upon receipt thereof by such Loan Party or Subsidiary, together with the Applicable Premium with respect solely to any voluntary Dispositions; provided that, so long as no Default or Event of Default shall have occurred and be continuing, such Net Cash Proceeds shall not be required to be so applied, at the election of Borrowers (as notified by Borrowers to the Administrative Agent in writing on or prior to the date of such Disposition or Involuntary Disposition) to the extent such Loan Party or such Subsidiary reinvests all or any portion of such Net Cash Proceeds in like operating assets within 180 days after the receipt of such Net Cash Proceeds; provided that, if such Net Cash Proceeds shall have not been so reinvested shall be immediately applied to prepay the Loans.

(iii) Equity Issuance. Immediately upon the receipt by any Loan Party or any Subsidiary of the Net Cash Proceeds of any Equity Issuance (other than any Equity Issuance to officers and employees pursuant to employee benefit or incentive plans or other similar arrangements adopted in the ordinary course of business), the Borrowers shall prepay the Loans as hereinafter provided in an aggregate amount equal to 100% of such Net Cash Proceeds, together with the Applicable Premium.

(iv) Debt Issuance. Immediately upon the receipt by any Loan Party or any Subsidiary of the Net Cash Proceeds of any Debt Issuance, the Borrowers shall prepay the Loans as hereinafter provided in an aggregate amount equal to 100% of such Net Cash Proceeds, together with the Applicable Premium.

(v) Extraordinary Receipts. Immediately upon receipt by any Loan Party or any Subsidiary of any Extraordinary Receipt received by or paid to or for the account of any Loan Party or any of its Subsidiaries, and not otherwise included in clause (ii), (iii) or (iv) of this Section, the Borrowers shall prepay the Loans as hereinafter provided in an aggregate principal amount equal to 100% of all Net Cash Proceeds received therefrom

(vi) Specified Equity Contributions. Immediately upon the receipt by any Loan Party or any Subsidiary of the proceeds of any Specified Equity Contribution pursuant to Section 8.04, the Borrowers shall prepay the Loans in an aggregate amount equal to 100% of such proceeds

(vii) Change of Control. Immediately upon a Change of Control, the Borrowers shall prepay the Loan in full together with all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document.

(viii) Non-Consenting Property Prepayment. In the event that the Loan Parties fail to obtain landlord consents as required pursuant to Section 6.23 herein, the Borrowers shall prepay the Loan as hereinafter provided in an aggregate amount equal to the Non-Consenting Property Prepayment. Notwithstanding anything to the contrary herein, such Non-Consenting Property Prepayment shall be paid on the first Business Day immediately following the expiration of the Landlord Consent Period.

(ix) Application of Payments. Each prepayment of the Term Loan pursuant to the foregoing provisions of Section 2.05(b)(i)-(vii) shall be applied pro rata to the remaining installments of the Term Loan and, subject to Section 2.15, in accordance with each Lender's respective Applicable Percentage of the Term Loan.

(x) Notice of Mandatory Prepayments. The Borrowers shall deliver to the Administrative Agent, at the time of each prepayment required under this Section 2.05(b), (i) a certificate signed by a Responsible Officer of the Borrowers setting forth in reasonable detail the calculation of the amount of such prepayment and (ii) a Notice of Loan Prepayment, to the extent practicable, at least three (3) days' prior to such prepayment, which notice of prepayment shall specify the prepayment date, the Loan being prepaid and the principal amount of each Loan (or portion thereof) to be prepaid.

(xi) For the avoidance of doubt, all prepayments under this Section 2.05(b) shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

(xii) Notwithstanding anything to the contrary in Section 2.05, each Lender may reject all of its pro rata share of any mandatory prepayment (such declined amounts, the "Declined Proceeds") of Term Loans required to be made pursuant to Section 2.05(b) by providing written notice (each a "Rejection Notice") to the Administrative Agent and the Borrowers no later than 5:00 pm one (1) Business Day after the date of such Lender's receipt of notice from the Administrative Agent regarding such prepayment. Each Rejection Notice from a given Lender shall specify the principal amount of the mandatory prepayment of Loans to be rejected by such Lender. If a Lender fails to deliver a Rejection Notice to the Administrative Agent within the time frame specified above or such Rejection Notice fails to specify the principal amount of the Loans to be rejected, any such failure will be deemed an acceptance of the total amount of such mandatory prepayment of the Term Loans allocated to such Lender.

(c) Upon the occurrence of an Applicable Premium Trigger Event under clause (b) through (f) of the definition thereof, the entire outstanding amount of the Term Loan shall be prepaid in full on the date on which such Applicable Premium Trigger Event occurs together with all interest accrued and unpaid thereon, all other amounts owing or payable hereunder or under any other Loan Document, and the Applicable Premium, which shall constitute part of the Obligations for all purposes herein.

(d) Upon the occurrence of an Applicable Premium Trigger Event, the Borrowers shall pay to the Administrative Agent, for the account of the Lenders, the Applicable Premium. Any Applicable Premium payable in accordance with this Section 2.05 shall be presumed to be equal to the liquidated damages sustained by the Lenders as the result of the occurrence of the Applicable Premium Trigger Event, and the Borrowers and Guarantors agree that it is reasonable under the circumstances currently existing. The Applicable Premium, if any, shall also be payable in the event the Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE BORROWERS AND GUARANTORS EXPRESSLY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING APPLICABLE PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Borrowers and Guarantors expressly agree that (A) the Applicable Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel, (B) the Applicable Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made, (C) there has been a course of conduct between the Lenders and the Borrowers and Guarantors giving specific consideration in this transaction for such agreement to pay the Applicable Premium, (D) the Borrowers and Guarantors shall be estopped hereafter from claiming differently than as agreed to in this Section 2.05, (E) their agreement to pay the Applicable Premium is a material inducement to the Lenders to provide the Commitments and make the Term Loans, and (F) the Applicable Premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Lenders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Lenders or profits lost by the Lenders as a result of such Applicable Premium Trigger Event.

2.06 [Reserved].

2.07 Repayment of Loans.

The Borrowers shall repay to the Lenders a principal repayment installment on the Term Loans in an amount equal to $725,000 on March 31, June 30, September 30 and December 31 of each year, with the first such payment due and payable on December 31, 2016; provided that, (i) the final principal repayment installment of the Term Loans shall be repaid on the Maturity Date for such Term Loans and in any event shall be in an amount equal to the aggregate principal amount of all Term Loans (including all accrued and unpaid Interest) outstanding on such date and (ii) (A) if any principal repayment installment to be made by the Borrowers (other than principal repayment installments on LIBO Rate Loans) shall come due on a day other than a Business Day, such principal repayment installment shall be due on the next succeeding Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be and (B) if any principal repayment installment to be made by the Borrowers on a LIBO Rate Loan shall come due on a day other than a Business Day, such principal repayment installment shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such principal repayment installment into another calendar month, in which event such principal repayment installment shall be due on the immediately preceding Business Day.

2.08 Interest and Default Rate.

(a) Interest. Subject to the provisions of Section 2.08(b), (i) each LIBO Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period from the applicable borrowing date at a rate per annum equal to the LIBO Rate for such Interest Period plus the Applicable Rate and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) Default Rate.

(i) Upon the occurrence of any Event of Default, all outstanding Obligations shall automatically accrue interest at a fluctuating rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Upon an Event of Default the Lead Arranger shall endeavor, but is not obligated, to provide Borrowers written notice of the imposition of the Default Rate of interest; provided, however, failure to provide such written notice shall not in any way impair the rights and remedies available to the Lead Arranger, the Administrative Agent, or the Lenders under the Loan Documents, applicable Law, or in equity. For the avoidance of doubt, upon an Event of Default, interest shall automatically accrue at the Default Rate as of the date upon which the Event of Default first occurred, notwithstanding any written notice set forth in this Section 2.08(b).

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest Payments. Interest on each Loan shall be due and payable in arrears (or with respect to any interest payable in kind on the Loans, accrued on the principal amount of the Obligations in arrears) on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees.

(a) Closing Fees. The Borrowers shall pay to the Lead Arranger for its own account a closing fee in the amount of $810,000 (the "Closing Fee") which shall be fully earned and due and payable on the Closing Date. The Closing Fee shall not be refundable for any reason whatsoever.

(b) Other Fees. The Borrowers shall pay to the Administrative Agent for its own account fees in the amounts and at the times specified in the Agent Fee Letter. In each case, such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 Computation of Interest and Fees.

All computations of interest with respect to LIBO Rate Loans shall be made on the basis of a year of 360 days, as the case may be, and actual days elapsed. All computations of interest with respect to Base Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided that, any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one (1) day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt.

The Term Loan made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Term Loan made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrowers shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

2.12 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 12:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 12:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Subject to Section 2.07 and as otherwise specifically provided for in this Agreement, if any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Administrative Agent . Unless the Administrative Agent shall have received written notice from a Lender prior to Closing Date that such Lender will not make available to the Administrative Agent such Lender's share of such Initial Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 and may (but is not obligated to do so), in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Initial Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate then applicable to the Term Loans. If the Borrowers and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Initial Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Initial Borrowing. Any payment by any Borrower shall be without prejudice to any claim such Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received written notice from any Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that such Borrowers will not make such payment, the Administrative Agent may assume that such Borrowers have made such payment on such date in accordance herewith and may (but is not obligated to do so), in reliance upon such assumption, distribute to the Lenders, the amount due. In such event, if any Borrower have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to the Borrowers with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Administrative Agent because the conditions to the Initial Borrowing set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make the Term Loan and to make payments pursuant to Section 11.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 11.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 11.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) Pro Rata Treatment. Except to the extent otherwise provided in this Agreement: (i) the Initial Borrowing shall be made from the Lenders and each payment of fees under Section 2.09 (other than Section 2.09(b)) shall be made for the account of the Lenders; (ii) each Initial Borrowing shall be allocated pro rata among the Lenders according to the amounts of respective Loans that are to be included in such Initial Borrowing (in the case of conversions and continuations of Loans); (iii) each payment or prepayment of principal of Loans by the Borrowers shall be made for account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Loans held by them; and (iv) each payment of interest on Loans by the Borrowers shall be made for account of the Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

2.13 Sharing of Payments by Lenders.

If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, then, in each case under clauses (a) and (b) above, the Lender receiving such greater proportion shall (A) notify the Administrative Agent of such fact in writing, and (B) purchase (for cash at face value) participations in the Loans, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of Obligations then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrowers pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) [reserved], or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than an assignment to any Loan Party or any Affiliate thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 [Reserved].

2.15 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments; Fees of Defaulting Lenders. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 11.01. Further, any Defaulting Lender shall not be entitled to any fees for so long as it remains a Defaulting Lender.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; third, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and fourth, to such Defaulting Lender or as otherwise as may be required under the Loan Documents in connection with any Lien conferred thereunder or directed by a court of competent jurisdiction; provided that, if (1) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (2) such Loans were made at a time when the conditions set forth in Article IV were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments hereunder. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(b) Defaulting Lender Cure. If the Borrowers, the Administrative Agent and the Lead Arranger agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Required Lenders may determine to be necessary to cause the Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(a) If any Loan Party or the Administrative Agent shall be required by any applicable Laws to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Loan Parties . Without limiting the provisions of subsection (a) above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(ii) Each Lender shall, and does hereby, severally indemnify and shall make payment in respect thereof within ten (10) days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so) and (B) the Administrative Agent against any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.06(d) relating to the maintenance of a Participant Register. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority, as provided in this Section 3.01, the Borrowers shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return reporting such payment or other evidence of such payment reasonably satisfactory to the Required Lenders.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, with respect to each Borrower that is a U.S. Person,

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

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

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W 8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

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

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

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

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed copies (or originals, as required) of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that, each Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to such Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all other Obligations.

3.02 Illegality and Designated Lenders.

If, after the Closing Date, any Lender determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to perform any of its obligations hereunder or to make, maintain or fund or charge interest with respect to the Initial Borrowing or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, (a) any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to the Initial Borrowing or continue LIBO Rate Loans or to convert Base Rate Loans to LIBO Rate Loans shall be suspended, and (b) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the LIBO Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the LIBO Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) the Borrowers shall, within ten (10) days of written demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all LIBO Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the LIBO Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBO Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBO Rate Loans and (ii) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the LIBO Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the LIBO Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the LIBO Rate. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates.

(a) If in connection with any request for a LIBO Rate Loan or a conversion to or continuation thereof, (i) the Administrative Agent or Required Lenders determine that (A) deposits are not being offered to banks in the London interbank market for the applicable amount and Interest Period of such LIBO Rate Loan, or (B) adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan or in connection with an existing or proposed Base Rate Loan (in each case with respect to clause (i), "Impacted Loans"), or (ii) the Administrative Agent or the Required Lenders reasonably determine that for any reason LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrowers and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain LIBO Rate Loans shall be suspended (to the extent of the affected LIBO Rate Loans or Interest Periods), and (y) in the event of a determination described in the preceding sentence with respect to the LIBO Rate component of the Base Rate, the utilization of the LIBO Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrowers may revoke any pending request for a conversion to or continuation of LIBO Rate Loans (to the extent of the affected LIBO Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a conversion to Base Rate Loans in the amount specified therein.

(b) Notwithstanding the foregoing, if the Administrative Agent or Required Lenders have made the determination described in clause (a)(i) of this Section, the Administrative Agent in consultation with the Borrowers and the Required Lenders, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (1) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (a)(i) of this Section, (2) the Administrative Agent or the Required Lenders notify the Administrative Agent and the Borrowers that such alternative interest rate does not adequately and fairly reflect the cost to the Lenders of funding the Impacted Loans, or (3) any Lender determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Borrowers written notice thereof.

3.04 Increased Costs; Reserves on LIBO Rate Loans.

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

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(d));

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

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or the Term Loan made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan, or to increase the cost to such Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

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

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

(d) Reserves on LIBO Rate Loans. The Borrowers shall pay to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each LIBO Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which in each case shall be due and payable on each date on which interest is payable on such Loan, provided the Borrowers shall have received at least ten (10) days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice.

(e) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 3.04 shall not constitute a waiver of such Lender's right to demand such compensation; provided that, the Loan Parties shall not be required to compensate a Lender pursuant to this Section 3.04(e) for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies the applicable Lender Party of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving ruse to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses.

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the first day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise), except to the extent that a payment or prepayment is mandatory pursuant to Section 2.05(b); or

(b) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrowers;

(c) any assignment of a LIBO Rate Loan on a day other than the first day of the Interest Period therefor as a result of a request by the Borrowers pursuant to Section 11.13;

in each case, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Borrowers, such Lender shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrowers may replace such Lender in accordance with Section 11.13.

3.07 Survival.

All of each Borrower's obligations under this Article III shall survive termination of the Commitments, repayment of all other Obligations hereunder, resignation of the Administrative Agent and the Facility Termination Date.

ARTICLE IV

CONDITIONS PRECEDENT TO BORROWING

4.01 Conditions of Initial Borrowing.

The obligation of each Lender to fund its Term Loan hereunder is subject to satisfaction or waiver of the following conditions precedent:

(a) Representations and Warranties. The representations and warranties of each Borrower and each other Loan Party contained in Article II, Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct on and as of the date of the Initial Borrowing and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects on and as of the date of the Initial Borrowing, and except that for purposes of this Article IV, the representations and warranties contained in Sections 5.05(a) and (b) shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b), respectively.

(b) Default. No Default or Event of Default shall exist, or would result from such proposed Initial Borrowing or from the application of the proceeds thereof.

(c) Execution of Term Loan Agreement; Loan Documents . The Administrative Agent and Lead Arranger shall have received executed copies of (i) this Agreement, (ii) for the account of each Lender requesting a Note, an executed Note, (iii) the Security Agreement, (iv) the Management Fee Subordination Agreement, (v) the Intercreditor Agreement and each other Collateral Document, (vi) the SBA Forms, and (vii) counterparts of any other Loan Document, in each case, executed by a Responsible Officer of each Loan Party and any other Persons party thereto, in form and substance reasonably acceptable to the Lead Arranger.

(d) Officer's Certificate. The Administrative Agent and the Lead Arranger shall have received an officer's certificate dated the Closing Date, certifying as to the Organization Documents of each Loan Party (which, to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority), the resolutions of the governing body of each Loan Party, the good standing, existence or its equivalent of each Loan Party and of the incumbency (including specimen signatures) of the Responsible Officers of each Loan Party executing the Loan Documents.

(e) Legal Opinions of Counsel. The Administrative Agent and Lead Arranger shall have received an opinion or opinions (including, one (1) local counsel opinion per applicable jurisdiction) of counsel for the Loan Parties, dated the Closing Date and addressed to the Administrative Agent and the Lenders, in form and substance reasonably acceptable to the Lead Arranger.

(f) Financial Conditions. The Administrative Agent, Lead Arranger and the Lenders shall have received copies of each of the following, in each case in form and substance reasonably satisfactory to the Lead Arranger:

(i) satisfactory evidence that the Loan Parties shall have received not less than $8,000,000 as of the Closing Date in cash proceeds from a direct or indirect capital contribution to its equity from the Sponsor on terms and conditions satisfactory to the Lead Arranger; and

(ii) an interim Consolidated balance sheet and statement of income and cash flow of the Target Borrower for (i) the most recent fiscal quarter and (ii) the fiscal months ending July 31, 2016, August 31, 2016 and September 30, 2016 (such balance sheets and statements of income, collectively, the "Interim Financial Statements") and a pro forma Consolidated balance sheet and statement of income and cash flow of the Loan Parties for (i) the most recent fiscal quarter and (ii) the fiscal months ending July 31, 2016, August 31, 2016 and September 30, 2016 (such balance sheets and statements of income, collectively, the "Pro Forma Financial Statements") with satisfactory evidence that Consolidated EBITDA calculated for the twelve month period ending on the last day of the most recently completed fiscal month prior to the Closing Date is equal to or exceeds $13,200,000;

(g) Collateral. The Administrative Agent and Lead Arranger shall have received, in form and substance reasonably satisfactory to the Lead Arranger:

(i) (A) searches of UCC filings in the jurisdiction of incorporation or formation, as applicable, of each Loan Party and the Sellers, and each jurisdiction where any Collateral is located or where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens and (B) tax lien, judgment and bankruptcy searches;

(ii) searches of ownership of Intellectual Property in the appropriate governmental offices and such patent/trademark/copyright filings as reasonably requested by the Lead Arranger in order to perfect the Administrative Agent's security interest in the Intellectual Property;

(iii) completed UCC financing statements for each appropriate jurisdiction as is necessary, in the Lead Arranger's sole discretion, to perfect the Administrative Agent's security interest in the Collateral;

(iv) stock or membership certificates, if any, evidencing the Pledged Equity, and that the Administrative Agent shall have received undated stock or transfer powers duly executed in blank; in each case to the extent such Pledged Equity is certificated;

(v) in the case of any personal property Collateral located at premises leased by a Loan Party and set forth on Schedule 5.21(g)(ii) or any other location at which the books and records of the Loan Parties are located, such estoppel letters, consents and waivers from the landlords of such real property to the extent required to be delivered in connection with Section 6.13 (such letters, consents and waivers shall be in form and substance reasonably satisfactory to the Lead Arranger); and

(vi) with respect to each of Rodney Spriggs and Steve Wilcox, key-man life insurance policies in an amount not less than $10,000,000 in the aggregate, and Key Man Collateral Assignment Agreements with respect thereto in form and substance reasonably satisfactory to the Lead Arranger, by which all proceeds are collaterally assigned to the Administrative Agent and the Administrative Agent shall have first lien priority over such proceeds on behalf of the Lenders; and

(vii) only to the extent required to be delivered, filed, registered or recorded pursuant to the terms and conditions of the Collateral Documents, all instruments, documents and chattel paper in the possession of any of the Loan Parties, together with allonges or assignments as may be necessary or appropriate to create and perfect the Administrative Agent's and the Lenders' security interest in the Collateral; and

(viii) with respect to any deposit or other accounts (including securities accounts) at any bank or other financial institution, or any other account where money or securities are, other than Excluded Accounts, the Administrative Agent shall have received a Qualifying Control Agreement.

(h) Liability, Casualty, Property, Terrorism and Business Interruption Insurance . The Administrative Agent and Lead Arranger shall have received copies of insurance policies, declaration pages, certificates, and endorsements of insurance or insurance binders evidencing liability, casualty, property, terrorism, D&O and business interruption insurance meeting the requirements set forth herein or in the Collateral Documents or as reasonably required by the Lead Arranger.

(i) Responsible Officer's Certificate . The Administrative Agent and Lead Arranger shall have received a certificate or certificates executed by a Responsible Officer of the Borrowers as of the Closing Date, as to certain matters and attaching:

(i) true and complete copies of all Material Contracts, together with all exhibits and schedules, and together with any consents related thereto required to be delivered to the Loan Parties by the Sellers pursuant to Section 3.16 of the Vintage Stock Acquisition Agreement;

(ii) true and complete copies of all other material consents (including, without limitation, any consents required pursuant to any existing Indebtedness of the Sellers), licenses and approvals required in connection with the consummation by the Loan Parties of the transaction contemplated herein and the execution, delivery and performance by the Loan Parties and the validity against each Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, except those consents permitted to be delivered after the Closing Date as set forth in Section 6.23, or stating that no such consents, licenses or approvals are so required;

(iii) true and complete copies of the fully-executed ABL Facility Documents, each in form and substance reasonably satisfactory to the Lead Arranger;

(iv) true and complete copies of the fully-executed Vintage Stock Acquisition Agreement and each other material Vintage Stock Acquisition Related Document (together with all agreements, instruments and other documents delivered in connection therewith as the Lead Arranger shall request), in each case in form and substance satisfactory to the Lead Arranger;

(v) a Compliance Certificate executed by a Responsible Officer of the Borrowers as of the Closing Date for the most recently ended Measurement Period ending prior to the Closing Date, evidencing that the Consolidated Total Leverage Ratio is not greater than (a) 2.88 to 1.00 (calculated on a Pro Forma Basis after giving effect to the Transaction (other than the incurrence of the Subordinated Acquisition Note)) and (b) 3.63 to 1.00 (calculated on a Pro Forma Basis after giving effect to the Transaction and the incurrence of the Subordinated Acquisition Note);

(vi) as of the Closing Date (after giving effect to the Transaction): funded aggregate revolving loans under the ABL Facility Documents does not exceed $13,000,000, with unfunded Availability of $2,000,000 (and at least $15,000,000 of total Availability pursuant to the Borrowing Base under the ABL Facility Documents at the Closing Date);

(vii) the Pro Forma Financial Statements and the Interim Financial Statements delivered to the Administrative Agent, the Lead Arranger and the Lenders in connection with the transaction contemplated hereby are complete, accurate and not misleading;

(viii) as of December 31, 2015, there has been no Material Adverse Effect on the business, operations or financial conditions of the Loan Parties; and

(ix) there is no claim, action, suit, investigation, litigation or proceeding, pending or threatened, in any court or before any governmental agency that relates to the Loan Parties that is reasonably likely of having a Material Adverse Effect on the Loan Parties or that relates to the Transaction under the Loan Documents or the ABL Facility Documents.

(j) Solvency Certificate. The Administrative Agent and Lead Arranger shall have received a solvency certificate in the form attached hereto as Exhibit J.

(k) Loan Notice. The Administrative Agent shall have received a Loan Notice with respect to the Loans to be made on the Closing Date.

(l) Existing Indebtedness of the Loan Parties. All of the existing Indebtedness, if any, for borrowed money of the Loan Parties and their Subsidiaries (other than Indebtedness permitted to exist pursuant to Section 7.02) shall be repaid in full, and all Liens and other security interests upon any of the property of the Loan Parties (and the Vintage Stock Acquisition) or any of their Subsidiaries securing Indebtedness of the Sellers shall be terminated contemporaneous with the Closing Date;

(m) Material Adverse Effect. There has not been any event, change, occurrence or circumstance that has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (as defined in the Vintage Stock Acquisition Agreement) as of the Closing Date.

(n) Vintage Stock Acquisition. The Vintage Stock Acquisition Agreement shall be in full force and effect and the Vintage Stock Acquisition shall have been consummated or shall be simultaneously consummated in accordance with the Vintage Stock Acquisition Related Documents, for an aggregate purchase price not in excess of $56,020,000 (without giving effect to any amendment, modification, consent or waiver that would be materially adverse to the Lenders, without the prior written consent of the Lead Arranger), and in compliance in all material respects with all applicable Laws and regulatory approvals.

(o) Subordinated Acquisition Note. The Administrative Agent and the Lead Arranger shall have received a fully executed copy of the Subordinated Acquisition Note, which note shall not be in an amount in excess of $10,000,000 and shall be fully subordinated to the Term Loan pursuant to the Subordination Agreement.

(p) ABL Facility. The Loan Parties shall have entered into the ABL Facility Documents on terms and conditions reasonably satisfactory to the Lead Arranger.

(q) Fees and Expenses. The Administrative Agent shall have received a fully executed copy of the Agent Fee Letter. The Administrative Agent, the Lead Arranger and the Lenders, as applicable, shall have received all fees and expenses owing on the Closing Date pursuant to the Agent Fee Letter and Sections 2.09 and 11.04 (including the reasonable and documented fees and expenses of the Administrative Agent's, Lead Arranger's and Lenders' outside counsel).

(r) Know Your Customer; Patriot Act. The Administrative Agent and each of the Lenders shall have received at least five (5) days prior to the Closing Date, the documentation and other information as to each Loan Party as requested by the Administrative Agent or such Lender in order to comply with its obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act.

(s) Investment Committee Approval. The transactions contemplated hereby shall have been approved by the internal investment committee of the Lead Arranger and Lenders.

(t) Additional Information and Other Documents. The Administrative Agent and the Lead Arranger shall have received all such additional information, materials and all other documents provided for herein or which the Administrative Agent, Lead Arranger and/or any Lender shall reasonably request or require for the satisfactory completion of its business due diligence (including a market study, historic unit level and profitability analysis) and legal due diligence.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to the Administrative Agent and the Lenders, as of the date made or deemed made, that:

5.01 Existence, Qualification and Power.

Each Loan Party and each of its Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case of clauses (b) and (c), where such failure would not have a Material Adverse Effect on the Borrowers. The copy of the Organization Documents of each Loan Party provided to the Administrative Agent on the Closing Date pursuant to the terms of this Agreement is a true and correct copy of each such document as of the Closing Date, each of which is valid and in full force and effect.

5.02 Authorization; No Contravention.

The execution, delivery and performance by each Loan Party of each Loan Document and each Vintage Stock Acquisition Related Document to which such Person is or is to be a party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law, except, in the case of clause (b)(i), where such conflict, breach or contravention would not have a Material Adverse Effect. The Vintage Stock Acquisition will, contemporaneous with the Closing Date, be consummated by each Loan Party in accordance with the Vintage Stock Acquisition Agreement, as applicable, and in compliance in all material respects with all applicable Laws and regulatory approvals.

5.03 Governmental Authorization; Other Consents.

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the first priority nature thereof (subject only to Permitted Liens which, pursuant to the terms of this Agreement, are permitted to have priority over the Administrative Agent's Liens thereon)) or (d) the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, other than (i) authorizations, approvals, actions, notices and filings which have been duly obtained or will be obtained contemporaneous with the Closing Date, except where such failure to obtain or make any of the foregoing would not have a Material Adverse Effect and (ii) filings to perfect the Liens created by the Collateral Documents.

5.04 Binding Effect.

This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principals of equity.

5.05 Financial Statements; No Material Adverse Effect.

(a) Interim Financial Statements. The Interim Financial Statements: (i) were prepared in accordance with GAAP applied on a consistent basis throughout the period covered thereby, subject to the lack of footnotes and year-end adjustments, and (ii) for the period ended September 30, 2016, fairly present in all material respects the financial condition of the Target Borrower as of September 30, 2016 and the results of operations of the Target Borrower and its Subsidiaries for such period.

(b) Audited Financial Statements. Following the Closing Date, the most recent financial statements delivered pursuant to Section 6.01(a) and (b), (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, (ii) fairly present in all material respects the financial condition of each Borrower and its Subsidiaries (including the Target Borrower and its Subsidiaries) as of the date thereof and their results of operations, cash flows and changes in shareholders' equity for the period covered thereby and (iii) show all material indebtedness and other liabilities, direct or contingent, of each Borrower and its Subsidiaries (including the Target Borrower and its Subsidiaries) as of the date thereof that are required to be disclosed thereon in accordance with GAAP, including liabilities for taxes, material commitments and Indebtedness, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Material Adverse Effect.

(i) As of the Closing Date, since the date of the balance sheet included in the Interim Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a material adverse effect on the results of operations, business, assets, liabilities, or the financial condition of the Target Borrower, taken as a whole.

(ii) As of the Closing Date, since the date of the balance sheet included in the Pro Forma Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect on the results of operations, business, assets, liabilities, or the financial condition of the Loan Parties, taken as a whole.

(iii) After the Closing Date, since the date of delivery of the most recent annual audited financial statements in accordance with the terms hereof, since the date of such annual audited financial statements, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

(d) Pro Forma Financials. The Pro Forma Financial Statements, certified by the chief financial officer or treasurer of the Borrowers, copies of which have been furnished to each Lender, fairly present on a Pro Forma Basis the Consolidated pro forma financial condition of the Borrowers and their Subsidiaries as at such date and the Consolidated pro forma results of operations of the Borrowers and their Subsidiaries for the period ended on such date, all in accordance with GAAP.

(e) Forecasted Financials. The Consolidated forecasted balance sheets, statements of income and cash flows of each Borrower and its Subsidiaries delivered pursuant to Section 4.01 or Section 6.01, as applicable, were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, such Borrowers' best estimate of its future financial condition and performance (it being understood that the forecasted financial statements described herein are subject to significant uncertainties and contingencies, many of which are beyond the control of the Loan Parties and their Subsidiaries, and no assurances can be given that such projections will be realized, and although reflecting the Borrowers' good faith estimate, projections or forecasts based on methods and assumptions which the Borrowers believed to be reasonable at the time such forecasted financial statements were prepared, are not to be viewed as facts, and that actual results during the period or periods covered by the forecasted financial statements may differ materially from projected or estimated results).

5.06 Litigation.

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any Subsidiary or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement, any other Loan Document, any Vintage Stock Acquisition Related Document or any of the Transactions contemplated hereby, (b) would reasonably be expected, individually or in the aggregate, to result in liability in excess of $250,000 on the Closing Date or (c) which, after the Closing Date, would reasonably be expected to have a Material Adverse Effect after giving effect to applicable insurance.

5.07 No Defaults.

Neither any Loan Party nor any Subsidiary thereof is in default under or with respect to any Material Contract, which default would have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing or would result from the consummation of the Transaction.

5.08 Ownership of Property.

Each Loan Party and each of its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business.

5.09 Environmental Compliance.

(a) Each Loan Party and each of its Subsidiaries is and at all times has been in material compliance with Environmental Laws, except where such non-compliance would not have a Material Adverse Effect. No Loan Party or any of its Subsidiaries is subject to any pending or unresolved Environmental Liability, except where such Environmental Liability would not have a Material Adverse Effect.

(b) None of the properties currently or, to the knowledge of any Loan Party or its Subsidiaries, formerly owned, leased or operated by any Loan Party or any of its Subsidiaries is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list. Except as would not reasonably be expected to result in a Material Adverse Effect, there are no asbestos-containing materials at any property currently or formerly owned, leased or operated by any Loan Party or any of its Subsidiaries and no (i) active or abandoned underground or above ground storage tanks, (ii) landfills or (iii) current or former waste disposal areas, in each case for (i), (ii) and (iii) in which Hazardous Materials are being or have been treated, stored or disposed of on any property currently owned, leased or operated by any Loan Party or any of its Subsidiaries or, to the knowledge of the Loan Parties, on any property formerly owned, leased or operated by any Loan Party or any of its Subsidiaries; and Hazardous Materials have not been released, discharged or disposed of on, at, to or from any property currently or formerly owned, leased or operated by any Loan Party or any of its Subsidiaries that would be reasonably expected to result in a Material Adverse Effect.

(c) Neither any Loan Party nor any of its Subsidiaries is undertaking, and has not completed, either individually or together with other potentially responsible parties, any material investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law; and all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned, leased or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner not reasonably expected to result in a Material Adverse Effect.

5.10 Insurance.

The properties of each Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of any Borrower, in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Loan Party or the applicable Subsidiary operates. The general liability, casualty, property, terrorism, D&O and business interruption insurance coverage of the Loan Parties as in effect on the Closing Date, and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is outlined as to carrier, policy number, expiration date, type, amount and deductibles on Schedule 5.10 and such insurance coverage complies with the requirements set forth in this Agreement and the other Loan Documents.

5.11 Taxes.

Each Loan Party and its Subsidiaries have filed all Federal, state income tax and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against any Loan Party or any Subsidiary. At all times since December 31, 2002 and through the date of the Vintage Stock Acquisition, the Target Borrower has had a valid election under Section 1362 of the Code and any corresponding state or local tax provision for the Target Borrower to be treated as an S corporation within the meaning of Sections 1361 and 1362 of the Code.

5.12 ERISA Compliance.

(a) (i) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state laws and (ii) each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter or is subject to a favorable opinion letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS and, to the knowledge of the Loan Parties, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan.

(c) (i) No ERISA Event has occurred, and no Loan Party nor any ERISA Affiliate is aware of any fact, event or circumstance that would reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan or Multiemployer Plan; (ii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and no Loan Party nor any ERISA Affiliate knows of any facts or circumstances that would reasonably be expected to cause the funding target attainment percentage for any such plan to drop below 60% as of the most recent valuation date; (iii) no Loan Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (iv) neither any Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (v) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that would reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) Neither any Borrower nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan other than (i) on the Closing Date, those listed on Schedule 5.12 hereto and (ii) thereafter, Pension Plans not otherwise prohibited by this Agreement.

5.13 Margin Regulations; Investment Company Act.

(a) Margin Regulations. No Borrowers are engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of the Term Loan, not more than twenty-five percent (25%) of the value of the assets (either of the Borrowers only or of the Borrowers and their Subsidiaries on a Consolidated basis) subject to the provisions of Section 7.01 or Section 7.05 or subject to any restriction contained in any agreement or instrument between the Borrowers and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 8.01(e) will be margin stock.

(b) Investment Company Act. None of the Borrowers or any Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.14 Disclosure.

No report, financial statement, certificate or other information (as modified or supplemented by other written information so furnished but excluding projected financial information and information of a general economic, forward looking or industry-specific nature), furnished by any Loan Party to the Administrative Agent, the Lead Arranger, or any Lender in connection with the Transaction and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case as modified or supplemented by other information so furnished), when taken as a whole, contained as of the date such report, statement, certificate or other information was so furnished any material misstatement of fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time made, it being understood that forecasts and projections by their nature are inherently uncertain, that actual results may differ significantly from the forecasted or projected results and that such differences may be material and no assurances are being given that the results reflected in the forecasts and projections will be achieved.

5.15 Compliance with Laws.

Each Loan Party and each Subsidiary thereof is in compliance with the requirements of all material Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted and except for noncompliance that would not result in a Material Adverse Effect.

5.16 Solvency.

The Loan Parties are, on a Consolidated basis, Solvent.

5.17 Casualty, Etc.

Neither the businesses nor the properties of any Loan Party or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that would reasonably be expected to have a Material Adverse Effect.

5.18 Sanctions Concerns and Anti-Corruption Laws.

(a) Sanctions Concerns. No Loan Party, nor any Subsidiary, nor, to the knowledge of the Loan Parties and their Subsidiaries, any director, officer, employee, agent, Affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) Anti-Corruption Laws. The Loan Parties and their Subsidiaries have conducted their business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

5.19 Responsible Officers.

Set forth on Schedule 1.01(c) are Responsible Officers, holding the offices indicated next to their respective names, as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02 and such Responsible Officers are the duly elected and qualified officers of such Loan Party and are duly authorized to execute and deliver, on behalf of the respective Loan Party, this Agreement, the Notes and the other Loan Documents.

5.20 Subsidiaries; Equity Interests; Loan Parties.

(a) Subsidiaries, Joint Ventures, Partnerships and Equity Investments. Set forth on Schedule 5.20(a), is the following information which is true and complete in all respects as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02: (i) a complete and accurate list of all Subsidiaries, joint ventures and partnerships and other equity investments of the Loan Parties as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, (ii) the number of shares of each class of Equity Interests in each Subsidiary outstanding, (iii) the number and percentage of outstanding shares of each class of Equity Interests owned by the Loan Parties and their Subsidiaries and (iv) the class or nature of such Equity Interests (i.e. voting, non-voting, preferred, etc.). The outstanding Equity Interests in all Subsidiaries are validly issued, fully paid and non-assessable (if corporate stock) and are owned free and clear of all Liens other than Permitted Liens. Except as set forth on Schedule 5.20(a), there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to the Equity Interests of any Loan Party or any Subsidiary thereof, except as contemplated in connection with the Loan Documents.

(b) Loan Parties. Set forth on Schedule 5.20(b) is a complete and accurate list of all Loan Parties, showing as of the Closing Date, or as of the last date such Schedule was required to be updated in accordance with Section 6.02, (as to each Loan Party) (i) the exact legal name, (ii) any former legal names of such Loan Party in the four (4) months prior to the Closing Date, (iii) the jurisdiction of its incorporation or organization, as applicable, (iv) the type of organization, (v) the jurisdictions in which such Loan Party is qualified to do business, (vi) the address of its chief executive office, (vii) the address of its principal place of business, (viii) its U.S. federal taxpayer identification number or, in the case of any non-U.S. Loan Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its incorporation or organization, (ix) the organization identification number, (x) ownership information (e.g. publicly held or if private or a partnership, the owners and partners of each of the Loan Parties) and (xi) the industry or nature of business of such Loan Party.

(c) Capitalization of Holdings. Set forth on Schedule 5.20(c), is the following information which is true and complete in all respects as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02: (i) the number of shares of each class of Equity Interests of Holdings outstanding, (ii) the number and percentage of outstanding shares of each class of Equity Interests of Holdings, (iii) the identity of the Holders of each of the Equity Interests of Holdings and (iv) the class or nature of such Equity Interests (i.e. voting, non-voting, preferred, etc.).

5.21 Collateral Representations.

(a) Collateral Documents. The provisions of the Collateral Documents are effective to create in favor of the Administrative Agent for the benefit of the Secured Parties a legal, valid and enforceable first priority Lien (subject only to Permitted Liens which, pursuant to the terms of this Agreement, are permitted to have priority over the Administrative Agent's Liens thereon) on all right, title and interest of the respective Loan Parties in the Collateral described therein. Except for filings completed prior to the Closing Date and as contemplated hereby and by the Collateral Documents, no filing or other action will be necessary to perfect or protect such Liens.

(b) Intellectual Property. Set forth on Schedule 5.21(b), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a list of all registered or issued Intellectual Property (including all applications for registration and issuance) owned by each of the Loan Parties or that each of the Loan Parties has the right to use and that are material to the business or operations of the Loan Parties (including the name/title, current owner, registration or application number, and registration or application date and such other information as reasonably requested by the Lead Arranger).

(c) Documents, Instrument, and Tangible Chattel Paper. Set forth on Schedule 5.21(c), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a description of all Documents, Instruments, and Tangible Chattel Paper of the Loan Parties (including the Loan Party owning such Document, Instrument and Tangible Chattel Paper and such other information as reasonably requested by the Lead Arranger) with a fair market value, individually, in excess of the Threshold Amount.

(d) Deposit Accounts, Electronic Chattel Paper, Letter-of-Credit Rights, and Securities Accounts.

(i) Set forth on Schedule 5.21(d)(i), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a description of all Deposit Accounts and Securities Accounts of the Loan Parties, including the name of (A) the applicable Loan Party, (B) in the case of a Deposit Account, the depository institution and average amount held in such Deposit Account and whether such account is an Excluded Account, and (C) in the case of a Securities Account, the Securities Intermediary or issuer and the average aggregate market value held in such Securities Account, as applicable.

(ii) Set forth on Schedule 5.21(d)(ii), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a description of all Electronic Chattel Paper (as defined in the UCC) and Letter-of-Credit Rights (as defined in the UCC) of the Loan Parties, in each case, with a fair market value, individually, in excess of the Threshold Amount, including the name of (A) the applicable Loan Party, (B) in the case of Electronic Chattel Paper (as defined in the UCC), the account debtor and (C) in the case of Letter-of-Credit Rights (as defined in the UCC), the issuer or nominated person, as applicable.

(e) Commercial Tort Claims. Set forth on Schedule 5.21(e), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a description of all Commercial Tort Claims of the Loan Parties in each case, with a fair market value, individually, in excess of the Threshold Amount (detailing such Commercial Tort Claims in such detail as reasonably requested by the Lead Arranger).

(f) Pledged Equity Interests. Set forth on Schedule 5.21(f), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a list of (i) all Pledged Equity and (ii) all other Equity Interests required to be pledged to the Administrative Agent pursuant to the Collateral Documents (in each case, detailing the Grantor (as defined in the Security Agreement), the Person whose Equity Interests are pledged, the number of shares of each class of Equity Interests, the certificate number and percentage ownership of outstanding shares of each class of Equity Interests and the class or nature of such Equity Interests (i.e. voting, non-voting, preferred, etc.).

(g) Properties. Set forth on Schedule 5.21(g)(i), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a list of all Mortgaged Properties (including (i) the name of the Loan Party owning) such Mortgaged Property, (ii) the number of buildings located on such Mortgaged Property, (iii) the property address, (iv) the city, county, state and zip code which such Mortgaged Property is located. Set forth on Schedule 5.21(g)(ii), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a list of (A) each headquarters location of the Loan Parties, (B) each other location where any significant administrative or governmental functions are performed, (C) each other location where the Loan Parties maintain any books or records (electronic or otherwise) and (D) each location where any personal property Collateral is located at any premises owned or leased by a Loan Party with a Collateral value in excess of $500,000 (in each case, including (1) an indication if such location is leased or owned, (2), if leased, the name of the lessor, and if owned, the name of the Loan Party owning such property, (3) the address of such property (including, the city, county, state and zip code) and (4) to the extent owned, the approximate fair market value of such property).

(h) Material Contracts. Set forth on Schedule 5.21(h), as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 6.02, is a complete and accurate list of all Material Contracts of each Borrower and its Subsidiaries.

5.22 SBA Forms.

All information and representations contained in each of the SBA Forms delivered to the Lead Arranger are true and accurate as of the Closing Date.

5.23 Broker's Fees.

Neither any Loan Party nor any Subsidiary has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with the Transaction or the Vintage Stock Acquisition other than fees that will have been paid on or prior to the date hereof.

5.24 Intellectual Property; Licenses, Etc.

Each Loan Party and each of its Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights that are reasonably necessary for the operation of their respective businesses, as currently conducted or proposed to be conducted, without, to the best knowledge of each Borrower, conflict with the rights of any other Person. To the best knowledge of each Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party or any of its Subsidiaries infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of each Borrower, threatened.

5.25 Labor Matters.

There are no collective bargaining agreements or Multiemployer Plans covering the employees of any Borrower or any of its Subsidiaries as of the Closing Date and neither any Borrower nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor dispute within the last three (3) years preceding the Closing Date.

5.26 Vintage Stock Acquisition Agreement.

The Borrowers have delivered to the Administrative Agent and the Lead Arranger a complete and correct copy of the Vintage Stock Acquisition Agreement (including all schedules, exhibits, amendments, supplements, modifications and assignments thereof and, to the extent reasonably requested by the Lead Arranger, all other material documents delivered pursuant thereto or in connection therewith). As of the Closing Date, neither Holdings nor any other Borrowers are in default in any material respect in the performance or compliance with any provisions thereof. The Vintage Stock Acquisition Agreement is in full force and effect as of the Closing Date, and it has not been terminated, rescinded or withdrawn. All requisite material approvals by Governmental Authorities having jurisdiction over each of the parties to the Vintage Stock Acquisition Agreement, with respect to the transactions contemplated thereby, have been obtained, and no such approvals impose any conditions to the consummation of the transactions contemplated by the Vintage Stock Acquisition Agreement or to the conduct by any Borrower of its business thereafter which have not been satisfied or fulfilled or will be as of the Closing Date. As of the Closing Date, each of the representations and warranties given by any Loan Party in the Vintage Stock Acquisition Agreement is true and correct in all material respects. As of the Closing Date, each of the representations and warranties given by any Person (other than a Loan Party) in the Vintage Stock Acquisition Agreement is, to the knowledge of Holdings and each Borrower, true and correct in all material respects.

ARTICLE VI

AFFIRMATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that on the Closing Date and thereafter until the Facility Termination Date, such Loan Party shall, and shall cause each of its Subsidiaries to:

6.01 Financial Statements.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Lead Arranger:

(a) Audited Financial Statements. As soon as available, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Borrowers (which such 120-days may be extended by up to fifteen (15) days at the sole discretion of the Lead Arranger), a Consolidated and consolidating balance sheet of the Borrowers and their Subsidiaries as at the end of such fiscal year and the related Consolidated and consolidating statements of income or operations, changes in shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year (but, in each case, only to the extent that the Borrowers have completed a full fiscal year to compare), all in reasonable detail and prepared in accordance with GAAP, and including management discussion and analysis of operating results inclusive of operating metrics in comparative form, with (i) such Consolidated statements to be audited and accompanied by a report and opinion of Anton + Chia or other independent certified public accountant of nationally or regionally recognized standing reasonably acceptable to the Lead Arranger, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and (ii) such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrowers to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of each Borrower and its Subsidiaries.

(b) Quarterly Financial Statements. As soon as available, but in any event within forty-five (45) days after the end of each fiscal quarter of each fiscal year of the Borrowers, a Consolidated and consolidating balance sheet of each Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related Consolidated and consolidating statements of income or operations, changes in shareholders' equity and cash flows for such fiscal quarter and for the portion of the Borrowers' fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, together with a comparison to the business plan and budget described in clause (d) below, all in reasonable detail and prepared in accordance with GAAP and including management discussion and analysis of operating results inclusive of operating metrics in comparative form, such Consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller who is a Responsible Officer of the Borrowers as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of each Borrower and its Subsidiaries, subject only to normal year-end audit adjustments and the absence of footnotes and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrowers to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of each Borrower and its Subsidiaries.

(c) Monthly Financial Statements. As soon as available, but in any event within thirty (30) days after the end of each calendar month, a Consolidated and consolidating balance sheet of each Borrower and its Subsidiaries as at the end of such month, and the related Consolidated and consolidating statements of income or operations, changes in shareholders' equity and cash flows for such month and for the portion of each Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding month of the previous fiscal year and the corresponding portion of the previous fiscal year, together with a comparison to the business plan and budget described in clause (d) below, all in reasonable detail and prepared in accordance with GAAP and including management discussion and analysis of operating results inclusive of operating metrics in comparative form, such Consolidated statements to be certified by the chief executive officer, chief financial officer, treasurer or controller who is a Responsible Officer of the Borrowers as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of each Borrower and its Subsidiaries, subject only to normal year-end audit adjustments and the absence of footnotes and such consolidating statements to be certified by the chief executive officer, chief financial officer, treasurer or controller that is a Responsible Officer of the Borrowers to the effect that such statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of each Borrower and its Subsidiaries.

(d) Business Plan and Budget. As soon as available, but in any event within thirty (30) days after the end of each fiscal year of the Borrowers, an annual business plan and budget of each Borrower and its Subsidiaries on a Consolidated basis for the fiscal year immediately following such fiscal year, including forecasts prepared by management of each Borrower, in form reasonably satisfactory to the Lead Arranger, of Consolidated balance sheets and statements of income or operations and cash flows of each Borrower and its Subsidiaries on a monthly basis for the immediately following fiscal year.

6.02 Certificates; Other Information.

Deliver to the Administrative Agent and each Lender, in form and detail satisfactory to the Lead Arranger (collectively, the "Borrower Materials"):

(a) Accountants' Certificate. Concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default or, if any such Default or Event of Default shall exist, stating the nature and status of such event (it being understood that such certificate shall be limited to the items that independent certified public accountants are permitted to and customarily cover in such certificates pursuant to their professional standards and customs of the profession).

(b) Compliance Certificate. Concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), (i) a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller which is a Responsible Officer of the Borrowers, and (ii) a copy of management's discussion and analysis with respect to such financial statements. Unless the Administrative Agent or a Lender requests executed originals, delivery of the Compliance Certificate may be by electronic communication including fax or email and shall be deemed to be an original and authentic counterpart thereof for all purposes.

(c) Updated Schedules. Concurrently with the delivery of the Compliance Certificate referred to in Section 6.02(b), the following updated Schedules to this Agreement (which may be attached to the Compliance Certificate) to the extent required to make the representation related to such Schedule true and correct as of the date of such Compliance Certificate: Schedules 1.01(c), 5.10, 5.20(a), 5.20(b), 5.21(b), 5.21(c), 5.21(d)(i), 5.21(d)(ii), 5.21(e), 5.21(f), 5.21(g)(i), 5.21(g)(ii) and 5.21(h).

(d) Calculations. Concurrently with the delivery of the Compliance Certificate referred to in Section 6.02(b) required to be delivered with the financial statements referred to in Section 6.01(a), a certificate (which may be included in such Compliance Certificate) including (i) a calculation of Excess Cash Flow for such fiscal year, (ii) the amount of all Restricted Payments, Investments, Dispositions, Capital Expenditures, Debt Issuances and Equity Issuance that were made during the prior fiscal year and (iii) amounts received in connection with any Extraordinary Receipt during the prior fiscal year.

(e) Changes in Entity Structure. Within ten (10) days prior to any merger, consolidation, dissolution or other change in entity structure of any Loan Party or any of its Subsidiaries permitted pursuant to the terms hereof, provide written notice of such change in entity structure to the Administrative Agent and Lead Arranger, along with such other information as reasonably requested by the Administrative Agent or Lead Arranger. Provide written notice to the Administrative Agent, not less than ten (10) days prior to (or such lesser period of time as agreed to by the Lead Arranger) any change in any Loan Party's legal name, state of organization, or organizational existence.

(f) Audit Reports; Management Letters; Recommendations. Promptly after any request by the Administrative Agent or any Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of any Loan Party by independent accountants in connection with the accounts or books of any Loan Party or any of its Subsidiaries, or any audit of any of them.

(g) [Reserved];

(h) Debt Securities Statements and Reports. Promptly after the furnishing thereof, copies of any material written statement (financial or otherwise) or written report (including, without limitation, any collateral reporting, "availability certificate" or similar report) furnished to any holder of material debt securities (including, without limitation, the ABL Facility Loans) of any Loan Party or of any of its Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement documenting any material Indebtedness of the Loan Parties and not otherwise required to be furnished to the Lenders pursuant to Section 6.01 or any other clause of this Section.

(i) Notices. Not later than five (5) Business Days after receipt thereof by any Loan Party or any Subsidiary thereof, copies of all material written notices, requests and other documents (including amendments, waivers, and other modifications) so received under or pursuant to any Vintage Stock Acquisition Related Document (including, without limitation, any notice or communication with respect to any actual or alleged "Environmental Liabilities" thereunder), any ABL Facility Document (including, without limitation, all "availability certificates", amendments, supplements, consent letters, waivers, forbearances, restatements or modifications to the terms thereof or in connection therewith) or any instrument, indenture, loan or credit or similar agreement documenting material Indebtedness of the Loan Parties and, from time to time upon reasonable request by the Lead Arranger, such information and reports regarding the Vintage Stock Acquisition Related Documents, the ABL Facility Documents and such instruments, indentures and loan and credit and similar agreements as the Lead Arranger may reasonably request.

(j) Environmental Notice. Not later than ten (10) Business Days after the assertion or occurrence thereof, notice of any Environmental Claim, Environmental Liability, action or proceeding against, or of any noncompliance by, any Loan Party or any of its Subsidiaries under any Environmental Law or Environmental Permit that could (i) reasonably be expected to have a Material Adverse Effect or (ii) cause any property described in the Mortgages to be subject to any material restrictions on ownership, occupancy, use or transferability under any Environmental Law.

(k) Additional Information. Promptly, such additional information regarding the business, financial, legal or corporate affairs of any Loan Party or any Subsidiary thereof, or compliance with the terms of the Loan Documents, as the Administrative Agent, any Lender or the Lead Arranger may from time to time reasonably request.

6.03 Notices.

Promptly, but in any event within three (3) Business Days, notify the Administrative Agent and each Lender in writing:

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

(b) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect, including any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect as a result of (i) the breach or non-performance of, or any default under, a Contractual Obligation of Holdings or any Subsidiary or (ii) any dispute, litigation, investigation, proceeding or suspension between Holdings or any Subsidiary and any Governmental Authority;

(c) of the commencement of, or any material development in, any litigation or proceeding affecting Holdings or any Subsidiary, including pursuant to any applicable Environmental Laws, that would reasonably be expected to result in liability in excess of $250,000;

(d) of the occurrence of any ERISA Event which is known to Borrowers or which Borrowers have reason to know of and which has resulted or would reasonably be expected to result in a Material Adverse Effect;

(e) of any material change in accounting policies or financial reporting practices by any Loan Party or any Subsidiary;

(f) of any (i) occurrence of any Disposition of property or assets for which the Borrowers are required to make a mandatory prepayment pursuant to Section 2.05(b)(ii), (ii) Equity Issuance for which the Borrowers are required to make a mandatory prepayment pursuant to Section 2.05(b)(iii), (iii) Debt Issuance for which the Borrowers are required to make a mandatory prepayment pursuant to Section 2.05(b)(iv), and (iv) receipt of any Extraordinary Receipt for which the Borrowers are required to make a mandatory prepayment pursuant to Section 2.05(b)(v); and

(g) of any default or event of default with respect to the ABL Facility (as well as any notice, if any, received with respect thereto, including a copy thereof).

Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Borrowers setting forth details of the occurrence referred to therein and to the extent applicable, stating what action the Borrowers have taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with reasonable particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations; Tax Returns.

(a) Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (i) all Tax liabilities, material assessments and material governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrowers or such Subsidiary; (ii) all lawful claims which, if unpaid, would by law become a Lien upon its property; and (iii) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, except, in the case of clauses (i), (ii) and (iii) herein, in respect of liabilities, Liens or Indebtedness, in each case, individually, below the Threshold Amount.

(b) Timely file all Tax returns.

6.05 Preservation of Existence, Etc.

(a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization, except (i) in a transaction permitted by Sections 7.04(a), (f), (g), and (h); and (ii) with respect to the good standing of the Loan Parties, where such failure would not have a Material Adverse Effect and any such failure is corrected within ten (10) days after the Loan Parties become aware of such failure;

(b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation or non-renewal of which would reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties.

(a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted;

(b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.07 Maintenance of Insurance.

(a) Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of any Borrower, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance compatible with the following standards) as are customarily carried under similar circumstances by such other Persons, including, without limitation, (i) terrorism insurance and (ii) flood hazard insurance on all Mortgaged Properties that are Flood Hazard Properties, on such terms and in such amounts as required by the National Flood Insurance Reform Act of 1994.

(b) Evidence of Insurance. Cause the Administrative Agent to be named as lenders' loss payable, loss payee or mortgagee, as its interest may appear, and/or additional insured with respect of any such insurance providing liability coverage or coverage in respect of any Collateral, and cause, unless otherwise agreed to by the Lead Arranger, each provider of any such insurance to agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be altered or cancelled (or ten (10) days prior notice in the case of cancellation due to the nonpayment of premiums). Annually, upon expiration of current insurance coverage, the Loan Parties shall provide, or cause to be provided, to the Administrative Agent, such evidence of insurance as reasonably required by the Lead Arranger, including, but not limited to: (i) certified copies of such insurance policies, (ii) evidence of such insurance policies (including, without limitation and as applicable, ACORD Form 28 certificates (or similar form of insurance certificate), and ACORD Form 25 certificates (or similar form of insurance certificate)), (iii) declaration pages for each insurance policy and (iv) lender's loss payable endorsements if the Administrative Agent for the benefit of the Secured Parties is not on the declarations page for such policy. As requested by the Administrative Agent, the Loan Parties agree to deliver to the Administrative Agent an authorization to share insurance information (or such other form as required by each of the Loan Parties' insurance companies).

(c) Redesignation. Promptly notify the Administrative Agent in writing of any Mortgaged Property that is, or becomes, a Flood Hazard Property.

6.08 Compliance with Laws.

Observe and remain in compliance with all applicable Laws and all applicable orders, writs, injunctions and decrees and maintain in full force and effect all Governmental Approvals, in each case applicable or necessary to the conduct of its business including, without limitation, all Environmental Laws and all Governmental Approvals required thereunder, except to the extent that such failure could not result in a Material Adverse Effect.

6.09 Books and Records.

Maintain proper books of record and account, in which full, true and correct entries in all material respects in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Loan Party or such Subsidiary, as the case may be.

6.10 Inspection Rights and Board Observation Rights.

(a) Permit representatives and independent contractors of the Administrative Agent and each Lender, upon reasonable prior notice, to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Borrowers and at such reasonable times during normal business hours once per fiscal year, upon reasonable advance notice to the Borrowers; provided that, when an Event of Default exists, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrowers at any time during normal business hours as often as may be reasonably desired and without advance notice. Notwithstanding anything to the contrary in this Section 6.10, none of Holdings, any Borrower or any of their Subsidiaries will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (i) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by any requirement of Law or any binding agreement or (ii) is subject to attorney-client or similar privilege or constitutes attorney work product.

(b) The Lead Arranger shall have the right to appoint an observer (the "Observer") to the governing body of Holdings and each Loan Party (each, a "Board of Directors"), who shall be entitled to attend (or at the option of such Observer, monitor by telephone) all meetings of such Board of Directors and each committee and sub-committee of such Board of Directors (other than any portions of any meetings of the Board of Directors or any of its committees that involve the exchange of privileged attorney-client information or work product) but shall not be entitled to vote, and who shall receive all reports, meeting materials (including copies of all board presentations), notices, written consents, minutes and other materials (in each case other than any portions of such reports or materials that contain information (x) that is subject to a third party's confidentiality arrangement which prohibits dissemination of such information to such Observer pursuant to the terms therein or (y) that is subject to the attorney-client privilege) as and when provided to the members of the Board of Directors. Borrowers shall reimburse the Observer for the reasonable and documented out-of-pocket travel expenses incurred by any such Observer in connection with such attendance at or participation in such meetings. Holdings and each Loan Party shall hold at least four (4) meetings of its Board of Directors in each fiscal year, at least one (1) meeting of which shall be held in-person. In the event that significant matters (including matters concerning strategy, financial health and performance) customarily determined by the Board of Directors who is the same governing body of the Loan Parties cease to be determined by the Board of Directors (including by way of delegation to any committee), then Holdings shall cause board rights substantially similar to those granted in this Section 6.10 to be granted to such Observer by such committees or Loan Parties as the Lead Arranger reasonably determines are appropriate to maintain the scope and intent of the observation rights granted in this Section 6.10.

6.11 Use of Proceeds.

The proceeds of the Term Loan will be used only to finance the Vintage Stock Acquisition, to pay certain fees and expenses incurred in connection therewith, and to fund general working capital requirements of the Borrowers.

6.12 Material Contracts.

Except, in each case, to the extent the Loan Parties determine, in the exercise of their good faith business judgment, that to do so would not be commercially reasonable under the circumstances, maintain each such Material Contract in full force and effect (except to the extent that such Material Contract expires or terminates pursuant to its terms, other than in connection with a default pursuant to such Material Contract), enforce each such Material Contract in accordance with its terms (other than failure to perform, observe, maintain or enforce immaterial contract terms which could not reasonably be expected to result in a termination right under such Material Contract), and, in each case, to the extent it would be commercially reasonable in the good faith business judgment of the Loan Parties or Subsidiaries, make to each other party to each such Material Contract such demands and requests for information and reports or for action as any Loan Party or any of its Subsidiaries is entitled to make under such Material Contract, and cause each of its Subsidiaries to do so.

6.13 Additional Guarantors; Additional Collateral.

(a) Additional Collateral. Subject to each of the provisions contained in this Section 6.13, with respect to any property acquired after the Closing Date by any Loan Party that is of the type subject to the Lien created by the Security Agreement on the Closing Date but is not so subject, the Borrowers shall (or shall cause the applicable Loan Party to) promptly (and in any event within five (5) days after the acquisition thereof, or such longer period in the sole discretion of the Lead Arranger) (i) execute and deliver to the Administrative Agent such amendments or supplements to the Collateral Documents or such other documents as the Lead Arranger shall deem necessary or reasonably advisable to grant to the Administrative Agent, for its benefit and for the benefit of the other Secured Parties, a Lien on such property, subject to no Liens other than those permitted by Section 7.01, and (ii) take all actions reasonably requested by the Lead Arranger to cause such Lien to be duly perfected to the extent required by such Collateral Document in accordance with all applicable requirements of Law, including the filing of financing statements in all applicable jurisdictions. The Borrowers shall otherwise take such actions and execute and/or deliver to the Administrative Agent such documents as the Lead Arranger shall reasonably require to confirm the validity, perfection and priority of the Lien of the Collateral Documents on such after-acquired properties. For the avoidance of doubt, for purposes of this Section 6.13, (i) no Loan Party shall be required to take any action with respect to assets to the extent that (x) the creation, perfection or priority of Liens in and to such assets is determined under the law of a jurisdiction outside of the United States, or (y) the costs to the Loan Parties of executing any such Mortgage or any such Security Documents described herein are unreasonably excessive (as reasonably determined by the Lead Arranger in consultation with the Borrowers) in relation to the benefits to the Administrative Agent and the Lenders of the security or guarantee afforded thereby.

(b) Domestic Subsidiaries. With respect to any Person that is or becomes a Domestic Subsidiary of a Loan Party after the Closing, Holdings and the Borrowers shall promptly (and in any event within five (5) Business Days after such person becomes a Domestic Subsidiary, or such longer period in the sole discretion of the Lead Arranger) (i) subject to the terms of the Intercreditor Agreement, deliver to the Administrative Agent the certificates, if any, representing all of the Equity Interests of such Domestic Subsidiary owned by a Loan Party, together with undated stock powers or other appropriate instruments of transfer executed and delivered in blank by a duly authorized officer of the holder(s) of such Equity Interests that are Loan Parties, and, to the extent required by any Loan Document, all intercompany notes owing from such Domestic Subsidiary to any Loan Party, in each case, with a fair market value, individually, in excess of the Threshold Amount, together with instruments of transfer executed and delivered in blank by a duly authorized officer of such Loan Party, (ii) cause such new Domestic Subsidiary (A) to become a Guarantor by executing and delivering to the Administrative Agent a duly executed Joinder Agreement (or such other document as the Lead Arranger shall deem reasonably appropriate for such purpose) and such other documentation as the Lead Arranger shall reasonably request, whereby such Domestic Subsidiary shall guarantee the obligations of the Loan Parties under the Loan Documents, (B) to execute a joinder or supplement to the Security Agreement or such other document as the Lead Arranger shall deem reasonably appropriate for such purpose, to grant to the Administrative Agent, for its benefit and for the benefit of the other Secured Parties, a security interest in all Collateral (subject to the exceptions specified in the Security Agreement) owned by such Domestic Subsidiary and (C) to take all actions necessary or reasonably advisable in the opinion of the Lead Arranger to cause the Lien created by the applicable Collateral Document to be duly perfected to the extent required by such agreement in accordance with all applicable requirements of Law (with first priority, subject only to Permitted Liens which, pursuant to the terms of this Agreement, are permitted to have priority over the Administrative Agent's Liens thereon), including the filing of financing statements in such jurisdictions as may be reasonably requested by the Lead Arranger, (iii) deliver to the Administrative Agent documents of the types referred to in Section 4.01(a) with respect to such Domestic Subsidiary and, if requested by the Lead Arranger, favorable opinions of counsel (limited to one (1) per applicable jurisdiction and which shall cover, among other things, the legality, validity, binding effect, enforceability, creation and perfection of the documentation referred to above), all in form, content and scope reasonably satisfactory to the Lead Arranger and (iv) deliver to the Administrative Agent updated Schedules 5.20(a), 5.20(b), 5.21(b), 5.21(f) 5.21(g)(i) and 5.21(g)(ii), and updated Schedules to the Security Agreement, as are necessary such that, as updated, such Schedules would be accurate and complete in all material respects.

(c) Real Property. If any Loan Party acquires a fee ownership interest in any real property ("Real Estate") after the Closing Date and such Real Estate has a fair market value in excess of $250,000, it shall provide to the Administrative Agent within forty-five (45) days of such acquisition (or such extended period of time as agreed to by the Lead Arranger) a Mortgage and such Mortgaged Property Support Documents as the Lead Arranger may reasonably request to cause such Real Estate to be subject at all times to a first priority, perfected Lien (subject only to Permitted Liens which, pursuant to the terms of this Agreement, are permitted to have priority over the Administrative Agent's Liens thereon) in favor of the Administrative Agent for the benefit of the Secured Parties to secure the Secured Obligations pursuant to the terms and conditions of the Collateral Documents.

(d) Landlord Waivers. In the case of each location at which the Loan Parties maintain books and records and each other location as the Lead Arranger may require, the Loan Parties will use commercially reasonable efforts to provide the Administrative Agent with such estoppel letters, consents and waivers from the landlords on such real property to the extent requested by the Lead Arranger (such letters, consents and waivers shall be in form and substance satisfactory to the Lead Arranger and the Administrative Agent).

(e) Account Control Agreements . Each of the Loan Parties shall not open, maintain or otherwise have any deposit or other accounts (including securities accounts) at any bank or other financial institution, or any other account where money or securities are or may be deposited or maintained with any Person, other than (a) the accounts set forth on Schedule 6.13 and designated as Excluded Accounts; provided that, the balance in any such account does not exceed $50,000 and the aggregate balance in all such accounts does not exceed $150,000, (b) deposit accounts that are maintained at all times with depositary institutions as to which the Administrative Agent shall have received a Qualifying Control Agreement, (c) securities accounts that are maintained at all times with financial institutions as to which the Administrative Agent shall have received a Qualifying Control Agreement, (d) deposit accounts established solely as payroll and other zero balance accounts, (e) other deposit accounts, so long as at any time the balance in any such account does not exceed $50,000 and the aggregate balance in all such accounts does not exceed $150,000 and (f) any other Excluded Account.

(f) Further Assurances. At any time upon reasonable request of the Lead Arranger, promptly execute and deliver any and all further instruments and documents and take all such other action as the Lead Arranger may deem necessary or reasonably desirable to maintain in favor of the Administrative Agent, for the benefit of the Secured Parties, Liens and insurance rights on the Collateral that are duly perfected in accordance with the requirements of, or the obligations of the Loan Parties under, the Loan Documents and all applicable Laws.

(g) Notwithstanding anything to the contrary contained herein, if at any time any Person guarantees any obligation of any Person under any ABL Facility Document and such Person is not a Guarantor under the Loan Documents at the time of such Guarantee, such Person shall be required to become a Guarantor hereunder in accordance with the terms of this Section 6.13 mutatis mutandis.

6.14 Further Assurances.

Promptly upon the reasonable request by the Administrative Agent or the Lead Arranger, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by applicable Law, subject any Loan Party's or any of its Subsidiaries' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents in accordance with the terms hereof or thereof, (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (iv) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

6.15 Compliance with Terms of Leaseholds.

Make all payments and otherwise perform all obligations in respect of all leases of real property to which any Borrower or any of its Subsidiaries is a party, keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled, notify the Administrative Agent in writing of any default by any party with respect to such leases and cooperate with the Administrative Agent in all respects to cure any such default, and cause each of its Subsidiaries to do so, except, in any case, where the failure to do so, either individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

6.16 Compliance with Environmental Laws.

Comply, and cause all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to correct any material violation under any Environmental Law or to remove and clean up all Hazardous Materials from any of its properties, to the extent required by and in accordance with any Environmental Law; provided, that neither any Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

6.17 Anti-Corruption Laws.

Conduct its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption Laws in other jurisdictions and maintain policies and procedures designed to promote and achieve compliance with such Laws.

6.18 Post-Closing Matters.

Execute and deliver the documents and complete the tasks set forth on Schedule 6.18, in each case within the time limits specified on such schedule, it being understood that each such time limit may be extended by the Lead Arranger (with notice to the Administrative Agent) in its sole discretion, so long as the Loan Parties are working diligently in good faith to complete, or cause their Subsidiaries to complete, the applicable requirement as determined by the Lead Arranger in its sole discretion.

6.19 Account Access.

With respect to any deposit or other accounts (including securities accounts and Excluded Accounts) at any bank or other financial institution, or any other account where money or securities are or may be deposited or maintained with any Person, ensure Rodney Spriggs, Ken Caviness and Seth Bayless are the sole Persons who are authorized signatories and with access to all such accounts of the Loan Parties on behalf of such Loan Parties.

6.20 Modifications to ABL Facility Documents.

Notwithstanding anything in this Agreement to the contrary, if any amendment of modification to the ABL Facility Documents amends or modifies any representation and warranty, covenant (including any financial covenant), event of default or other term contained in the ABL Facility Documents (or any related definitions), in each case, in a manner that is more restrictive than the applicable provisions permit as of the date thereof, or if any amendment or modification to the ABL Credit Agreement or other ABL Facility Document adds an additional representation and warranty, covenant, event of default therein, the Borrowers and the other Loan Parties acknowledge and agree that this Agreement or the other Loan Documents, as the case may be, shall be automatically amended or modified to affect similar amendments or modifications with respect to this Agreement or such other Loan Documents (preserving any cushions that may exist with respect to financial covenants), without the need for any further action or consent by any Borrower, the Loan Parties, or any other party. In furtherance of the foregoing, the Borrowers and the other Loan Parties permit the Lenders to document each such similar amendment or modification to this Agreement or such other Loan Documents or insert a corresponding new representation and warranty, covenant, event of default or other provision in this Agreement or such other Loan Documents without any need for any further action or consent by any Borrower, the other Loan Parties or any other party.

6.21 Key Man Life Insurance.

With respect to any key-man life insurance policies obtained by any Loan Party, the owner and beneficiary shall be the applicable Loan Party and all proceeds shall be collaterally assigned to the Administrative Agent pursuant to collateral assignment agreements (the "Key-Man Collateral Assignment Agreements") in form and substance reasonably satisfactory to the Lead Arranger and the Administrative Agent. So long as such life insurance policy is owned or held by such Loan Party, the Borrowers shall maintain the collateral assignment to the Lenders of all proceeds of such key-man life insurance policy, subject to the immediately preceding sentence.

6.22 First Lien Credit Enhancements.

If any ABL Facility Lender receives any additional guaranty or other credit enhancement after the Closing Date from the Loan Parties or any of their Affiliates, Borrowers shall cause the same to be granted to the Administrative Agent and Lenders, subject to the terms of the Intercreditor Agreement

6.23 Landlord Consents.

With respect to landlord consents for the leased properties listed on Schedule 6.23, the Loan Parties shall obtain all such consents within one hundred twenty (120) days of the Closing Date (the "Landlord Consent Period"); provided that, failure to obtain such consents shall not constitute an Event of Default unless consents remain outstanding on more than six (6) leased properties at the end of the Landlord Consent Period.

ARTICLE VII

NEGATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that on the Closing Date and thereafter until the Facility Termination Date, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Liens.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for the following (the "Permitted Liens"):

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the Closing Date and listed on Schedule 7.01 and any renewals or extensions thereof; provided that, (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by Section 7.02(b), and (iii) any renewal or extension of the obligations secured or benefited thereby is permitted by Section 7.02(b);

(c) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) statutory Liens such as carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than forty-five (45) days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Loan Party or Subsidiary;

(e) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which do not materially interfere with the ordinary conduct of the business of the applicable Person;

(h) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 8.01(h);

(i) Liens securing Indebtedness permitted under Section 7.02(c); provided that, (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(j) Any interest or title of a lessor, licensor, sublessor, or sublicensor under any lease, license, sublease, or sublicense entered into by any Loan Party or any Subsidiary thereof in the ordinary course of business or as otherwise permitted by this Agreement and covering only the assets so leased, licensed, subleased, or sublicensed;

(k) Liens of a collection bank arising under Section 4-210 of the UCC on items in the course of collection;

(l) Liens securing Indebtedness under the ABL Facility Documents, which may be first priority Liens with respect to ABL Facility Priority Collateral; and

(m) licenses, sublicenses, leases or subleases granted to third parties in the ordinary course of business not interfering with the business of the Loan Parties or any of their Subsidiaries;

(n) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by any Borrower or any other Loan Party in the ordinary course of business;

(o) customary rights of set-off, revocation, refund or chargeback under deposit agreements or under the UCC or common law of banks or other financial institutions where Loan Parties or any of their Subsidiaries maintain deposits (other than deposits intended as cash collateral) in the ordinary course of business; and

(p) other Liens as to which the aggregate amount of the obligations secured thereby does not exceed $500,000 at any time outstanding.

7.02 Indebtedness.

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness outstanding on the date hereof as listed on Schedule 7.02 and any refinancings, refundings, renewals or extensions thereof; provided that, 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 any contingent obligor with respect thereto is not changed, as a result of or in connection with such refinancing, refunding, renewal or extension; and, still further, that the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination, standstill and related terms (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 Loan Parties 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;

(c) Indebtedness in respect of Capitalized Leases and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.01(i); provided that, the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed $500,000; provided, that, for the avoidance of doubt, Capital Expenditures financed by any customer or potential customer in the ordinary course of the Loan Parties' business and not resulting in a lien on any asset of a Loan Party or a Subsidiary thereof shall not be subject to the foregoing limitations;

(d) unsecured Indebtedness of a Loan Party to any other Loan Party, which Indebtedness shall (i) to the extent required by the Lead Arranger, be evidenced by promissory notes which shall be pledged to the Administrative Agent as Collateral for the Secured Obligations in accordance with the terms of the Security Agreement, (ii) be on terms (including subordination terms) reasonably acceptable to the Lead Arranger and (iii) be otherwise permitted under the provisions of Section 7.03 ("Intercompany Debt");

(e) Guarantees of any Borrower or any Guarantor in respect of Indebtedness otherwise permitted hereunder of any Borrower or any other Guarantor; provided that, if the Indebtedness being Guaranteed is subordinated to the Obligations, such Guarantee shall be subordinated to the Guarantee of the Obligations on terms at least as favorable to the Lenders as those contained in the subordination provisions of such Indebtedness;

(f) Indebtedness of any Person that becomes a Subsidiary of any Borrower after the date hereof in a transaction permitted hereunder in an aggregate principal amount not to exceed $500,000; provided that, such Indebtedness is existing at the time such Person becomes a Subsidiary of such Borrowers and was not incurred solely in contemplation of such Person's becoming a Subsidiary of such Borrowers);

(g) obligations (contingent or otherwise) existing or arising under any Swap Contract; provided that, (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(h) subject to the Intercreditor Agreement, Indebtedness evidenced by the ABL Facility Documents;

(i) non-recourse Indebtedness consisting of unpaid insurance premiums (not in excess of one years' premiums) owing to insurance companies and insurance brokers incurred in connection with the financing of insurance premiums in the ordinary course of business, so long as Administrative Agent has received written notice of such financing and the obligee under such financing has agreed to provide Administrative Agent with at least 30 days prior written notice prior to terminating the applicable insurance;

(j) endorsement of instruments or other payment items for deposit;

(k) Indebtedness consisting of (i) guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, indemnity bonds, customs bonds, completion guarantees, and similar obligations, and leases; (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers in connection with Dispositions permitted by Section 7.05; and (iii) unsecured guarantees with respect to Indebtedness of Holdings or its Subsidiaries, to the extent that the Person that is obligated under such guaranty could have incurred such underlying Indebtedness;

(l) Indebtedness incurred in the ordinary course of business under performance, surety, statutory, customs and appeal bonds;

(m) Indebtedness in respect of workers' compensation claims, self-insurance obligations, performance bonds, export or import indemnities or similar instruments, customs bonds, governmental contracts, leases, surety, appeal or similar bonds and completion guarantees provided by a Loan Party in the ordinary course of its business;

(n) Indebtedness representing any taxes, assessments or governmental charges to the extent (i) such taxes are being contested in good faith and adequate reserves have been provided therefor and (ii) the payment thereof shall not at any time be required to be made in accordance with Section 6.04;

(o) Indebtedness evidenced by the Subordinated Acquisition Note;

(p) Indebtedness in respect of netting services, overdraft protections and other similar services, in each case incurred in the ordinary course of business;

(q) unsecured Indebtedness not contemplated by the above provisions in an aggregate principal amount not to exceed $500,000 at any time outstanding; provided that, (i) no Default or Event of Default shall then exist or would exist after giving effect thereto and (ii) the Loan Parties are in Pro Forma Compliance with each of the financial covenants set forth in Section 7.11; and

(r) unsecured Indebtedness of Holdings owed to Sponsor, provided that any such Indebtedness shall (i) not bear interest or be subject to principal repayments, (ii) be on subordination terms substantially similar to those terms contained in the Subordination Agreement and otherwise acceptable to the Lead Arranger, and (iii) be subject to any other terms reasonably required by the Lead Arranger.

7.03 Investments.

Make or hold any Investments, except:

(a) Investments held by any Borrower and its Subsidiaries in the form of cash or Cash Equivalents;

(b) advances to officers, directors and employees of any Borrower in an aggregate amount not to exceed $100,000 at any time outstanding;

(c) (i) Investments by any Borrower and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional Investments by any Borrower and its Subsidiaries in Loan Parties and (iii) additional Investments by Subsidiaries of any Borrower that are not Loan Parties in other Subsidiaries that are not Loan Parties;

(d) 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;

(e) Guarantees and Investments constituting Indebtedness permitted by Section 7.02;

(f) Investments existing on the date hereof set forth on Schedule 7.03;

(g) the Vintage Stock Acquisition, and any other acquisition that is approved by the Lead Arranger in its sole discretion;

(h) creation or acquisition of any Subsidiary, as permitted herein by Section 7.03(g), that becomes a Loan Party, provided, that such Subsidiary is a wholly-owned Domestic Subsidiary of a Loan Party and complies with Section 6.13;

(i) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;

(j) deposits of cash made in the ordinary course of business to secure performance of obligations contemplated under Section 7.01(e);

(k) Investments resulting from entering into any Swap Contract permitted by Section 7.02(g);

(l) Investments in non-cash consideration received in Dispositions to the extent permitted hereby;

(m) deposits, prepayments and other credits to suppliers and deposits in connection with lease obligations, taxes, insurance and similar items, in each case made in the ordinary course of business and securing contractual obligations of a Loan Party, in each case to the extent constituting a Lien permitted under Section 7.01;

(n) Investments in prepaid expenses, utility and workers' compensation, performance and other similar deposits, each as entered into in the ordinary course of business;

(o) Investments received in connection with the bankruptcy or reorganization of account debtors; and

(p) other Investments not contemplated by the above provisions in an aggregate principal amount not to exceed $500,000 at any time outstanding; provided that, (i) no Default or Event of Default shall then exist or would exist after giving effect thereto and (ii) the Loan Parties are in Pro Forma Compliance with each of the financial covenants set forth in Section 7.11.

7.04 Fundamental Changes.

Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default or Event of Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) any Borrower, provided that, such Borrower shall be the continuing or surviving Person; or (ii) any one or more other Subsidiaries, provided that, when any Loan Party is merging with another Subsidiary, the continuing or surviving Person shall be a Loan Party;

(b) any Loan Party may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to a Borrower or to another Loan Party;

(c) any Subsidiary that is not a Loan Party may dispose of all or substantially all its assets (including any Disposition that is in the nature of a liquidation) to (i) another Subsidiary that is not a Loan Party or (ii) to a Loan Party;

(d) [reserved];

(e) [reserved];

(f) subject to Section 7.13(c) and solely to the extent such transaction is otherwise expressly permitted by this Agreement, any merger or consolidation or other transaction, the sole purpose of which is to (i) reincorporate or reorganize in another jurisdiction in the United States or (ii) change the form of entity; provided, that, in the case of any such merger or consolidation of a Loan Party, the surviving, continuing or resulting Person shall be a Loan Party (or simultaneously with such transaction, the continuing, surviving or resulting entity shall become a Loan Party);

(g) any Investment permitted by Section 7.03 may be structured as a merger or consolidation; provided, that, in the case of any such merger or consolidation of a Loan Party, the surviving, continuing or resulting Person shall be a Loan Party (or simultaneously with such transaction, the continuing, surviving or resulting entity shall become a Loan Party); and

(h) a merger, dissolution, liquidation, consolidation or Disposition, the purpose of which is to effect a Disposition permitted pursuant to Section 7.05.

7.05 Dispositions.

Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Permitted Transfers;

(b) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions permitted by Section 7.04;

(e) Dispositions of accounts receivables to a third party in connection with the compromise, settlement or collection thereof in the ordinary course of business exclusive of factoring or similar arrangements so long as (i) the account debtor with respect thereto has instituted or consented to the institution of any proceeding under any Debtor Relief Law and (ii) all such Dispositions do not exceed $500,000 in the aggregate in any fiscal year;

(f) [reserved];

(g) other Dispositions so long as (i) at least 75% of the consideration paid in connection therewith shall be cash or Cash Equivalents paid contemporaneously with consummation of the transaction and shall be in an amount not less than the fair market value of the property disposed of, (ii) if such transaction is a Sale and Leaseback Transaction, such transaction is not prohibited by the terms of Section 7.14, (iii) such transaction does not involve the sale or other disposition of a minority Equity Interests in any Subsidiary, (iv) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other property concurrently being disposed of in a transaction otherwise permitted under this Section, and (v) the aggregate net book value of all of the assets sold or otherwise disposed of by the Loan Parties and their Subsidiaries in all such transactions in any fiscal year of the Borrowers shall not exceed $500,000;

(h) Dispositions consisting of Restricted Payments, Investments and Liens otherwise expressly permitted by this Agreement;

(i) any involuntary loss, damage or destruction of property or condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property;

(j) the termination of non-material leases or non-material contracts in the ordinary course of business; and

(k) the unwinding or terminating of Swap Agreements.

7.06 Restricted Payments.

Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, or issue or sell any Equity Interests or accept any capital contributions, except that:

(a) each Subsidiary may make Restricted Payments to any Person that owns Equity Interests in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) each Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(c) so long as no Default or Event of Default is then in existence or would otherwise result therefrom, the Loan Parties may make cash distributions to Holdings to pay or to distribute to Sponsor to pay (and which are promptly used by Holdings to pay or to distribute to Sponsor to pay), or reimburse Holdings for its payment of, common expenses, officers' salaries and other types of administrative and operative shared expenses, including any franchise taxes and other similar licensing expenses, in each case, allocable to the Loan Parties, in an aggregate amount not to exceed a maximum aggregate amount of $250,000 per fiscal year;

(d) so long as no Default or Event of Default is then in existence or would otherwise result therefrom, the Loan Parties may make cash distributions to Borrowers to pay (and which are promptly used by Borrowers to pay), or reimburse Borrowers for their payment of Management Fees, such payment and fees subject to the Management Fee Subordination Agreement; provided that, immediately before and upon giving effect to such distribution, (i) the Loan Parties are in Pro Forma Compliance with each of the financial covenants set forth in Section 7.11, and (ii) excess Availability pursuant to the Borrowing Base under the ABL Facility Documents is not less than $2,000,000; and provided further, that, Sponsor may also be entitled to a one-time cash payment of $250,000, due and payable by Borrowers on the Closing Date, as set forth under the Management Agreement;

(e) for any taxable period in which the Loan Parties are members of a consolidated, combined or similar income tax group of which Sponsor (or any direct or indirect parent thereof) is the common parent (a "Tax Group"), each Loan Party may make Restricted Payments to Holdings to pay an allocable portion of such federal, foreign, state and local income Taxes of such Tax Group actually incurred and attributable to such Loan Parties; provided, however, that such Restricted Payments shall not exceed the net amount of the relevant Tax that Holdings (or any direct or indirect parent thereof) actually owes to the appropriate Governmental Authority, assuming that any net operating loss deductions within the meaning of Section 172 of the Code or capital loss carrybacks carryovers within the meaning of Section 1212 of the Code (either existing or accrued prior to or after the Closing Date) are allocated to each of the Loan Parties *pro rata*, among the members of the "consolidated group" (within the meaning of Treasury Regulations Section 1.1502-1(h)) of Sponsor (or any direct or indirect parent thereof); provided further that any Restricted Payments received by Holdings (or any direct or indirect parent thereof) from any Loan Party pursuant to this clause (e) shall be paid over to the appropriate Governmental Authority within 60 days of receipt thereof by Holdings (or any direct or indirect parent thereof);

(f) after the first anniversary of the Closing Date, during each fiscal year, the Loan Parties may declare and make cash distributions to Sponsor in an aggregate amount not to exceed the ABL Facility Available Amount for the immediately preceding fiscal year, provided that, (i) Consolidated Total Leverage Ratio after giving effect to any such distribution is less than 2.00 to 1.00 for the most recent Measurement Period, (ii) the Loan Parties are in compliance with the applicable Consolidated Fixed Charge Coverage Ratio and Consolidated Total Leverage Ratio levels set forth in Section 7.11 on a Pro Forma Basis for the most recent Measurement Period after taking into effect such distribution and (iii) no Default or Event of Default has occurred and is continuing or would result therefrom; and

(g) each Borrower may make any payments with respect to the Subordinated Acquisition Note to the extent expressly permitted pursuant to the terms of the Subordination Agreement.

7.07 Change in Nature of Business.

Engage in any line of business substantially different (as determined by the Lead Arranger in its sole discretion) from the Borrower Line of Business on the Closing Date.

7.08 Transactions with Affiliates.

Enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person other than (i) transactions which are entered into in the ordinary course of such Person's business on fair and reasonable terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arm's length transaction with a Person other than an officer, director or Affiliate, (ii) reasonable and customary fees paid to non-officer members of the board of directors (or similar governing body) of Holdings and its Subsidiaries; provided that, all such amounts payable to officers and employees that are also officers and employees of Sponsor shall be reasonable and customary and (iii) transactions existing on the date hereof and listed on Schedule 7.08 hereof; provided that, with respect to any transaction or series of related transactions proposed to be entered into in reliance upon this Section 7.08 involving amounts payable in excess of $500,000, the Loan Parties shall provide at least five (5) Business Days prior notice of such transaction (along with a reasonable description thereof) to the Lead Arranger and Administrative Agent.

7.09 Burdensome Agreements.

Enter into, or permit to exist, any Contractual Obligation (except for this Agreement, the other Loan Documents and the ABL Facility Documents) that (a) encumbers or restricts the ability of any Person to (i) to act as a Loan Party, (ii) make Restricted Payments to any Loan Party, (iii) pay any Indebtedness or other obligation owed to any Loan Party, (iv) make loans or advances to any Loan Party, or (v) create any Lien upon the properties or assets of any Loan Party, whether now owned or hereafter acquired, except, in the case of clause (a)(v) only, for any document or instrument governing Indebtedness incurred pursuant to Section 7.02(c); provided that, any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, or (b) requires the grant of any Lien on property for any obligation if a Lien on such property is given as security for the Secured Obligations.

7.10 Use of Proceeds.

Use the proceeds of any Term Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.11 Financial Covenants.

(a) Consolidated Total Leverage Ratio. Permit the Consolidated Total Leverage Ratio calculated as of the end of any Measurement Period ending as of the end of any fiscal quarter of the Borrowers set forth below to be greater than the ratio set forth below opposite such period:

Measurement Period Ending	**Maximum Consolidated Total Leverage Ratio**
Closing Date to the fiscal quarter ending December 31, 2016	4.00 to 1.00
January 1, 2017 to the fiscal quarter ending March 31, 2017	3.75 to 1.00
April 1, 2017 to the fiscal quarter ending June 30, 2017	3.50 to 1.00
July 1, 2017 to the fiscal quarter ending September 30, 2017	3.25 to 1.00
October 1, 2017 to the fiscal quarter ending December 31, 2017	3.00 to 1.00
January 1, 2018 to the fiscal quarter ending March 31, 2018	2.75 to 1.00
April 1, 2018 to the fiscal quarter ending June 30, 2018	2.75 to 1.00
July 1, 2018 to the fiscal quarter ending September 30, 2018	2.50 to 1.00
October 1, 2018 to the fiscal quarter ending December 31, 2018	2.25 to 1.00
January 1, 2019 to the fiscal quarter ending March 31, 2019	2.25 to 1.00
April 1, 2019 to the fiscal quarter ending September 30, 2019 and each fiscal quarter thereafter	2.00 to 1.00

(b) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Total Leverage Ratio calculated as of the end of any Measurement Period ending as of the end of any fiscal quarter of the Borrowers set forth below to be less than the ratio set forth below opposite such period:

Measurement Period Ending	Minimum Fixed Charge Coverage Ratio
Closing Date to the fiscal quarter ending December 31, 2016	1.25 to 1.00
January 1, 2017 to the fiscal quarter ending March 31, 2017	1.25 to 1.00
April 1, 2017 to the fiscal quarter ending June 30, 2017	1.30 to 1.00
July 1, 2017 to the fiscal quarter ending September 30, 2017	1.30 to 1.00
October 1, 2017 to the fiscal quarter ending December 31, 2017	1.30 to 1.00
January 1, 2018 to the fiscal quarter ending March 31, 2018	1.35 to 1.00
April 1, 2018 to the fiscal quarter ending June 30, 2018	1.37 to 1.00
July 1, 2018 to the fiscal quarter ending September 30, 2018	1.40 to 1.00
October 1, 2018 to the fiscal quarter ending December 31, 2018	1.45 to 1.00
January 1, 2019 to the fiscal quarter ending March 31, 2019	1.50 to 1.00
April 1, 2019 to the fiscal quarter ending September 30, 2019 and each fiscal quarter thereafter	1.50 to 1.00

7.12 **Capital Expenditures**.

Make or become legally obligated to make any Capital Expenditure, except for Capital Expenditures in the ordinary course of business not exceeding in the aggregate for the Borrowers and their Subsidiaries during any period to be greater than the amount set forth below opposite such specified periods below:

Periods	Maximum Capital Expenditures
Closing Date through December 31, 2016	$200,000
Closing Date through March 31, 2017	$500,000
Closing Date through June 30, 2017	$800,000
Closing Date through September 30, 2017	$1,100,000
Full Measurement Period for the four fiscal quarters ending December 31, 2017 and for the four fiscal quarters ending each fiscal quarter thereafter	$1,200,000

7.13 Amendments of Organization Documents; Fiscal Year; Legal Name, State of Formation; Form of Entity and Accounting Changes.

(a) Amend any of its Organization Documents in a manner materially adverse to the interests of the Administrative Agent and the Lenders;

(b) change its fiscal year;

(c) without providing ten (10) days prior written notice to the Administrative Agent (or such extended period of time as agreed to by the Lead Arranger), change its name, state of formation, form of organization or principal place of business; or

(d) make any change in accounting policies or reporting practices, except as required by GAAP.

7.14 Sale and Leaseback Transactions.

Enter into any Sale and Leaseback Transaction.

7.15 Amendments of ABL Facility Documents.

Amend, modify or change in any manner any term or condition of the ABL Facility Loans and ABL Facility Documents other than such amendments, modifications or other changes as are permitted under the Intercreditor Agreement.

7.16 Amendment; Prepayments, Etc. of Indebtedness.

(a) Prepay, redeem, purchase, defease or otherwise satisfy or obligate itself to do so prior to the scheduled maturity thereof in any manner (including by the exercise of any right of setoff), or make any payment in violation of any subordination, standstill or collateral sharing terms of or governing any Indebtedness, except (i) the prepayment of the Term Loan in accordance with the terms of this Agreement, (ii) payments of the ABL Facility Loans as are permitted under the Intercreditor Agreement, and (iii) any prepayments of the Subordinated Acquisition Note permitted pursuant to Section 7.06(g).

(b) Amend, modify or change in any manner any term or condition of any Indebtedness (other than Indebtedness arising under the Loan Documents and ABL Facility Documents) if such amendment or modification would add or change any terms in a manner that would be materially adverse to any Loan Party or any Subsidiary, or shorten the final maturity or average life to maturity or require any payment to be made sooner than originally scheduled or increase the interest rate applicable thereto.

7.17 Related Documents.

(a) Amend, modify or change in any manner any term or condition of the Subordinated Acquisition Note, except to the extent permitted by the Subordination Agreement.

(b) Amend, modify or change in any manner any term or condition of the Management Agreement.

(c) Cancel or terminate any Vintage Stock Acquisition Related Document or consent to or accept any cancellation or termination thereof or (x) amend, modify or change in any manner any term or condition of any Vintage Stock Acquisition Related Document, (y) give any consent, waiver or approval thereunder or (z) take or fail to take any action thereunder, which, in any case of clause (x), (y) or (z), would be reasonably expected to have a Material Adverse Effect without the prior written consent of the Administrative Agent and the Required Lenders.

7.18 Sanctions.

Directly or indirectly, use the proceeds of the Initial Borrowing, or lend, contribute or otherwise make available the Initial Borrowing or the proceeds of the Initial Borrowing to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Lead Arranger, Administrative Agent or otherwise) of Sanctions.

7.19 Anti-Corruption Laws.

Directly or indirectly, use the Initial Borrowing or the proceeds of the Initial Borrowing for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

7.20 Issuance or Repurchase of Capital Stock.

Each Loan Party shall not, and shall not permit any of its Subsidiaries to become liable in respect of any obligation (contingent or otherwise) to purchase, redeem, retire, acquire or make any other payment in respect of any Equity Interests of any Loan Party or Subsidiary of any Loan Party, or any option, warrant or other right to acquire any such Equity Interest; provided, however, notwithstanding anything herein to the contrary, Holdings may issue Capital Stock so long as such issuance is otherwise permitted pursuant to this Agreement and does not result in a Change of Control.

7.21 Holdings.

Notwithstanding anything herein to the contrary, with respect to each of Holdings and the Borrowers, engage in any business activities other than (i) ownership of the Equity Interests of its Subsidiaries (provided that, Holdings shall not form or acquire any new Subsidiaries after the Closing Date), (ii) activities incidental to maintenance of its corporate existence, (iii) performance of its obligations under the Loan Documents and the agreements related thereto to which it is a party, (iv) activities solely necessary to permit the consummation of Restricted Payments and the related transactions involving such Persons to the extent expressly permitted hereunder and (v) the issuance of Equity Interests (and the use of the proceeds therefrom subject to the limitations set forth in this Agreement; including, for the avoidance of doubt, the other provisions set forth in this Section 7.21).

7.22 Anti-Layering.

No Loan Party shall, or will permit any of its respective Subsidiaries to, create or incur any Indebtedness which is senior in right of payment to the Loan and the other Obligations (other than the ABL Facility Loans on the terms set forth in the Intercreditor Agreement).

7.23 Acquisition of ABL Facility Indebtedness.

No Loan Party shall, or shall permit any Subsidiary or Affiliate thereof to, directly or indirectly, purchase, redeem, prepay, tender for or otherwise acquire, directly or indirectly, any ABL Facility Indebtedness (except as permitted by and pursuant to the terms and conditions of the ABL Facility Documents as in effect on the date hereof). For the avoidance of doubt, this Section 7.23 is not intended and shall not prevent the Loan Parties from making (i) regularly scheduled payments of principal and interest pursuant to the ABL Facility Documents, or (ii) any prepayments of the ABL Facility Indebtedness not otherwise prohibited by this Agreement or the Intercreditor Agreement.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default.

Any of the following shall constitute an Event of Default:

(a) Non-Payment. Any Borrower or any other Loan Party fails to pay when and as required to be paid herein, any amount of principal or interest of any Loan, or any fee due or any other amount payable hereunder, and such failure continues for a period longer than one (1) day after Borrowers receive such notice of missed payment from the Lead Arranger (the "Initial Notice"). Commencing on the day upon which a Loan Party failed to make a required payment hereunder through the day after the day upon which Borrower receives an Initial Notice thereof, the Loan Parties shall incur a penalty of $500 per day (the "Non-Payment Penalty"), which, for the avoidance of doubt, such Non-Payment Penalty shall constitute an Obligation of the Loan Parties under this Agreement. Commencing on the second day after the day upon which Borrowers receive the Initial Notice, to the extent Borrowers have not made such missed payment as of such time, an Event of Default shall be deemed to have occurred whereupon the Non-Payment Penalty shall cease to accrue and all outstanding Obligations shall automatically accrue interest at the Default Rate pursuant to Section 2.08(b);

(b) Specific Covenants. Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of (i) Sections 6.01 and 6.02 and such failure continues for three (3) days; (ii) Sections 6.03, 6.04, 6.05, 6.07, 6.11, 6.13 (other than 6.13(g)), 6.18, 6.19, 6.22, 6.23, Article VII or Article X and such failure continues for one (1) day; or (iii) Section 6.10 and such failure continues for five (5) days; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for ten (10) days; or

(d) Representations and Warranties . Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall (i) with respect to representations and warranties that contain a materiality qualification, be incorrect or misleading when made or deemed made and (ii) with respect to representations and warranties that do not contain a materiality qualification, be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party or any Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise but subject to any applicable grace periods applicable thereto) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder pursuant to this Agreement) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount (except with respect to the ABL Facility) (subject, in each case, to any applicable grace or cure periods applicable thereto and after giving effect to any amendments or waivers thereof), or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded (subject, in each case, to any applicable grace or cure periods applicable thereto and after giving effect to any amendments or waivers thereof); or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from any event of default under such Swap Contract as to which a Loan Party or any Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) and the Swap Termination Value owed by such Loan Party or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Subsidiary thereof institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party or any Subsidiary thereof becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty (30) days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party or any Subsidiary thereof (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect, or (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount that would reasonably be expected to result in a Material Adverse Effect; or

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

(k) Collateral Documents. Any Collateral Document after delivery thereof pursuant to the terms of the Loan Documents shall for any reason cease to create a valid and perfected first priority Lien (subject only to Permitted Liens which, pursuant to the terms of this Agreement, are permitted to have priority over the Administrative Agent's Liens thereon) on the Collateral purported to be covered thereby, or any Loan Party shall assert the invalidity of such Liens; or

(l) Change of Control. There occurs any Change of Control; or

(m) Uninsured Loss. Any uninsured damage to or loss, theft or destruction of any assets of the Loan Parties or any of their Subsidiaries shall occur that is in excess of $1,000,000 (excluding customary deductible thresholds established in accordance with historical past practices); or

(n) Environmental. Any Environmental Liability of any Loan Party or any of its Subsidiaries has arisen or any one or more Environmental Claims shall have been asserted against the Loan Parties or any of their Subsidiaries, in each case, pursuant to which the Loan Parties and their Subsidiaries would be reasonable likely to incur liability, individually or in the aggregate, in excess of the Threshold Amount (except to the extent such liability would be reasonably expected to be covered by Sellers' indemnification pursuant to the Vintage Stock Acquisition Agreement);

(o) ABL Facility Indebtedness. There shall occur an "Event of Default" (or any comparable term) (subject, in each case, to any applicable grace or cure periods applicable thereto and after giving effect to any amendments or waivers thereof) under the ABL Facility Documents; or

(p) Consolidated Return Filing. Sponsor (or any direct or indirect parent thereof) fails to timely file a Consolidated Tax return (within the meaning of Section 1502 of the Code and the Treasury Regulations promulgated thereunder) consistent with the position that its "consolidated group" (within the meaning of Treasury Regulations Section 1.1502-1(h)) includes all Subsidiaries of Sponsor and any other entities eligible to be part of Sponsor's "consolidated group" within the meaning of Section 1504(a)(2) of the Code.

Without limiting the provisions of Article IX, if a Default shall have occurred under the Loan Documents, then such Default will continue to exist until it either is cured (to the extent specifically permitted) in accordance with the Loan Documents or is otherwise expressly waived by Administrative Agent (with the written approval of Required Lenders (in their sole discretion)) as determined in accordance with Section 11.01; and once an Event of Default occurs under the Loan Documents, then such Event of Default will continue to exist until it is expressly waived by the Required Lenders or by the Administrative Agent with the written approval of the Required Lenders, as required hereunder in Section 11.01.

8.02 Remedies upon Event of Default.

If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower; and

(b) exercise on behalf of itself, and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law or equity;

provided that, upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code, the obligation of each Lender to make Loans shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

8.03 Application of Funds.

After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable) or if at any time insufficient funds are received by and available to the Administrative Agent to pay fully all Obligations then due hereunder, any amounts received on account of the Obligations shall, subject to the provisions of Section 2.15, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and Lead Arranger and amounts payable under Article III) payable to each of the Administrative Agent and Lead Arranger in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders arising under the Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans arising under the Loan Documents, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by Law.

8.04 Equity Cure.

Notwithstanding anything to the contrary contained in Section 8.01, in the event of any Event of Default under any covenant set forth in Section 7.11 and under the covenants set forth in Section 5.16 of the ABL Credit Agreement (a "Curable Default") has occurred and is continuing, an equity contribution (in the form of common equity or other equity having terms reasonably acceptable to the Lead Arranger, and in each case, not constituting Disqualified Equity Interests of Holdings, any Borrower, or any Subsidiaries of any Borrower or Holdings) made to Holdings or any other direct or indirect parent of any Borrower, which is immediately contributed to the equity capital of any Borrower on or prior to the day that is ten (10) days after the earlier of (x) the day on which financial statements are required to be delivered to the Administrative Agent for that fiscal quarter pursuant to Section 6.01(b) and (y) the date on which financial statements required to be delivered for that fiscal quarter pursuant to Section 6.01(b) are actually delivered (the "Required Contribution Date") will, at the written request of the Borrowers, be included in the calculation of Consolidated EBITDA solely for the purposes of determining compliance with such financial covenants at the end of such fiscal quarter and any subsequent period that includes such fiscal quarter (any such equity contribution, a "Specified Equity Contribution"); provided that, (a) the amount of any Specified Equity Contribution and the use of proceeds therefrom will be no greater than the amount required to cause the Loan Parties to be in compliance with the financial covenants contained in Section 7.11, (b) all Specified Equity Contributions and the use of proceeds therefrom will be disregarded for all other purposes under the Loan Documents (including, to the extent applicable, calculating Consolidated EBITDA for purposes of determining basket levels and other items governed by reference to Consolidated EBITDA or that include Consolidated EBITDA in the determination thereof in any respect), (c) there shall be no more than four (4) Specified Equity Contributions made in the aggregate after the Closing Date and Specified Equity Contributions may not be made more than twice during any four (4) consecutive fiscal quarter period and shall not be made in consecutive fiscal quarters, (d) the proceeds of all Specified Equity Contributions will be applied to prepay Loans as required pursuant to Section 2.05(b)(vi), (e) the Borrowers shall deliver to the Administrative Agent irrevocable written notice of its intent to cure (a "Cure Notice") any such Curable Default on or before the day on which the financial statements were required to be delivered for such fiscal quarter pursuant to Section 6.01(b), which Cure Notice shall set forth the calculation of the applicable amount of the Specified Equity Contribution necessary to cure such Curable Default and (f) any Loans prepaid with the proceeds of Specified Equity Contributions shall be deemed outstanding for purposes of determining compliance with the financial covenants contained in Section 7.11 for the current fiscal quarter and the next three fiscal quarters thereafter).

ARTICLE IX

ADMINISTRATIVE AGENT AND LEAD ARRANGER

9.01 Appointment and Authority.

(a) Appointment. Each of the Lenders hereby irrevocably appoints, designates and authorizes Wilmington Trust to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and neither any Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) Collateral Agent. The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder (at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article IX and Article XI (including Section 11.04(c), as though such co agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto. Without limiting the generality of the foregoing, the Administrative Agent is hereby expressly authorized to: (i) execute any and all documents (including releases) with respect to the Collateral and the rights of the Administrative Agent, the Lenders and the Lead Arranger with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Loan Documents and (ii) negotiate, enforce or settle any claim, action or proceeding affecting the Lenders in their capacity as such, acting upon the written direction of the Required Lenders, which negotiation, enforcement or settlement will be binding upon each Lender.

9.02 Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall, to the extent applicable, have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust, financial, advisory, underwriting or other business with any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders or to provide notice to or consent of the Lenders with respect thereto.

9.03 Exculpatory Provisions.

Neither the Administrative Agent nor the Lead Arranger shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent, Lead Arranger and each of their respective Related Parties:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent and/or Lead Arranger, as applicable, is instructed in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that, neither the Administrative Agent nor the Lead Arranger shall be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent or the Lead Arranger, as applicable, to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty or responsibility to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or Lead Arranger or any of its Affiliates in any capacity.

Neither the Administrative Agent, the Lead Arranger nor any of their respective Related Parties shall be liable for any action taken or not taken by the Administrative Agent or the Lead Arranger, as applicable, under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary), or as the Administrative Agent or Lead Arranger shall believe in good faith shall be necessary, under the circumstances as provided in Sections 11.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. Neither the Administrative Agent nor the Lead Arranger shall be deemed to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent or the Lead Arranger, as applicable, by Borrowers or a Lender.

Neither the Administrative Agent, the Lead Arranger nor any of their respective Related Parties have any duty or obligation to any Lender or participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and/or the Lead Arranger, as applicable.

9.04 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall be fully protected in relying and shall not incur any liability for relying upon, any notice, request, certificate, communication, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received written notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Loan Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objections.

9.05 Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Facilities as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub agents.

9.06 Resignation or Removal of Administrative Agent.

(a) Notice. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrowers, or the Required Lenders may remove the Administrative Agent upon five (5) Business Day's prior written notice to each Lender and the Borrowers (and in the case of such removal, to the Administrative Agent). Upon receipt of any such notice of resignation or in the event of such a removal, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a financial institution with an office in the United States, a Lender or an Affiliate of any such financial institution or Lender with an office in the United States. If, in the event of the Administrative Agent's resignation, no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that, in no event shall any successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) Defaulting Lender. If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrowers and such Person remove such Person as Administrative Agent and, in consultation with the Borrowers, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) Effect of Resignation or Removal. With effect from the Resignation Effective Date or the Removal Effective Date or the date on which the Administrative Agent is removed by the Required Lenders pursuant to Section 9.06(a) (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date or the date on which the Administrative Agent is removed by the Required Lenders pursuant to Section 9.06(a), as applicable, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 11.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

9.07 Non-Reliance on Administrative Agent and Other Lenders.

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

9.08 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the titles listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, the Lead Arranger or a Lender hereunder.

9.09 Administrative Agent May File Proofs of Claim; Credit Bidding.

In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender or in any such proceeding.

The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar Laws in any other jurisdictions to which a Loan Party is subject, (b) at any other sale or foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable Law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that would vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) in the asset or assets so purchased (or in the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles to make a bid, (ii) to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that, any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof shall be governed, directly or indirectly, by the vote of the Required Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in clauses (a) through (j) of Section 11.01 of this Agreement, and (iii) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of debt credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Lenders pro rata and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of the Obligations that had been assigned to the acquisition vehicle shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action.

9.10 Collateral and Guaranty Matters.

Each of the Lenders irrevocably authorize the Administrative Agent, at the direction of the Required Lenders,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon the Facility Termination Date, (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing by the Required Lenders in accordance with Section 11.01;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i); and

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative 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 the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will, at the Borrowers' expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

9.11 [Reserved].

9.12 ABL Facility Documents and Intercreditor Agreement.

Each of the Lenders hereby acknowledges that it has received and reviewed the ABL Facility Documents and irrevocably appoints, designates and authorizes the Administrative Agent and the Lead Arranger to enter into the Intercreditor Agreement and any other ABL Facility Documents, on its behalf and to take such action on its behalf as is contemplated by the terms of the Intercreditor Agreement and such ABL Facility Documents.

ARTICLE X

CONTINUING GUARANTY

10.01 Guaranty.

Each Guarantor hereby absolutely and unconditionally, jointly and severally guarantees, as primary obligor and as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all Obligations (for each Guarantor, subject to the proviso in this sentence, its "Guaranteed Obligations"); provided that, the liability of each Guarantor individually with respect to this Guaranty shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of any applicable state law. The Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon each Guarantor, and conclusive for the purpose of establishing the amount of the Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any instrument or agreement evidencing any Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Obligations which might otherwise constitute a defense to the obligations of the Guarantors (other than performance), or any of them, under this Guaranty, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

10.02 Rights of Lenders.

Each Guarantor consents and agrees that the Secured Parties may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Obligations; (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent, the Lead Arranger and the Lenders in their sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Obligations. Without limiting the generality of the foregoing, each Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of such Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of such Guarantor.

10.03 Certain Waivers.

Each Guarantor waives (a) any defense arising by reason of any disability or other defense of any Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of any Secured Party) of the liability of any Borrower or any other Loan Party, other than performance; (b) any defense based on any claim that such Guarantor's obligations exceed or are more burdensome than those of any Borrower or any other Loan Party; (c) the benefit of any statute of limitations affecting any Guarantor's liability hereunder; (d) any right to proceed against any Borrower or any other Loan Party, proceed against or exhaust any security for the Obligations, or pursue any other remedy in the power of any Secured Party whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by any Secured Party; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable Law limiting the liability of or exonerating guarantors or sureties. Each Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Obligations.

10.04 Obligations Independent.

The obligations of each Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Obligations and the obligations of any other guarantor, and a separate action may be brought against each Guarantor to enforce this Guaranty whether or not any Borrower or any other person or entity is joined as a party.

10.05 Subrogation.

No Guarantor shall exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and the Commitments and the Facilities are terminated. If any amounts are paid to a Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Secured Parties to reduce the amount of the Obligations, whether matured or unmatured.

10.06 Termination; Reinstatement.

This Guaranty is a continuing and irrevocable guaranty of all Obligations now or hereafter existing and shall remain in full force and effect until the Facility Termination Date. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of Borrowers or a Guarantor is made, or any of the Secured Parties exercises its right of setoff, in respect of the Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any of the Secured Parties in their discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Secured Parties are in possession of or have released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of each Guarantor under this paragraph shall survive termination of this Guaranty.

10.07 Stay of Acceleration.

If acceleration of the time for payment of any of the Obligations is stayed, in connection with any case commenced by or against a Guarantor or Borrowers under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by each Guarantor, jointly and severally, immediately upon demand by the Secured Parties.

10.08 Condition of Borrowers.

Each Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from any Borrower and any other guarantor such information concerning the financial condition, business and operations of each Borrower and any such other guarantor as such Guarantor requires, and that none of the Secured Parties has any duty, and such Guarantor is not relying on the Secured Parties at any time, to disclose to it any information relating to the business, operations or financial condition of any Borrower or any other guarantor (each Guarantor waiving any duty on the part of the Secured Parties to disclose such information and any defense relating to the failure to provide the same).

10.09 Appointment of Borrowers.

Each of the Loan Parties hereby appoints the Borrowers to act as its agent for all purposes of this Agreement, the other Loan Documents and all other documents and electronic platforms entered into in connection herewith and agrees that (a) the Borrowers may execute such documents and provide such authorizations on behalf of such Loan Parties as the Borrowers deems appropriate in its sole discretion and each Loan Party shall be obligated by all of the terms of any such document and/or authorization executed on its behalf, (b) any notice or communication delivered by the Administrative Agent or a Lender to the Borrowers shall be deemed delivered to each Loan Party and (c) the Administrative Agent, the Lead Arranger or the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by any of the Borrowers on behalf of each of the Loan Parties.

10.10 Right of Contribution.

The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under applicable Law.

ARTICLE XI

MISCELLANEOUS

11.01 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and such Borrowers or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no such amendment, waiver or consent shall:

(a) [reserved];

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under such other Loan Document without the written consent of each Lender entitled to such payment;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan, or (subject to clause (iv) of the second proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to such amount; provided, that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or to reduce any fee payable hereunder;

(e) change (i) Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender or (ii) the order of application of any reduction in the Commitments or any prepayment of the Term Loan Facility from the application thereof set forth in the applicable provisions of Section 2.05(b), respectively, in any manner that materially and adversely affects the Lenders without the written consent of the Required Lenders, as applicable;

(f) change any provision of this Section 11.01 or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or thereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(g) release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender;

(h) release all or substantially all of the value of the Guaranty, without the written consent of each Lender, except to the extent the release of any Subsidiary from the Guaranty is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting at the direction of the Required Lenders);

(i) release any Borrower or permit any Borrower to assign or transfer any of its rights or obligations under this Agreement or the other Loan Documents without the consent of each Lender; or

(j) impose any greater restriction on the ability of any Lender under the Term Loan Facility to assign any of its rights or obligations hereunder without the written consent of the Required Lenders;

and provided further, that, (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and the Lead Arranger, in addition to the Lenders required above, affect the rights or duties of the Administrative Agent and the Lead Arranger under this Agreement or any other Loan Document; and (ii) the Agent Fee Letter may only be amended, or rights or privileges thereunder may only be waived, in a writing executed by the parties to the Agent Fee Letter. Notwithstanding anything to the contrary herein, (A) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender, that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender; (B) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein, (C) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders, and (D) no lender holding all or any portion of the ABL Facility Indebtedness shall have any right to vote on any amendment, modification or consent under this Agreement or any of the other Loan Documents.

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

Notwithstanding anything in this Agreement to the contrary, if any amendment of modification to the ABL Facility Documents amends or modifies any representation and warranty, covenant (including any financial covenant), event of default or other term contained in the ABL Facility Documents (or any related definitions), in each case, in a manner that is more restrictive than the applicable provisions permit as of the date thereof, or if any amendment or modification to the ABL Credit Agreement or other ABL Facility Document adds an additional representation and warranty, covenant, event of default therein, the Borrowers and the other Loan Parties acknowledge and agree that this Agreement or the other Loan Documents, as the case may be, shall be automatically amended or modified to affect similar amendments or modifications with respect to this Agreement or such other Loan Documents, without the need for any further action or consent by the Borrowers, the Loan Parties, or any other party. In furtherance of the foregoing, the Borrowers and the other Loan Parties permit the Lenders to document each such similar amendment or modification to this Agreement or such other Loan Documents or insert a corresponding new representation and warranty, covenant, event of default or other provision in this Agreement or such other Loan Documents without any need for any further action or consent by the Borrowers, the other Loan Parties or any other party.

If any Lender does not consent to a proposed amendment, waiver, consent or release with respect to any Loan Document that requires the consent of each Lender and that has been approved by the Required Lenders, the Borrowers may replace such Non-Consenting Lender in accordance with Section 11.13; provided that, such amendment, waiver, consent or release can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrowers to be made pursuant to this paragraph).

11.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax transmission or e-mail transmission (subject, in the case of e-mail transmission, to clause (b) below) as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Borrower or any other Loan Party, the Administrative Agent or the Lead Arranger, to the address, fax number, e-mail address or telephone number specified for such Person on Schedule 1.01(a); and

(ii) if to any other Lender, to the address, fax number, e-mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to Borrowers).

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

(b) Electronic Communications. Notices and other communications to the Administrative Agent, the Lead Arranger and the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that, the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Lead Arranger or the Borrowers may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that, approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (ii) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail address or other written acknowledgement) indicating that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the any Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower's, any Loan Party's or the Administrative Agent's transmission of Borrower Materials or notices through the Platform, any other electronic platform or electronic messaging service, or through the Internet, other than losses, claims, damages, liabilities or expenses arising out of the gross negligence or willful misconduct of the Agent Parties in relation thereto as determined by a court of competent jurisdiction in a final and non-appealable judgment.

(d) Change of Address, Etc. Each of the Borrowers, the Administrative Agent and the Lead Arranger may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the Borrowers, the Administrative Agent and the Lead Arranger. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, fax number and e-mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to such Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market related activities with respect to such Persons' securities, and each Public Lender agrees to cause at least one (1) individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen on IntraLinks, Syndtrak, ClearPar or a substantially similar electronic transmission system (the "Platform") in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to Borrowers or its securities for purposes of United States federal or state securities laws.

(e) Reliance by Administrative Agent, Lead Arranger and Lenders. The Administrative Agent, the Lead Arranger and the Lenders shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices, Loan Notices and Notice of Loan Prepayment) purportedly given by or on behalf of any Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Administrative Agent, the Lead Arranger, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Loan Party. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies; Enforcement.

No failure by any Lender, the Lead Arranger or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders; provided that, the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) the Lead Arranger from exercising the rights and remedies that inure to its benefit (solely in its capacity as Lead Arranger) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

11.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Loan Parties shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Lead Arranger, the Administrative Agent and their respective Affiliates (including the reasonable and documented fees, charges and disbursements of one counsel for the Administrative Agent and the Lead Arranger and, if necessary, one firm of local counsel for the Administrative Agent and the Lead Arranger in each applicable jurisdiction and one firm of specialist counsel for the Administrative Agent and the Lead Arranger for each such specialized area of law), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, the Lead Arranger or any Lender (including the reasonable and documented fees, charges and disbursements of one counsel for the Administrative Agent, Lead Arranger and the Lenders and, if necessary, one firm of local counsel for the Administrative Agent and the Lead Arranger in each applicable jurisdiction and one firm of specialist counsel for the Administrative Agent and the Lead Arranger for each such specialized area of law), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Lead Arranger, the Administrative Agent (and any sub-agent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, settlement costs and related expenses (including the reasonable and documented fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including Borrowers or any other Loan Party) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, and the case of the Lead Arranger (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Loan Party or any of its Subsidiaries, or any Environmental Liability or Environmental Claim related in any way to a Loan Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Loan Party or any of Borrowers' or such Loan Party's directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNITEE; provided that, such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, or (y) in the case of disputes solely between or among Indemnitees and not arising out of any acts or omissions by any Loan Party or any of its Affiliates, except that in the event of such dispute involving a claim or proceeding brought against the Administrative Agent or the Lead Arranger (in each case, in its capacity as such) by the other Indemnitees, such indemnity shall be available to the Administrative Agent or the Lead Arranger (in each case, in its capacity as such), as applicable (subject to the other foregoing limitations and exceptions). Without limiting the provisions of Section 3.01(c), this Section 11.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that any of the Loan Parties for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section or Section 3.01(c) to be paid by it to the Administrative Agent (or any sub-agent thereof), the Lead Arranger or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Lead Arranger or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time (or if such unreimbursed expense or indemnity payment is sought after the date on which the Loans have been paid in full, in accordance with such Lender's share of the Total Credit Exposure immediately prior to the date on which the Loans are paid in full)) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them; provided that, the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Lead Arranger in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), or the Lead Arranger in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, no Loan Party shall assert, and each Loan Party hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after written demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 11.02(e) shall survive the resignation of the Administrative Agent, the Lead Arranger, the replacement of any Lender and the repayment, satisfaction or discharge of all the other Obligations.

11.05 Payments Set Aside.

To the extent that any payment by or on behalf of the Borrowers is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

11.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except neither any Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, the Lead Arranger and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Lead Arranger, and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of the Term Loans at the time owing to it); provided that, any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Term Loans at the time owing to it or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the principal outstanding balance of the Term Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $1,000,000, unless each of the Administrative Agent, the Lead Arranger and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld, conditioned or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement and the other Loan Documents with respect to the Term Loans assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except:

(A) the consent of the Borrowers (such consent not to be unreasonably withheld, conditioned or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that, the Borrowers shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent and the Lead Arranger within five (5) Business Days after having received notice thereof;

(B) the consent of the Lead Arranger shall be required for assignments in respect of any Term Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to any Borrower or any Borrower's or the Sponsor's Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), (C) to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural person) or (D) any holder of the ABL Facility Indebtedness, and any such assignment in violation of this provision shall be void ab initio.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers, the Lead Arranger and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (B) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 11.04 with respect to facts and circumstances occurring prior to the effective date of such assignment); provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of each Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and each Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by each Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice. This Section 11.06(c) shall be construed so that all Loans provided for under the Loan Documents are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2), and 881(c)(2) of the Code and under Sections 5f.103-1(c) and 1.871-14 of the United States Treasury Regulations.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or the Administrative Agent, sell participations to any Person (other than to Borrowers or any Borrower's or Sponsor's Affiliates or Subsidiaries) a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person, a Defaulting Lender or any Borrowers or any Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Loans owing to it); provided that, (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) each Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.04(c) without regard to the existence of any participations.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that, such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 11.01 that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein, including the requirements under Section 3.01(e) (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that, such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 11.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided that, such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that, no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in "registered form" under Section 5f-103 1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent or the Lead Arranger (in its capacity as Administrative Agent or Lead Arranger, as the case may be) shall have no responsibility for maintaining a Participant Register. This Section 11.06(d) shall be construed so that all Loans provided for under the Loan Documents are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2), and 881(c)(2) of the Code and under Sections 5f.103-1(c) and 1.871-14 of the United States Treasury Regulations.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note or Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that, no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

11.07 Treatment of Certain Information; Confidentiality.

(a) Treatment of Certain Information. Each of the Administrative Agent, the Lead Arranger and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed in each case, (i) to its Affiliates, to its Related Parties and to its financing sources (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including the United States Small Business Administration and any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (B) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any Borrower and its obligations, this Agreement or payments hereunder, (vii) on a confidential basis to (A) any rating agency in connection with rating any Borrower or its Subsidiaries or the credit facilities provided hereunder or (B) the provider of any Platform or other electronic delivery service used by the Administrative Agent to deliver Borrower Materials or notices to the Lenders or (C) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder,

(viii) with the consent of Borrowers or to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section or (2) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than such Borrowers, (ix) in connection with any public filing by the Lead Arranger, the Administrative Agent, any Lender or their respective Affiliates but only to the extent that such Person is required, or such Person reasonably believes that it is required, by law to disclose such Information, or (x) to any financial institution that is a lender (or other provider of financing) to the any Lender (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential). For purposes of this Section, "Information" means all information received from any Borrower or any Subsidiary relating to Borrowers or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Borrower or any Subsidiary; provided that, in the case of information received from any Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent, the Lead Arranger and the Lenders may disclose the existence of this Agreement and customary information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent, the Lead Arranger and the Lenders in connection with the administration of this Agreement, the other Loan Documents and the Commitments.

(b) Non-Public Information. Each of the Administrative Agent and the Lenders acknowledges that (i) the Information may include material non-public information concerning a Loan Party or a Subsidiary, as the case may be, (ii) it has developed compliance procedures regarding the use of material non-public information and (iii) it will handle such material non-public information in accordance with applicable Law, including United States federal and state securities Laws.

(c) Press Releases. The Loan Parties and their Affiliates agree that they will not in the future issue any press releases or other public disclosure using the name of the Administrative Agent, the Lead Arranger or any Lender or their respective Affiliates or referring to this Agreement or any of the Loan Documents without the prior written consent of the Administrative Agent or such Lender, as applicable, unless (and only to the extent that) the Loan Parties or such Affiliate is required to do so under law.

(d) Customary Advertising Material. The Loan Parties consent to the publication by the Administrative Agent, the Lead Arranger or any Lender of customary advertising material relating to the Transaction using the name, product photographs, logo or trademark of the Loan Parties.

(e) Lead Arranger. If at any time Capitala ceases to be a Lender, the Required Lenders (or such other Person approved in writing by each of the Borrowers, the Administrative Agent and the Required Lenders) shall act as Lead Arranger for all purposes of this Agreement and the other Loan Documents.

11.08 Right of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of any Borrower or any other Loan Party against any and all of the obligations of such Borrowers or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or their respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrowers or such Loan Party may be contingent or unmatured, secured or unsecured, or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that, in the event that any Defaulting Lender shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (b) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application; provided that, the failure to give such notice shall not affect the validity of such setoff and application.

11.09 Interest Rate Limitation.

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

11.10 Counterparts; Integration; Effectiveness.

This Agreement and each of the other Loan Documents may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement or any other Loan Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement or such other Loan Document or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Loan Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

11.11 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of the Initial Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

11.12 Severability.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

11.13 Replacement of Lenders.

If the Borrowers are entitled to replace a Lender pursuant to the provisions of Section 3.06, or if any Lender is a Defaulting Lender (solely with respect to clause (b) of the definition of "Defaulting Lender" under this Agreement) or a Non-Consenting Lender or if any other circumstance exists hereunder that gives the Borrowers the right to replace a Lender as a party hereto, then the Borrowers may, at their sole expense and effort, upon written notice to such Lender and the Administrative Agent and the Lead Arranger, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrowers shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.06(b);

(b) such Lender shall have received payment of an amount equal to 100% of the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Laws; and

(e) in the case of an assignment resulting from a Lender becoming a Non Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

11.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, THE LEAD ARRANGER, ANY LENDER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, THE LEAD ARRANGER OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 11.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

11.15 Waiver of Jury Trial.

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

11.16 Subordination.

Each Loan Party (a "Subordinating Loan Party") hereby subordinates the payment of all obligations and indebtedness of any other Loan Party owing to it, whether now existing or hereafter arising, including but not limited to any obligation of any such other Loan Party to the Subordinating Loan Party as subrogee of the Secured Parties or resulting from such Subordinating Loan Party's performance under this Guaranty, to the indefeasible payment in full in cash of all Obligations. If the Secured Parties so request, any such obligation or indebtedness of any such other Loan Party to the Subordinating Loan Party shall be enforced and performance received by the Subordinating Loan Party as trustee for the Secured Parties and the proceeds thereof shall be paid over to the Secured Parties on account of the Obligations, but without reducing or affecting in any manner the liability of the Subordinating Loan Party under this Agreement. Without limitation of the foregoing, so long as no Default has occurred and is continuing, the Loan Parties may make and receive payments with respect to Intercompany Debt; provided, that in the event that any Loan Party receives any payment of any Intercompany Debt at a time when such payment is prohibited by this Section, such payment shall be held by such Loan Party, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to the Administrative Agent.

11.17 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Borrower and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the arranging and other services regarding this Agreement provided by the Administrative Agent and any Affiliate thereof, the Lead Arranger and the Lenders are arm's-length commercial transactions between each Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and, as applicable, its Affiliates, the Lead Arranger and the Lenders and their Affiliates (collectively, solely for purposes of this Section, the " Lenders"), on the other hand, (ii) each of the Borrowers and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each Borrower and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) the Administrative Agent and its Affiliates, the Lead Arranger and each Lender each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for any Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (ii) neither the Administrative Agent, any of its Affiliates, the Lead Arranger nor any Lender has any obligation to any Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent and its Affiliates, the Lead Arranger and the Lenders may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent, any of its Affiliates, the Lead Arranger nor any Lender has any obligation to disclose any of such interests to any Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrowers and each other Loan Party hereby waives and releases any claims that it may have against the Administrative Agent, any of its Affiliates, the Lead Arranger or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

11.18 Electronic Execution.

The words "delivery," "execute," "execution," "signed," "signature," and words of like import in any Loan Document or any other document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that, notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it; provided, further, without limiting the foregoing, upon the request of the Administrative Agent, any electronic signature shall be promptly followed by such manually executed counterpart.

11.19 USA PATRIOT Act Notice.

Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers and the other Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the Act. The Borrowers and the Loan Parties agree to, promptly following a request by the Administrative Agent or any Lender, provide all such other documentation and information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Act.

11.20 ENTIRE AGREEMENT.

THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

11.21 Intercreditor Agreement.

(a) Notwithstanding anything herein to the contrary, the priority of the Lien and security interest granted to the Administrative Agent, on behalf of the Lenders, pursuant to or in connection with this Agreement, the terms of this Agreement and the exercise of any right or remedy by the Administrative Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement with respect to the priority of any Liens or the exercise of any rights or remedies, the terms of the Intercreditor Agreement shall control.

(b) Notwithstanding anything herein to the contrary and to the extent provided for in the Intercreditor Agreement, to the extent this Agreement or any other Loan Document requires the delivery of, or control over, ABL Facility Priority Collateral (used herein as defined in the Intercreditor Agreement) to be granted or provided to the Agent at any time prior to the Discharge of ABL Facility Obligations (used herein as defined in the Intercreditor Agreement), then the Loan Parties may deliver such ABL Facility Priority Collateral (or control with respect thereto) and any related approval or consent rights to the ABL Facility Lender in accordance with the ABL Facility Documents in full satisfaction of any such requirement under this Agreement or any of the other Loan Documents; provided that, upon the Discharge of ABL Facility Obligations the Loan Parties shall deliver (or cause to be delivered), or provide control over, as applicable, such ABL Facility Priority Collateral within the same period of time from the date of the Discharge of ABL Facility Obligations as would apply under the Loan Documents if such ABL Facility Priority Collateral was acquired by such Loan Party as of such date.

(c) Upon the formation or acquisition of any Subsidiary after the Closing Date, Borrowers shall cause such Subsidiary to acknowledge and consent to the terms of the Intercreditor Agreement and to agree to such terms applicable to such Subsidiary thereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWERS:

VINTAGE STOCK, INC.

By: _____
Name: _____
Title: _____

VINTAGE STOCK AFFILIATED HOLDINGS LLC

By: _____
Name: _____
Title: _____

ADMINISTRATIVE AGENT:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

LEAD ARRANGER:

CAPITALA PRIVATE CREDIT FUND V, L.P.

By: _____
Name: _____
Title: _____

LENDER:

[_____]

By: _____
Name: _____
Title: _____

Schedule 1.01(a)

Certain Addresses for Notices

Loan Parties: Vintage Stock, Inc. 202 East 32nd Street Joplin, Missouri 64804 Vintage Stock Affiliated Holdings LLC 325 E. Warm Springs Road, Suite 102 Las Vegas, NV 89119 Attention: Jon Isaac Fax: 858-259-6661 Email: j.isaac@isaac.com **With a Copy to (which shall not constitute notice)** : Baker & Hostetler LLP 600 Anton Boulevard Suite 900 Costa Mesa, California 92626 Attn: Randolf W. Katz, Esq. Fax: 714-966-8802 Email: rwkatz@bakerlaw.com	**Administrative Agent**: Wilmington Trust, National Association Suite 1290, 50 South Sixth Street, Minneapolis, MN 55402 Attention: Josh James Phone: 612-217-5637 Fax: 612-217-5651 Email: JJames@WilmingtonTrust.com **With a Copy to (which shall not constitute notice)**: Paul Hastings LLP 200 Park Avenue New York, NY 10166 Attention: Michael Chernick Telephone: 212-318-6065 Fax: 212-230-6065 Email: michaelchernick@paulhastings.com
	Lead Arranger Capitala Private Credit Fund V, L.P. 4201 Congress St. - Suite 360 Charlotte, North Carolina 28209 Attention: Eric Althofer Email: ealthofer@capitalagroup.com **With a Copy to (which shall not constitute notice)**: Paul Hastings LLP 200 Park Avenue New York, NY 10166 Attention: William Brady Fax: (212) 969-2900 Email: williambrady@paulhastings.com

Schedule 1.01(b)

Commitments and Applicable Percentages

Lender	**Commitment**	**Applicable Percentage**
Capitala Finance Corp.	$11,250,000	37.50%
CapitalSouth Partners SBIC Fund III, L.P.	$10,125,000	33.75%
Capitala Private Credit Fund V, L.P.	$7,500,000	25.00%
CapitalSouth Partners Fund II Limited Partnership	$1,125,000	3.75%
Total:	**$30,000,000**	**100%**

Schedule 1.01(e)

Mortgaged Property Support Documents

"Mortgaged Property Support Documents" means the following, all in form and substance satisfactory to the Lead Arranger:

(a) evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and, together with an appropriate fixture filing financing statement, are in form suitable for filing or recording in all filing or recording offices that the Lead Arranger may deem necessary or desirable in order to create a valid first and subsisting Lien on the real property interests and fixtures intended to be secured in favor of the Administrative Agent and that all filing, documentary, stamp, intangible and recording taxes and fees have been paid;

(b) fully paid title insurance policies (the "Mortgage Policies"), with endorsements and in amounts reasonably acceptable to the Lead Arranger, issued (and to the extent reasonably requested by the Lead Arranger, coinsured and reinsured) by nationally recognized title insurers acceptable to the Lead Arranger, insuring the Mortgages to be valid first and subsisting Liens on the real property described therein, free and clear (or insured over) of all defects (including, but not limited to, mechanics' and materialmen's Liens) and encumbrances, excepting only permitted encumbrances and other Liens permitted under the Loan Documents, and providing for such other affirmative assurances (including endorsements for future advances under the Loan Documents, for mechanics' and materialmen's Lien coverage, zoning and subdivision of the applicable property) as may be reasonably requested by the Lead Arranger;

(c) copies of any existing appraisals of each of the properties previously obtained by the Loan Parties in the possession of any Loan Party;

(d) evidence that all other actions that the Lead Arranger may reasonably deem necessary or desirable in order to create valid first and subsisting Liens on the real property Collateral have been taken;

(e) current Phase I environmental site assessments prepared in accordance with ASTM E1527-13 and such other environmental site assessment reports as may be reasonably requested by the Lead Arranger prepared by an environmental consulting firm reasonably acceptable to the Lead Arranger and engaged by the Borrowers or, with the prior consent of the Borrowers, the Lead Arranger and indicating the presence or absence of Environmental Liability, Hazardous Materials and the estimated cost of any compliance, removal, remedial or corrective action in connection with compliance with Environmental Law or any Hazardous Materials on such properties;

(f) favorable opinions of local counsel to the Loan Parties, addressed to the Administrative Agent and each Lender (and their permitted successors and assigns), as to the matters concerning the Mortgages and related matters as the Lead Arranger may reasonably request; and

(g) fully paid zoning reports in form and substance reasonably satisfactory to Lead Arranger from a company acceptable to Lender or other evidence reasonably satisfactory to Lead Arranger that each parcel of real property and each Loan Party's activities at such parcel of real property are in compliance with all applicable state, county and municipal zoning and subdivision laws, regulations and codes.

Schedule 6.18

Post-Closing Conditions

1. The Loan Parties shall deliver to the Administrative Agent collateral access agreements executed by the applicable Loan Party and the respective landlord, in favor of both the Administrative Agent and the ABL Facility Lender, simultaneously with the delivery thereof to the ABL Facility Lender, in form and substance reasonably satisfactory to the Lead Arranger and the Administrative Agent, with respect to the properties located at:

Property Address	Landlord
5809 Greenville Ave. Dallas, TX 63376	Central Control Company
101 N. Range Line Rd., Suite 118 Joplin, MO 64801	CBL & Associates Management, Inc.
2040 Chesterfield Mall Chesterfield, MO 63017	Chesterfield Mall, LLC
1320 Mid Rivers Mall St. Peters, MO 63376	Mid Rivers Mall, LLC
25 South County Center Way Mehlville, MO 63129	South County Shoppingtown, LLC
651 N. Academy Blvd. Colorado Springs, CO 80909	Citadel Crossing Associates, LP

2. The Loan Parties shall, within one hundred twenty (120) calendar days of the Closing Date (or such later date as may be agreed to by the Lead Arranger in its sole discretion) deliver to the Administrative Agent (i) evidence that they have (a) terminated the account maintained at Arvest Bank with account #18343209 and established a corresponding depository account at Texas Capital Bank, National Association, and (b) established automatic daily sweep arrangements with respect to each of the accounts set forth below into such depository account established in clause (a) hereof, and (ii) a fully executed Qualifying Control Agreement over such depository account in favor of both the ABL Facility Lender and the Administrative Agent, in form and substance reasonably satisfactory to the Lead Arranger and the Administrative Agent.

Financial Institution	Account #
ARVEST	18343209
ARVEST	18343775
ARVEST	21829176
ARVEST	18343584
ARVEST	36300758
ARVEST	xxxx1226
ARVEST	18343597
ARVEST	17181255
ARVEST	17181268
ARVEST	17181239
ARVEST	36700468
ARVEST	78184505
ARVEST	15274928
ARVEST	17181242
ARVEST	18343911
ARVEST	17181271
ARVEST	18344114
ARVEST	19256968
COMPASS BANK	6720976232
COMPASS BANK	2533846044
COMPASS BANK	2533846346
COMPASS BANK	2533846184
COMPASS BANK	2533846176
COMPASS BANK	2533846117
COMPASS BANK	2533846052
COMPASS BANK	2533846095
COMPASS BANK	2533846060
COMPASS BANK	6717775463
COMPASS BANK	2533846133
COMPASS BANK	2533846125
COMPASS BANK	6717778241
SOUTHWEST NATIONAL BANK	1101188
SOUTHWEST NATIONAL BANK	1102834
COMMERCE BANK	442509861
COMMERCE BANK	760916092
COMMERCE BANK	135416874
COMMERCE BANK	316917899
COMMERCE BANK	176392237
COMMERCE BANK	166534160
COMMERCE BANK	677622485
UMB BANK	9871260887
UMB BANK	9871651916
UMB BANK	9871413632
CHASE BANK	456830731
GREAT SOUTHERN BANK	108901106
VALLEY VIEW BANK	60002018829
BLUE RIDGE BANK	8055866
ADAMS DAIRY BANK	5032000183
BANK OF OKLAHOMA	807298997
FIDELITY BANK	52523
MIDFIRST BANK	1043000126

Exhibit 10.31

Form of Note

[_____, ____]

FOR VALUE RECEIVED, the undersigned (each a "Borrower" and, collectively, the "Borrowers"), hereby promise to pay to [_____] or its registered assigns (the "Lender"), in accordance with the provisions of the Loan Agreement (as hereinafter defined), the principal amount of the Term Loan from time to time made by the Lender to the Borrowers under that certain Term Loan Agreement, dated as of November [2], 2016 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Loan Agreement;" the terms defined therein being used herein as therein defined), among the Borrowers, the Guarantors, the Lenders from time to time party thereto, Capitala Private Credit Fund V, L.P., as Lead Arranger, and Wilmington Trust, National Association, as Administrative Agent.

The Borrowers collectively promise to pay interest on the unpaid principal amount of the Term Loan made by the Lender from the date of such Term Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Loan Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Loan Agreement. This Note may be subject to mandatory prepayment as set forth in the Loan Agreement

This Note is one of the Notes referred to in the Loan Agreement and the holder is entitled to the benefits thereof. The Term Loan made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Term Loans and payments with respect thereto.

Each Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

Delivery of an executed counterpart of a signature page of this Note by fax transmission or other electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PROVISIONS.

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IN WITNESS WHEREOF, the Borrowers, intending to be legally bound, have duly executed this Note the day and year first above written.

VINTAGE STOCK, INC., a Missouri corporation, as a Borrower

By: _____
Name: _____
Title: _____

VINTAGE STOCK AFFILIATED HOLDINGS LLC, a Nevada limited liability company, as a Borrower

By: _____
Name: _____
Title: _____

Title: _____

Date: _____ __, ____

Exhibit 10.32

SECURITY AND PLEDGE AGREEMENT

THIS SECURITY AND PLEDGE AGREEMENT (this "Agreement") is entered into as of November 3, 2016 among Vintage Stock Affiliated Holdings, LLC (the "Initial Borrower" or "Holdings"), Vintage Stock, Inc. (the "Target Borrower" and collectively with the Initial Borrower, the "Borrowers" and each a "Borrower"), the other parties identified as "Grantors" on the signature pages hereto and such other parties that may become Grantors hereunder after the date hereof (together with the Borrowers, each individually a "Grantor", and collectively, the "Grantors"), and Wilmington Trust, National Association ("Administrative Agent") for the Secured Parties.

RECITALS

WHEREAS, pursuant to that certain Term Loan Agreement, dated as of the date hereof (as amended, modified, extended, restated, renewed, replaced, or supplemented from time to time, the "Loan Agreement") among the Borrowers, the Guarantors, the Lenders party thereto, the Administrative Agent and Capitala Private Credit Fund V, L.P., in its capacity as Lead Arranger (the " Lead Arranger"), the Lenders have agreed to make the Loan upon the terms and subject to the conditions set forth therein; and

WHEREAS, each Grantor will derive substantial direct and indirect benefits from the transactions contemplated by the Loan Agreement.

WHEREAS, it is a condition precedent to the making of the Loan by the Lenders that each Grantor shall have executed and delivered this Agreement.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

(a) Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement and the rules of construction set forth in Section 1.02 (Other Interpretive Provisions) of the Loan Agreement shall apply to this Agreement.

(b) The following terms shall have the meanings set forth in the UCC: Accession, Account, Account Debtor, Adverse Claim, As-Extracted Collateral, Certificated Security, Chattel Paper, Commercial Tort Claim, Consumer Goods, Deposit Account, Document, Electronic Chattel Paper, Equipment, Farm Products, Financial Asset, Fixtures, General Intangible, Goods, Instrument, Inventory, Investment Company Security, Investment Property, Letter-of-Credit Right, Manufactured Home, Payment Intangible, Proceeds, Securities Account, Securities Entitlement, Securities Intermediary, Security, Software, Supporting Obligation and Tangible Chattel Paper.

(c) In addition, the following terms shall have the meanings set forth below:

"Assignment of Claims Act" means the Assignment of Claims Act of 1940 (41 U.S.C. Section 15, 31 U.S.C. Section 3737, and 31 U.S.C. Section 3727), including all amendments thereto and regulations promulgated thereunder.

"Collateral" has the meaning provided in Section 2 hereof.

"Control" means the manner in which "control" is achieved under the UCC with respect to any Collateral for which the UCC specifies a method of achieving "control".

"Copyright License" means any agreement now or hereafter in existence, providing for the grant by, or to, any rights (including, without limitation, the grant of rights for a party to be designated as an author or owner and/or to enforce, defend, use, display, copy, manufacture, distribute, exploit and sell, make derivative works, and require joinder in suit and/or receive assistance from another party) covered in whole or in part by a Copyright.

"Copyrights" means, collectively, all of the following of any Grantor: (i) all copyrights (whether statutory or common law, whether registered or unregistered, published or unpublished), copyright registrations and copyright applications anywhere in the world and all tangible embodiments whether now owned or hereafter created or acquired, (ii) all derivative works, counterparts, extensions and renewals of any of the foregoing, (iii) all income, fees, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past, present and future infringements, violations or misappropriations of any of the foregoing, (iv) all rights and privileges with respect to the use of such copyrights, including the right to sue for past, present and future infringements, violations or misappropriations of any of the foregoing and (v) all rights corresponding to any of the foregoing throughout the world.

"Excluded Property" means, with respect to any Loan Party,

(i) any leasehold interests in real property;

(ii) all cars, trucks, trailers and other vehicles or assets subject to certificates of title under the Laws of any state;

(iii) any assets with respect to which the Lead Arranger determines, in its sole discretion, that the burden or costs of creating and/or perfecting such a security interest therein is excessive in relation to the benefit to the Lenders of the security to be afforded thereby;

(iv) Excluded Accounts;

(v) any permit, lease, license, contract or other Instrument of a Grantor to the extent the grant of a security interest in such permit, lease, license, contract or other Instrument in the manner contemplated by this Agreement, under the terms thereof or under applicable Law, is prohibited and would result in the termination thereof or give the other parties thereto the right to terminate, accelerate or otherwise alter such Grantor's rights, titles and interests thereunder (including upon the giving of notice or the lapse of time or both); provided that any such limitation on the security interests granted hereunder shall only apply to the extent that any such prohibition or right to terminate or accelerate or alter the Grantor's rights could not be rendered ineffective pursuant to the UCC or any other applicable Law (including Debtor Relief Laws) or principles of equity; provided, further, that in the event of the termination or elimination of any such prohibition or right or the requirement for any consent contained in any applicable Law, permit, lease, license, contract or other Instrument, to the extent sufficient to permit any such item to become Collateral hereunder, or upon the granting of any such consent, or waiving or terminating any requirement for such consent, a security interest in such permit, lease, license, contract or other Instrument shall be automatically and simultaneously granted hereunder and shall not be included as Excluded Property hereunder;

(vi) any United States intent-to-use trademark applications to the extent that, and solely during the period in which the grant of a security interest therein would impair the validity or enforceability of or render void or result in the cancellation of, any registration issued as a result of such intent-to-use trademark applications under applicable Law; provided that upon submission and acceptance by the USPTO of an amendment to allege pursuant to 15 U.S.C. Section 1060(a) or any successor provision, such intent-to-use trademark application shall be considered Collateral;

(vii) the Equity Interests of any Foreign Subsidiary of any Grantor to the extent not required to be pledged to secured the Obligations pursuant to the Collateral Documents (including, without limitation, any Equity Interests excluded from the definition of Pledged Equity); or

(viii) margin stock;

provided, that the security interest granted to the Administrative Agent under this Agreement shall attach immediately to any asset of any Grantor at such time as such asset ceases to be "Excluded Property" described in any of the foregoing clauses (i) through (ix) above; provided, further, Excluded Property shall not include any Proceeds, products, substitutions or replacements of any Excluded Property (unless such Proceeds, products, substitutions or replacements would themselves otherwise constitute Excluded Property).

"Government Contract" means a contract between any Grantor and an agency, department or instrumentality of the United States or any state, municipal or local Governmental Authority located in the United States or all obligations of any such Governmental Authority arising under any Account now or hereafter owing by any such Governmental Authority, as Account Debtor, to any Grantor.

"Intellectual Property" means, collectively, all of the following of any Grantor: (i) all systems software and applications software (including source code and object code), all documentation for such software, including, without limitation, user manuals, flowcharts, functional specifications, operations manuals, and all formulas, processes, ideas and know-how embodied in any of the foregoing, (ii) concepts, discoveries, improvements and ideas, know-how, technology, reports, design information, trade secrets, practices, specifications, test procedures, maintenance manuals, research and development, inventions (whether or not patentable), blueprints, drawings, data, customer lists, catalogs, and all physical embodiments of any of the foregoing, (iii) Patents and Patent Licenses, Copyrights and Copyright Licenses, Trademarks and Trademark Licenses and (iv) other agreements with respect to any rights in any of the items described in the foregoing clauses (i), (ii), and (iii).

"Issuer" means the issuer of any Pledged Equity.

"Patent License" means any agreement, now or hereafter in existence, providing for the grant by, or to, any Grantor of any rights (including, without limitation, the right for a party to be designated as an owner and/or to enforce, defend, make, have made, make improvements, manufacture, use, sell, import, export, and require joinder in suit and/or receive assistance from another party) covered in whole or in part by a Patent.

"Patents" means collectively, all of the following of any Grantor: (i) all issued patents, all inventions and patent applications anywhere in the world, (ii) all improvements, counterparts, reissues, divisional, re-examinations, extensions, continuations (in whole or in part) and renewals of any of the foregoing and improvements thereon, (iii) all income, fees, royalties, damages or payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past, present or future infringements, violations or misappropriations of any of the foregoing, (iv) all rights and privileges with respect to the use of such patents, including the right to sue for past, present and future infringements, violations or misappropriations of any of the foregoing and (v) all rights corresponding to any of the foregoing throughout the world.

"Pledged Equity" means, with respect to each Grantor, (i) 100% of the issued and outstanding Equity Interests of each Domestic Subsidiary (that is a Material Subsidiary) of Holdings that is directly owned by such Grantor and (ii) 65% (or such greater percentage that, due to a change in an applicable Law after the date hereof, (A) would not reasonably be expected to cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent and (B) would not reasonably be expected to cause any material adverse tax consequences) of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in each Foreign Subsidiary (that is a Material Subsidiary) of Holdings that is directly owned by such Grantor, including the Equity Interests (but subject to the limitations on Equity Interests of Foreign Subsidiaries set forth herein) of the Subsidiaries owned by such Grantor as set forth on Schedule 5.21(f) to the Loan Agreement (as updated from time to time in accordance with the Loan Documents), in each case together with the certificates (or other agreements or instruments), if any, representing such shares, and all options and other rights, contractual or otherwise, with respect thereto, including, but not limited to, the following:

(1) all Equity Interests representing a dividend thereon, or representing a distribution or return of capital upon or in respect thereof, or resulting from a stock split, revision, reclassification or other exchange therefor, and any subscriptions, warrants, rights or options issued to the holder thereof, or otherwise in respect thereof; and

(2) in the event of any consolidation or merger involving any Issuer and in which such Issuer is not the surviving Person, all shares of each class of the Equity Interests of the successor Person formed by or resulting from such consolidation or merger, to the extent that such successor Person is a direct Subsidiary of a Grantor;

(3) all claims, rights, privileges, authority and powers of such Grantor relating to such Equity Interests, and the certificates, instruments and agreements representing such Equity Interests, including, without limitation, the Equity Interests listed in Schedule 5.21(f) to the Loan Agreement, attached as Schedule 1 hereof.

but in each case subject to the limitations on Equity Interests of Foreign Subsidiaries set forth herein.

"Trademark License" means any agreement, now or hereafter in existence, providing for the grant by, or to, any Grantor of any rights in (including, without limitation, the right for a party to be designated as an owner and/or to enforce, defend, use, mark, police, and require joinder in suit and/or receive assistance from another party) covered in whole, or in part, by a Trademark.

"Trademarks" means, collectively, all of the following of any Grantor: (i) all trademarks, trade names, corporate names, internet domain names, trade styles, service marks, logos, whether registered or unregistered, all registrations and recordings thereof, and all applications in connection therewith (other than each United States application to register any trademark or service mark prior to the filing under applicable Law of a verified statement of use for such trademark or service mark) anywhere in the world, (ii) all counterparts, extensions and renewals of any of the foregoing, (iii) all income, fees, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages or payments for past, present or future infringements, violations, dilutions or misappropriations of any of the foregoing, (iv) all rights and privileges with respect to the use of such Trademarks, including the right to sue for past, present or future infringements, violations, dilutions or misappropriations of any of the foregoing and (v) all rights corresponding to any of the foregoing (including the goodwill) throughout the world.

"USPTO" means the United States Patent and Trademark Office.

2. Grant of Security Interest in the Collateral. To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration, mandatory prepayment or otherwise, of the Obligations, each Grantor hereby pledges and grants to the Administrative Agent, for the benefit of the Secured Parties, a Lien on and a continuing security interest in, and a right to set off against, any and all right, title and interest of such Grantor in and to all of the following, wherever located and whether now owned or existing or owned, acquired, or arising hereafter from time to time (collectively, the "Collateral"): (a) all Accounts; (b) all cash, currency and Cash Equivalents; (c) all Chattel Paper (including Electronic Chattel Paper and Tangible Chattel Paper); (d) those certain Commercial Tort Claims set forth on Schedule 5.21(e) to the Loan Agreement (as updated from time to time in accordance with the Loan Agreement); (e) all Deposit Accounts; (f) all Documents; (g) all Equipment; (h) all Fixtures; (i) all General Intangibles; (j) all Goods; (k) all Instruments; (l) all Intellectual Property; (m) all Inventory; (n) all Investment Property; (o) all Letter-of-Credit and Letter-of-Credit Rights; (p) all Payment Intangibles; (q) all Pledged Equity; (r) all Securities Accounts; (s) all Software; (t) all Supporting Obligations; (u) [reserved]; (v) all books and records pertaining to the Collateral; (w) all Accessions and all Proceeds and products of any and all of the foregoing; (x) Vintage Stock Acquisition Agreement rights pursuant to the Collateral Assignment of Vintage Stock Acquisition Agreement; (y) key-man life insurance policy rights pursuant to the Key-Man Collateral Assignment Agreements; and (z) all other assets or personal property of any kind or type whether tangible or intangible whatsoever now or hereafter owned by such Grantor or as to which such Grantor now or hereafter has the power to transfer interest therein.

Notwithstanding anything to the contrary contained herein, the security interests and Liens granted under this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property, and to the extent that any Collateral later becomes Excluded Property, the Lien and security interest granted hereunder will automatically be deemed to have been terminated and released; provided further that, if and when any property shall cease to be Excluded Property, a Lien on and security interest in such property shall automatically be deemed granted therein.

The Grantors and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest created hereby in the Collateral (a) constitutes continuing collateral security for all of the Obligations, whether now existing or hereafter arising and (b) is not to be construed as an assignment of any Intellectual Property.

3. Representations and Warranties. As of the date hereof, and with respect to any Grantor who joins this Agreement following such date, as of the date such Grantor joins this Agreement, each Grantor hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, that:

(a) Ownership. Each Grantor is the legal and beneficial owner of, or has sufficient rights in, its Collateral, has good and marketable title to all its Collateral and has the right to pledge, sell, assign or transfer the same. There exists no Adverse Claim with respect to the Pledged Equity of such Grantor, other than Permitted Liens or other Liens that will be terminated on the date hereof.

(b) Security Interest/Priority. This Agreement creates a valid Lien and first priority security interest in favor of the Administrative Agent, for the benefit of the Secured Parties, in the Collateral of such Grantor and, when properly perfected by filing, shall constitute a valid and perfected, first priority security interest in such Collateral, including all uncertificated Pledged Equity consisting of partnership or limited liability company interests that do not constitute Securities, to the extent such security interest can be perfected by filing under the UCC (other than with respect to Fixtures that require filings or other recordations with the local real estate records), free and clear of all Liens except for Permitted Liens. No Grantor has authenticated any agreement authorizing any secured party thereunder to file a financing statement, except to perfect Permitted Liens. The taking possession by the Administrative Agent of the certificated securities (if any) evidencing the Pledged Equity and all other Instruments constituting Collateral will perfect and establish the first priority of the Administrative Agent's security interest in all the Pledged Equity evidenced by such certificated securities and such Instruments. With respect to any of the Pledged Equity that are uncertificated securities, Grantors shall register the Administrative Agent as the registered owner of any uncertificated securities (if any) and the Administrative Agent will have a perfected first priority security interest in all such uncertificated securities pledged by it. With respect to any Collateral consisting of a Deposit Account, Securities Entitlement or held in a Securities Account, upon execution and delivery by the applicable Grantor, the applicable Securities Intermediary and the Administrative Agent of an agreement granting control to the Administrative Agent over such Collateral, the Administrative Agent shall have a valid and perfected, first priority security interest in such Collateral.

(c) Types of Collateral. None of the Collateral consists of, or is the Proceeds of, (i) As-Extracted Collateral, (ii) Consumer Goods, (iii) Farm Products, (iv) Manufactured Homes, (v) standing timber or (vi) any other interest in or to any of the foregoing.

(d) Accounts. No Account of a Grantor is evidenced by any Instrument or Chattel Paper unless such Instrument or Chattel Paper, to the extent requested by the Administrative Agent or the Lead Arranger, has been endorsed over and delivered to, or submitted to the control of, the Administrative Agent.

(e) Equipment and Inventory. With respect to any Equipment and/or Inventory of a Grantor, each such Grantor has exclusive possession and control of such Equipment and Inventory of such Grantor except for (i) Equipment leased by such Grantor as a lessee, (ii) Equipment or Inventory in transit with common carriers or (iii) Equipment and/or Inventory in the possession or control of a warehouseman, bailee or any agent or processor of such Grantor to the extent such Grantor has complied with Section 4(e).

(f) Authorization of Pledged Equity; Compliance. All Pledged Equity (i) is duly authorized and validly issued, (ii) is fully paid and, to the extent applicable, nonassessable and is not subject to the preemptive rights of any Person, (iii) is beneficially owned as of record by a Grantor and (iv) constitutes all the issued and outstanding shares of all classes of the equity of such Issuer issued to such Grantor (except with respect to Pledged Equity of any Foreign Subsidiaries, the issued and outstanding shares of which are pledged in the amount required pursuant to clause (ii) of the definition of Pledged Equity herein). The security interest in the Pledged Equity does not violate Regulation T, U or X of the Board of Governors of the Federal Reserve System.

(g) No Other Equity Interests, Instruments, Etc. As of the Closing Date, (i) no Grantor owns any certificated Equity Interests in any Subsidiary that has not been pledged and delivered to the Administrative Agent hereunder, and (ii) no Grantor holds any Instruments, Documents or Tangible Chattel Paper that have not been pledged and delivered to the Administrative Agent pursuant to Section 4(c)(i) of this Agreement. All such certificated securities, Instruments, Documents and Tangible Chattel Paper have been delivered to the Administrative Agent to the extent (A) requested by the Administrative Agent or the Lead Arranger or (B) as required by the terms of this Agreement and the other Loan Documents.

(h) Partnership and Limited Liability Company Interests. None of the Collateral consisting of an interest in a partnership or a limited liability company (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a Security governed by Article 8 of the UCC, (iii) is an Investment Company Security, (iv) is held in a Securities Account or (v) constitutes a Security or a Financial Asset.

(i) Contracts; Agreements; Licenses. Other than the Excluded Property, no Grantor has any Material Contracts which are non-assignable by their terms, or as a matter of Law, or which prevent the granting of a security interest therein.

(j) Consents; Etc. No approval, consent, exemption, authorization or other action by, notice to, or filing with, any Governmental Authority or any other Person (including, without limitation, any stockholder, member or creditor of such Grantor), is necessary or required for (i) the grant by such Grantor of the security interest in the Collateral granted hereby or for the execution, delivery or performance of this Agreement by such Grantor, (ii) the perfection of such security interest (to the extent such security interest can be perfected by filing under the UCC (other than with respect to Fixtures that require filings or other recordations with the local real estate records), the granting of control (to the extent required under Section 4(c) hereof) or by filing an appropriate notice with the USPTO or the United States Copyright Office) or (iii) the exercise by the Administrative Agent or the Secured Parties of the rights and remedies provided for in this Agreement (including, without limitation, as against any Issuer), except for (A) the filing or recording of UCC financing statements or other filings under the Assignment of Claims Act, (B) the filing of appropriate notices with the USPTO and the United States Copyright Office, (C) obtaining control to perfect the Liens created by this Agreement (to the extent required under Section 4(c) hereof), (D) such actions as may be required by Laws affecting the offering and sale of securities, (E) such actions as may be required by applicable foreign Laws affecting the pledge of the Pledged Equity of Foreign Subsidiaries and (F) consents, authorizations, filings or other actions which have been obtained or made or that will be obtained contemporaneous with the Closing Date.

(k) Commercial Tort Claims. As of the Closing Date, no Grantor has any Commercial Tort Claims with a fair market value in excess of the Threshold Amount, except as set forth on Schedule 5.21(e) of the Loan Agreement.

(l) Copyrights, Patents and Trademarks.

(i) All material Intellectual Property of such Grantor is valid, subsisting, unexpired, enforceable and has not been abandoned except as permitted by the Loan Agreement.

(ii) No holding, decision or judgment has been rendered by any Governmental Authority that would limit, cancel or question the validity of any Intellectual Property of any Grantor that is reasonably necessary for the operation of such Grantor's business.

(iii) All applications pertaining to the Copyrights, Patents and Trademarks of each Grantor that are reasonably necessary for the operation of such Grantor's business have been duly and properly filed, and all registrations or letters pertaining to such Copyrights, Patents and Trademarks have been duly and properly filed and issued.

(iv) No Grantor has made any assignment or agreement in conflict with the security interest in the material Intellectual Property of any Grantor hereunder, except for Permitted Liens.

(v) Each Grantor and each of its Subsidiaries, own, or possess the right to use, all of the Intellectual Property that is reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person.

(vi) To the knowledge of each Grantor, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed by any Grantor or any of its Subsidiaries infringes upon any rights held by any other Person.

(vii) No proceeding, claim or litigation regarding any of the foregoing is pending or, to the knowledge of such Grantor, threatened in writing, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

4. Covenants. Each Grantor covenants that until the Facility Termination Date, such Grantor shall:

(a) Maintenance of Perfected Security Interest; Further Information.

(i) Maintain the security interest created by this Agreement as a first priority perfected security interest (subject only to Permitted Liens) and shall defend such security interest against the claims and demands of all Persons whomsoever (other than the holders of Permitted Liens).

(ii) From time to time furnish to the Administrative Agent upon the Administrative Agent's or any other Secured Party's reasonable request, statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as the Administrative Agent or such Secured Party may reasonably request, all in reasonable detail.

(b) Required Notifications. Promptly notify the Administrative Agent (and the Administrative Agent will thereafter promptly notify the Lead Arranger), in writing, of: (i) any Lien (other than Permitted Liens) on any of the Collateral which would adversely affect the ability of the Administrative Agent to exercise any of its remedies hereunder and (ii) the occurrence of any other event which would reasonably be expected to have a material impairment on the aggregate value of the Collateral or on the security interests created hereby.

(c) Perfection through Possession and Control.

(i) If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Tangible Chattel Paper or Supporting Obligation, or if any property constituting Collateral shall be stored or shipped subject to a Document, ensure that such Instrument, Tangible Chattel Paper, Supporting Obligation or Document is either in the possession of such Grantor at all times or, if requested by the Administrative Agent or the Lead Arranger to perfect the Administrative Agent's security interest in such Collateral, is delivered to the Administrative Agent duly endorsed in a manner reasonably satisfactory to the Lead Arranger. Such Grantor shall ensure that any Collateral consisting of Tangible Chattel Paper is marked with a legend reasonably acceptable to the Lead Arranger indicating the Administrative Agent's security interest in such Tangible Chattel Paper.

(ii) Deliver to the Administrative Agent promptly upon the receipt thereof by or on behalf of a Grantor, all certificates and instruments constituting Certificated Securities or Pledged Equity. Prior to delivery to the Administrative Agent, all such certificates constituting Pledged Equity shall be held in trust by such Grantor for the benefit of the Administrative Agent pursuant hereto. All such certificates representing Pledged Equity shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, substantially in the form provided in Exhibit A hereto or other form reasonably acceptable to the Lead Arranger.

(iii) If any Collateral shall consist of Deposit Accounts, Electronic Chattel Paper, Letter-of-Credit Rights, Securities Accounts or uncertificated Investment Property, execute and deliver (and, with respect to any Collateral consisting of a Securities Account or uncertificated Investment Property, cause the Securities Intermediary or the Issuer, as applicable, with respect to such Investment Property to execute and deliver) to the Administrative Agent all control agreements, assignments, instruments or other documents as reasonably requested by the Administrative Agent or the Lead Arranger for the purposes of obtaining and maintaining Control of such Collateral. If any Collateral shall consist of Deposit Accounts or Securities Accounts, comply with Section 6.13(f) of the Loan Agreement.

(d) Filing of Financing Statements, Notices, etc. Execute and deliver to the Administrative Agent and/or file such agreements, assignments or instruments (including affidavits, notices, reaffirmations and amendments and restatements of existing documents, as the Administrative Agent or the Lead Arranger may reasonably request) and do all such other things as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably deem necessary or appropriate (i) to assure to the Administrative Agent its security interests hereunder, including (A) such instruments as the Administrative Agent or the Lead Arranger may from time to time reasonably request in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, including, without limitation, financing statements (including continuation statements), (B) with regard to Copyrights, a Notice of Grant of Security Interest in Copyrights substantially in the form of Exhibit B or other form reasonably acceptable to the Lead Arranger, (C) with regard to Patents, a Notice of Grant of Security Interest in Patents for filing with the USPTO substantially in the form of Exhibit C or other form reasonably acceptable to the Lead Arranger and (D) with regard to Trademarks, a Notice of Grant of Security Interest in Trademarks for filing with the USPTO substantially in the form of Exhibit D or other form reasonably acceptable to the Lead Arranger, (ii) to consummate the transactions contemplated hereby and (iii) to otherwise protect and assure the Administrative Agent of its rights and interests for the benefit of the Secured Parties hereunder. Furthermore, each Grantor also hereby irrevocably makes, constitutes and appoints the Administrative Agent, its nominee or any other person whom the Administrative Agent may (at the direction of the Required Lenders) designate, as such Grantor's attorney in fact with full power and for the limited purpose to prepare and file (and, to the extent applicable, sign) in the name of such Grantor any financing statements, or amendments and supplements to financing statements, renewal financing statements, notices or any similar documents which in the Required Lenders' or Lead Arranger's reasonable discretion would be necessary or appropriate in order to perfect and maintain perfection of the security interests granted hereunder, such power, being coupled with an interest, being and remaining irrevocable until the Facility Termination Date. Each Grantor hereby agrees that a carbon, photographic or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement by the Administrative Agent without notice thereof to such Grantor wherever the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may in the Required Lenders' or Lead Arranger's, as applicable, reasonable discretion desire to file the same.

(e) Collateral Held by Warehouseman, Bailee, etc.

(i) If any Collateral with a value in excess of the Threshold Amount is at any time in the possession or control of a warehouseman, bailee or any agent or processor of such Grantor shall (A) notify in writing the Administrative Agent of such possession, (B) notify in writing such Person in writing of the Administrative Agent's security interest for the benefit of the Secured Parties in such Collateral, (C) instruct such Person to hold all such Collateral for the Administrative Agent's account and subject to the Administrative Agent's instructions and (D) upon request by the Administrative Agent or the Lead Arranger, obtain (1) a written acknowledgment from such Person that it is holding such Collateral for the benefit of the Administrative Agent and (2) such other documentation reasonably required by the Administrative Agent or the Lead Arranger (including, without limitation, subordination and access agreements).

(ii) Perfect and protect such Grantor's ownership interests in all Inventory with a value in excess of the Threshold Amount stored with a consignee against creditors of the consignee by filing and maintaining financing statements against the consignee reflecting the consignment arrangement filed in all appropriate filing offices, providing any written notices required by the UCC to notify any prior creditors of the consignee of the consignment arrangement, and taking such other actions as may be necessary to perfect and protect such Grantor's interests in such inventory under Section 2-326, Section 9-103, Section 9-324 and Section 9-505 of the UCC or otherwise, which such financing statements filed pursuant to this Section shall be collaterally assigned to the Administrative Agent, for the benefit of the Secured Parties.

(f) Treatment of Accounts. Except as permitted by the Loan Agreement, not grant or extend the time for payment of any Account, or compromise or settle any Account for less than the full amount thereof, or release any person or property, in whole or in part, from payment thereof, or amend, supplement or modify any Account in any manner that would reasonably be likely to adversely affect the value thereof, or allow any credit or discount thereon, other than as normal and customary in the ordinary course of a Grantor's business. Each Grantor will deliver to the Administrative Agent a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of any Account.

(g) Commercial Tort Claims. Execute and deliver such statements, documents and notices and do and cause to be done all such things as may be reasonably required by the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger, or required by Law to create, preserve, perfect and maintain the Administrative Agent's security interest in any Commercial Tort Claims initiated by or in favor of any Grantor.

(h) Inventory. With respect to the Inventory of each Grantor:

(i) At all times maintain inventory records reasonably satisfactory to the Lead Arranger, keeping correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory and such Grantor's cost therefore and daily withdrawals therefrom and additions thereto.

(ii) Produce, use, store and maintain the Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with applicable Laws (including the requirements of the Federal Fair Labor Standards Act of 1938, as amended and all rules, regulations and orders related thereto).

(i) Books and Records. Mark its books and records (and shall cause the Issuer of the Pledged Equity of such Grantor to mark its books and records) to reflect the security interest granted pursuant to this Agreement.

(j) Nature of Collateral. At all times maintain the Collateral as personal property and not affix any of the Collateral to any real property in a manner that would change its nature from personal property to real property or a Fixture to real property, unless the Administrative Agent shall have a perfected Lien on such Fixture or real property.

(k) Issuance or Acquisition of Equity Interests in Partnerships or Limited Liability Companies.

(i) Not without executing and delivering, or causing to be executed and delivered, to the Administrative Agent such agreements, documents and instruments as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably require in accordance with the Loan Documents, issue or acquire any Pledged Equity consisting of an interest in a partnership or a limited liability company that (A) is dealt in or traded on a securities exchange or in a securities market, (B) by its terms expressly provides that it is a Security governed by Article 8 of the UCC, (C) is an investment company security, (D) is held in a Securities Account or (E) constitutes a Security or a Financial Asset, except in each case, as otherwise permitted by the provisions of the Loan Agreement.

(ii) Without the prior written consent of the Lead Arranger, such consent not to be unreasonably withheld, conditioned or delayed, no Grantor will (A) vote to enable, or take any other action to permit, any applicable Issuer to issue any Investment Property or Equity Interests constituting partnership or limited liability company interests, except for those additional Investment Property or Equity Interests constituting partnership or limited liability company interests that will be subject to the security interest granted herein in favor of the Secured Parties or otherwise permitted by the provisions of the Loan Agreement, or (B) enter into any agreement or undertaking, except in connection with a Disposition permitted under Section 7.05 of the Loan Agreement, restricting the right or ability of such Grantor or the Administrative Agent to sell, assign or transfer any Investment Property or Pledged Equity or Proceeds thereof, except, as otherwise permitted by the provisions of the Loan Agreement. The Grantors will defend the right, title and interest of the Administrative Agent in and to any Investment Property and Pledged Equity against the claims and demands of all Persons whomsoever.

(iii) If any Grantor becomes entitled to receive or shall receive (A) any certificated securities (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the ownership interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any Investment Property, or otherwise in respect thereof, or (B) any sums paid upon or in respect of any Investment Property upon the liquidation or dissolution of any Issuer, such Grantor shall accept the same as the agent of the Secured Parties, hold the same in trust for the Secured Parties, segregated from other funds of such Grantor, and promptly deliver the same to the Administrative Agent, on behalf of the Secured Parties, in accordance with the terms hereof.

(l) Intellectual Property.

(i) Except as permitted by the Loan Agreement, not do any act or omit to do any act whereby any material Copyright may become invalidated and (A) not do any act, or omit to do any act, whereby any material Copyright may become injected into the public domain; (B) notify in writing the Administrative Agent immediately if it knows that any material Copyright is reasonably likely to become injected into the public domain or of any materially adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any court or tribunal in the United States or any other country) regarding a Grantor's ownership of any such Copyright or its validity; (C) take all necessary steps as it shall deem appropriate under the circumstances, to maintain and pursue each application (and to obtain the relevant registration) of each material Copyright owned by a Grantor and to maintain each registration of each material Copyright owned by a Grantor including, without limitation, filing of applications for renewal where necessary; and (D) promptly notify the Administrative Agent in writing of any infringement, misappropriation, dilution or impairment of any material Copyright of a Grantor of which it becomes aware and take such actions as it shall reasonably deem appropriate under the circumstances to protect such Copyright, including, where appropriate, the bringing of suit for infringement, dilution or impairment or seeking injunctive relief and seeking to recover any and all damages for such infringement, misappropriation, dilution or impairment.

(ii) Not make any assignment or agreement in conflict with the security interest in the Copyrights of each Grantor hereunder (except as permitted by the Loan Agreement).

(iii) Except as permitted by the Loan Agreement, (A) continue to use each material Trademark on each and every trademark class of goods applicable to its current line as used in the ordinary course of business in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (B) maintain at least the same standards of quality of products and services offered under such Trademark as are currently maintained, (C) employ such Trademark with the appropriate notice of registration, if applicable, (D) not adopt or use any mark that is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (E) not (and not permit any licensee or sublicensee thereof to) do any act or omit to do any act whereby any such Trademark may become invalidated.

(iv) Except as permitted by the Loan Agreement, not do any act, or omit to do any act, whereby any material Patent may become abandoned or dedicated.

(v) Notify in writing the Administrative Agent and the Secured Parties promptly if it knows that any application or registration relating to any material Patent or Trademark is reasonably likely to become abandoned or dedicated, or of any materially adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the USPTO or any court or tribunal in any country) regarding such Grantor ownership of any material Patent or Trademark or its right to register the same or to keep and maintain the same.

(vi) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the USPTO, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of each Patent and Trademark, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vii) Promptly notify in writing the Administrative Agent and the Secured Parties after it learns that any Patent or Trademark included in the Collateral is infringed, misappropriated, diluted or impaired by a third party and promptly sue for infringement, misappropriation, dilution or impairment, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation, dilution or impairment, or to take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark.

(viii) Not make any assignment or agreement in conflict with the security interest in the Patents or Trademarks of each Grantor hereunder (except as permitted by the Loan Agreement).

(ix) Upon the occurrence and during the continuance of an Event of Default, grant to the Administrative Agent a royalty free license to use such Grantor's Intellectual Property solely in connection with the enforcement of the Administrative Agent's rights hereunder, but only to the extent any license or agreement granting such Grantor rights in such Intellectual Property do not prohibit such use by the Administrative Agent.

(m) Equipment. Except as permitted by the Loan Agreement, maintain each item of Equipment in good working order and condition (reasonable wear and tear and obsolescence excepted).

(n) Government Contracts. Promptly notify the Administrative Agent in writing if it enters into any contract with a Governmental Authority under which such Governmental Authority, as account debtor, owes a monetary obligation to any Grantor under any Account.

(o) [Reserved].

(p) Further Assurances.

(i) Promptly upon the request of the Administrative Agent or the Lead Arranger and at the sole expense of the Grantors, duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (A) the assignment of any Material Contract, (B) with respect to Government Contracts, assignment agreements and notices of assignment, in form and substance reasonably satisfactory to the Lead Arranger, duly executed by any Grantors party to such Government Contract in compliance with the Assignment of Claims Act (or analogous state applicable Law), and (C) all applications, certificates, instruments, registration statements, and all other documents and papers the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably request and as may be required by Law in connection with the obtaining of any consent, approval, registration, qualification, or authorization of any Person deemed necessary or appropriate for the effective exercise of any rights under this Agreement.

(ii) From time to time upon the Administrative Agent's or Lead Arranger's reasonable request, promptly furnish such updates to the information disclosed pursuant to this Agreement and the Loan Agreement, including any Schedules hereto or thereto, such that such updated information is true and correct in all material respects as of the date so furnished.

5. Authorization to File Financing Statements. Each Grantor hereby authorizes the Administrative Agent and the Lead Arranger to prepare and file such financing statements (including continuation statements) or amendments thereof or supplements thereto or other instruments as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may from time to time reasonably deem necessary or appropriate in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, which such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of Collateral that describes such property in any other manner as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may determine, in its or their, as applicable, reasonable discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted herein, including, without limitation, describing such property as "all assets, whether now owned or hereafter acquired" or "all personal property, whether now owned or hereafter acquired."

6. Advances. Upon the occurrence and during the continuance of an Event of Default, any Secured Party (individually or through the Administrative Agent) may, at its sole option and in its sole discretion, perform the same and in so doing may expend such sums as such Secured Party may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any claim and all other expenditures which such Secured Party may make for the protection of the security hereof or which may be compelled to make by operation of Law. All such sums and amounts (including reasonable and documented attorneys' fees, legal expenses and court costs actually incurred) so expended shall be repayable by the Grantors on a joint and several basis promptly upon timely notice thereof and demand therefor, shall constitute additional Obligations, and shall be deemed to constitute principal of the Loan. No such performance of any covenant or agreement by any Secured Party on behalf of any Grantor, and no such advance or expenditure therefor, shall relieve the Grantors of any Default or Event of Default. Any one or more Secured Parties (individually or through the Administrative Agent) may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by a Grantor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

7. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during continuation thereof, the Administrative Agent on behalf of the Secured Parties shall have, in addition to the rights and remedies provided herein, in the Loan Documents, in any other documents relating to the Obligations, or by any applicable Law (including, but not limited to, levy of attachment, garnishment and the rights and remedies set forth in the UCC of the jurisdiction applicable to the affected Collateral), all the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further, the Administrative Agent may (but is not obligated to), with or without judicial process or the aid and assistance of others, and shall (at the direction of the Required Lenders) (i) dispose of any Collateral on any such premises in the manner set forth herein, (ii) require the Grantors to assemble and make available to the Administrative Agent at the expense of the Grantors any Collateral at any place and time designated by the Administrative Agent (at the direction of the Required Lenders) which is reasonably convenient to both parties, (iii) remove any Collateral from any such premises for the purpose of effecting sale or other disposition thereof, and/or (iv) without demand and without advertisement, notice, hearing or process of law, all of which each of the Grantors hereby waives to the fullest extent permitted by Law, at any place and time or times, sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels any or all Collateral held by or for it at public or private sale (which in the case of a private sale of Pledged Equity, shall be to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof), at any exchange or broker's board or elsewhere, by one or more contracts, in one or more parcels, for money, upon credit or otherwise, at such prices and upon such terms as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger deem commercially reasonable (subject to any and all mandatory legal requirements). Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sale shall be deemed to have been made in a commercially reasonable manner and, in the case of a sale of Pledged Equity, that the Administrative Agent shall have no obligation to delay sale of any such securities for the period of time necessary to permit the Issuer of such securities to register such securities for public sale under the Securities Act of 1933.

The Administrative Agent or any other Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by applicable Law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold. Neither the Administrative Agent's compliance with applicable Law nor its disclaimer of warranties relating to the Collateral shall be considered to adversely affect the commercial reasonableness of any sale. To the extent the rights of notice cannot be legally waived hereunder, each Grantor agrees that any requirement of reasonable notice shall be met if such notice, specifying the place of any public sale or the time after which any private sale is to be made, is personally served on or mailed, postage prepaid, to Grantors in accordance with the notice provisions of Section 11.02 of the Loan Agreement at least 10 days before the time of sale or other event giving rise to the requirement of such notice. Each Grantor further acknowledges and agrees that any offer to sell any Pledged Equity that has been (A) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of New York, New York (to the extent that such offer may be advertised without prior registration under the Securities Act of 1933), or (B) made privately in the manner described above shall be deemed to involve a "public sale" under the UCC, notwithstanding that such sale may not constitute a "public offering" under the Securities Act of 1933, and the Administrative Agent may (but is not obligated to), in such event, bid for the purchase of such securities. The Administrative Agent shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by applicable Law, any Secured Party may be a purchaser at any such sale. To the extent permitted by applicable Law, each Grantor waives all of its rights of redemption with respect to any such sale. Subject to the provisions of applicable Law, the Administrative Agent may (but is not obligated to) postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by Law, be made at the time and place to which the sale was postponed, or the Administrative Agent may (but is not obligated to)further postpone such sale by announcement made at such time and place. To the extent permitted by applicable Law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Secured Party arising out of the exercise by them of any rights hereunder except to the extent any such claims, damages or demands result solely from the gross negligence or willful misconduct of the Administrative Agent or such Secured Party, as applicable, as determined by a final non-appealable judgment of a court of competent jurisdiction, in each case against whom such claim is asserted. Each Grantor agrees that the internet shall constitute a "place" for purposes of Section 9-610(b) of the UCC and that any sale of Collateral to a licensor pursuant to the terms of a license agreement between such licensor and a Grantor is sufficient to constitute a commercially reasonable sale (including as to method, terms, manner, and time) within the meaning of Section 9-610 of the UCC.

(b) Remedies Relating to Accounts.

(i) Upon the occurrence and during the continuation of an Event of Default, whether or not the Administrative Agent has exercised any or all of its rights and remedies hereunder, (A) each Grantor shall notify in writing (such notice to be in form and substance satisfactory to the Lead Arranger) its Account Debtors and parties to the Material Contracts subject to a security interest hereunder that such Accounts and the Material Contracts have been assigned to the Administrative Agent, for the benefit of the Secured Parties and promptly upon request of the Administrative Agent, instruct all account debtors to remit all payments in respect of Accounts to a mailing location selected by the Administrative Agent (at the direction of the Required Lenders) and (B) the Administrative Agent shall have the right to enforce any Grantor's rights against its customers and account debtors, and the Administrative Agent or its designee may (but is not obligated to) notify any Grantor's customers and account debtors that the Accounts of such Grantor have been assigned to the Administrative Agent or of the Administrative Agent's security interest therein, and may (but is not obligated to) (either in its own name or in the name of a Grantor or both) demand, collect (including without limitation by way of a lockbox arrangement), receive, take receipt for, sell, sue for, compound, settle, compromise and give acquittance for any and all amounts due or to become due on any Account, and, in the Administrative Agent's (at the direction of the Required Lenders) or Lead Arranger's reasonable discretion, file any claim or take any other action or proceeding to protect and realize upon the security interest of the Secured Parties in the Accounts.

(ii) Each Grantor acknowledges and agrees that the Proceeds of its Accounts remitted to or on behalf of the Administrative Agent in accordance with the provisions hereof shall be solely for the Administrative Agent's own convenience and that such Grantor shall not have any right, title or interest in such Accounts or in any such other amounts except as expressly provided herein or in the Loan Agreement. Neither the Administrative Agent nor the Secured Parties shall have any liability or responsibility to any Grantor for acceptance of a check, draft or other order for payment of money bearing the legend "payment in full" or words of similar import or any other restrictive legend or endorsement or be responsible for determining the correctness of any remittance.

(iii) Upon the occurrence and during the continuation of an Event of Default, (A) the Administrative Agent shall have the right, but not the obligation, to make test verifications of the Accounts in any manner and through any medium that it or the Lead Arranger reasonably consider advisable, and the Grantors shall furnish all such assistance and information as the Administrative Agent or the Lead Arranger may reasonably require in connection with such test verifications, (B) upon the Administrative Agent's or Lead Arranger's request and at the expense of the Grantors, the Grantors shall cause independent public accountants or others reasonably satisfactory to the Lead Arranger to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts and (C) the Administrative Agent in its own name or in the name of others may communicate with account debtors on the Accounts to verify with them to the Lead Arranger's satisfaction the existence, amount and terms of any Accounts.

(c) Deposit Accounts/Securities Accounts. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent (at the written direction of the Required Lenders) shall prevent withdrawals or other dispositions of funds in Deposit Accounts and Securities Accounts which are subject to Qualifying Control Agreements or held with any Secured Party.

(d) Investment Property/Pledged Equity. Upon the occurrence of an Event of Default and during the continuation thereof, (i) the Administrative Agent shall have the right to receive any and all cash dividends, payments or distributions made in respect of any Investment Property or Pledged Equity or other Proceeds paid in respect of any Investment Property and Pledged Equity, (ii) any or all of any Investment Property or Pledged Equity may, at the option of the Lead Arranger, be registered in the name of the Administrative Agent or its nominee and (iii) the Administrative Agent or its nominee shall have (except to the extent, if any, specifically waived in each instance by the Lead Arranger in writing) the sole and exclusive right to exercise (with simultaneous notice upon any Grantor) or refrain from exercising, but under no circumstances is the Administrative Agent obligated by the terms of this Agreement or otherwise to exercise, (A) all voting, corporate and other rights pertaining to such Investment Property, or any such Pledged Equity at any meeting of shareholders, partners or members of the relevant Issuers or otherwise and (B) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property or Pledged Equity as if it were the absolute owner thereof (including, without limitation, the right to exchange at its reasonable discretion any and all of the Investment Property or Pledged Equity upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate, partnership or limited liability company structure of any Issuer or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Investment Property or Pledged Equity, and in connection therewith, the right to deposit and deliver any and all of the Investment Property or Pledged Equity with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent (at the direction of the Required Lenders) may determine), all without liability except to account for property actually received by it; but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and the Administrative Agent and the other Secured Parties shall not be responsible for any failure to do so or delay in so doing. In furtherance thereof, each Grantor hereby authorizes and instructs each Issuer with respect to any Collateral consisting of Investment Property and/or Pledged Equity to (i) comply with any instruction received by it from the Administrative Agent in writing that (A) states that an Event of Default has occurred and is continuing and (B) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying following receipt of such notice and prior to notice that such Event of Default is no longer continuing, and (ii) except as otherwise expressly permitted hereby, pay any dividends, distributions or other payments with respect to any Investment Property or Pledged Equity directly to the Administrative Agent. Unless an Event of Default shall have occurred and be continuing, each Grantor shall be permitted to receive all cash dividends, payments or other distributions made in respect of any Investment Property and any Pledged Equity to the extent permitted in the Loan Agreement, and to exercise all voting and other corporate, company and partnership rights with respect to any Investment Property and Pledged Equity to the extent not inconsistent with the terms of this Agreement and the other Loan Documents.

(e) Material Contracts. Upon the occurrence of an Event of Default and during the continuation thereof, the Administrative Agent or the Lead Arranger shall be entitled to (but shall not be required to): (i) proceed to perform any and all obligations of the applicable Grantor under any Material Contract and exercise all rights of such Grantor thereunder as fully as such Grantor itself could, (ii) do all other acts which the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may deem reasonably necessary or proper to protect the Administrative Agent's security interest granted hereunder, provided such acts are not inconsistent with or in violation of the terms of any of the Loan Agreement, of the other Loan Documents, such Material Contract or applicable Law, and (iii) sell, assign or otherwise transfer any Material Contract in accordance with the Loan Agreement, the other Loan Documents and applicable Law, subject, however, to the prior approval of each other party to such Material Contract, to the extent required under such Material Contract.

(f) Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuance thereof, the Administrative Agent shall have the right, subject to any consents expressly required by or conditions set forth in any collateral access waivers, to enter and remain upon the various premises of the Grantors without cost or charge to the Administrative Agent, and use the same, together with materials, supplies, books and records of the Grantors for the purpose of collecting and liquidating the Collateral, or for preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise. In addition, the Administrative Agent may (but is not obligated to)remove Collateral, or any part thereof, from such premises and/or any records with respect thereto, in order to effectively collect or liquidate such Collateral. If the Administrative Agent exercises its right to take possession of the Collateral, each Grantor shall also at its expense perform any and all other steps reasonably requested by the Administrative Agent or the Lead Arranger to preserve and protect the security interest hereby granted in the Collateral, such as placing and maintaining signs indicating the security interest of the Administrative Agent, appointing overseers for the Collateral and maintaining inventory records.

(g) Nonexclusive Nature of Remedies. Failure by the Administrative Agent or the Secured Parties to exercise any right, remedy or option under this Agreement, any other Loan Document, any other document relating to the Obligations, or as provided by Law, or any delay by the Administrative Agent or the Secured Parties in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated, which in the case of the Administrative Agent or the Secured Parties shall only be granted as provided herein. To the extent permitted by Law, neither the Administrative Agent, the Secured Parties, nor any party acting as attorney for the Administrative Agent or the Secured Parties, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or Law other than their gross negligence or willful misconduct hereunder as determined by a final non-appealable judgment of a court of competent jurisdiction. The rights and remedies of the Administrative Agent and the Secured Parties under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Administrative Agent or the Secured Parties may have.

(h) Retention of Collateral. In addition to the rights and remedies hereunder, the Administrative Agent may (but is not obligated to), in compliance with Sections 9-620 and 9-621 of the UCC or otherwise complying with the requirements of applicable Law of the relevant jurisdiction, accept or retain the Collateral in satisfaction of the Obligations. Unless and until the Administrative Agent shall have provided such notices, however, the Administrative Agent shall not be deemed to have retained any Collateral in satisfaction of any Obligations for any reason.

(i) Waiver; Deficiency.

(i) Each Grantor hereby waives, to the extent permitted by applicable Laws, all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable Laws in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof. In the event that the Proceeds of any sale, collection, realization or disposition of any Collateral are insufficient to pay all amounts to which the Administrative Agent or the Secured Parties are legally entitled, the Grantors shall be jointly and severally liable for the deficiency, together with the reasonable costs of collection and the fees, charges and disbursements of counsel. Any surplus remaining after the full payment and satisfaction of the Obligations shall be returned to the Grantors or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

(ii) Each Grantor hereby waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Pledged Collateral received or delivered or other action taken in reliance hereon. All obligations of each Grantor hereunder shall be absolute and unconditional and irrespective of (A) any change in the time, place or manner of payment of, or in any other term of, the Obligations or any other obligation of any Loan Party under any Loan Document, or any rescission, waiver, amendment or other modification of any Loan Document or any other agreement, including any increase in the Obligations; (B) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, A Loan Party against any Secured Party; (C) the failure of any other Person to execute or deliver this Agreement or any other agreement or the release or reduction of liability of any Grantor or other grantor or surety with respect to the Obligations; (D) any other circumstance or manner of administering the Loan that might vary the risk of any Grantor or otherwise operate as a defense available to, or a legal or equitable discharge of, any Loan Party or any other guarantor or surety.

8. Rights of the Administrative Agent.

(a) Power of Attorney; Irrevocable Proxy . In addition to other powers of attorney contained herein, each Grantor hereby designates and appoints the Administrative Agent, on behalf of the Secured Parties, and each of its designees or agents, as such Grantor's true and lawful attorney-in-fact, irrevocably and, with full power of substitution, and grants to the Administrative Agent this IRREVOCABLE PROXY, with authority to take, or refuse to take, any or all of the following actions, automatically upon the occurrence and during the continuance of an Event of Default without further need of any action taken by any Person, in each case in any manner the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger deems advisable in the Required Lenders' or Lead Arranger's, as applicable, sole discretion:

(i) to demand, collect, settle, compromise, adjust, give discharges and releases, all as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably determine;

(ii) to commence and prosecute any actions at any court for the purposes of collecting any Collateral and enforcing any other right in respect thereof;

(iii) to defend, settle or compromise any action brought and, in connection therewith, give such discharge or release as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may deem reasonably appropriate;

(iv) to receive, open and dispose of mail addressed to a Grantor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to the Collateral of such Grantor on behalf of and in the name of such Grantor, or securing, or relating to such Collateral;

(v) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services which have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes;

(vi) to adjust and settle claims under any insurance policy relating thereto;

(vii) to execute and deliver all assignments, conveyances, statements, financing statements, continuation financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may determine necessary in order to perfect and maintain the security interests and liens granted in this Agreement and in order to fully consummate all of the transactions contemplated herein;

(viii) to institute any foreclosure proceedings that the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably deem appropriate;

(ix) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices and other documents relating to the Collateral;

(x) to exchange any of the Pledged Equity or other property upon any merger, consolidation, reorganization, recapitalization or other readjustment of the Issuer thereof and, in connection therewith, deposit any of the Pledged Equity with any committee, depository, transfer agent, registrar or other designated agency upon such terms as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably deem appropriate;

(xi) to vote all or any part of the Pledged Equity and the other Investment Property for or against any or all matters submitted, or which may be submitted, to a vote of shareholders, partners or members, as the case may be, and to exercise all other rights, powers, privileges and remedies to which any such shareholders, partners or members would be entitled (including without limitation, giving or withholding written consents and/or adopting resolutions of the holders of the Equity Interests of any issuer, calling special meetings of the holders of the Equity Interests of any issuer and voting at such meetings), or to sign an instrument in writing, sanctioning the transfer of any or all of the Pledged Equity into the name of the Administrative Agent or one or more of the Secured Parties or into the name of any transferee to whom the Pledged Equity or any part thereof may be sold pursuant to Section 7 hereof;

(xii) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened in writing against the Collateral;

(xiii) to direct any parties liable for any payment in connection with any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent or as the Administrative Agent (at the direction of the Required Lenders) shall direct;

(xiv) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral;

(xv) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may request to evidence the security interests created hereby in such Intellectual Property and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby; and

(xvi) do and perform all such other acts and things in any manner as the Administrative Agent (at the direction of the Required Lenders) or the Lead Arranger may reasonably deem to be necessary, proper or convenient in connection with the Collateral.

This power of attorney is an irrevocable power coupled with an interest, and shall survive the bankruptcy, dissolution or winding up of any relevant Grantor, terminating only upon the Facility Termination Date. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly granted to the Administrative Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Administrative Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or Law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. This power of attorney is conferred on the Administrative Agent solely to protect, preserve and realize upon its security interest in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers.

(b) Assignment by the Administrative Agent. The Administrative Agent may from time to time assign the Obligations to a successor Administrative Agent appointed in accordance with the Loan Agreement, and such successor shall be entitled to all of the rights and remedies of the Administrative Agent under this Agreement in relation thereto.

(c) The Administrative Agent's Duty of Care. Other than the exercise of reasonable care to assure the safe custody of the Collateral while being held by the Administrative Agent hereunder, the Administrative Agent shall have no duty or liability to preserve rights pertaining thereto, it being understood and agreed that the Grantors shall be responsible for preservation of all rights in the Collateral, and the Administrative Agent shall be relieved of all responsibility for the Collateral upon surrendering it or tendering the surrender of it to the Grantors. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property, it being understood that the Administrative Agent shall not have responsibility for taking any necessary steps to preserve rights against any parties with respect to any of the Collateral. In the event of a public or private sale of Collateral pursuant to Section 7 hereof, the Administrative Agent shall have no responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Collateral, whether or not the Administrative Agent has or is deemed to have knowledge of such matters, or (ii) taking any steps to clean, repair or otherwise prepare the Collateral for sale.

(d) Liability with Respect to Accounts. Anything herein to the contrary notwithstanding, each of the Grantors shall remain liable under each of the Accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account. Neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any Account (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating to such Account pursuant hereto, nor shall the Administrative Agent or any Secured Party be obligated in any manner to perform any of the obligations of a Grantor under or pursuant to any Account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

9. Intercreditor Agreement

(a) Notwithstanding anything herein to the contrary, the priority of the Lien granted to the Administrative Agent, on behalf of the Secured Parties, pursuant to or in connection with this Agreement, the terms of this Agreement and the exercise of any right or remedy by the Administrative Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement with respect to the priority of any Liens or the exercise of any rights or remedies, the terms of the Intercreditor Agreement shall control.

(b) Notwithstanding anything herein to the contrary and to the extent provided for in the Intercreditor Agreement, to the extent this Agreement or any other Loan Document requires the delivery of, or control over, ABL Facility Priority Collateral to be granted or provided to the Administrative Agent at any time prior to the payment in full of the ABL Facility Indebtedness, then the Grantors may deliver such ABL Facility Priority Collateral (or control with respect thereto) and any related approval or consent rights to the ABL Facility Agent in accordance with the ABL Facility Documents in full satisfaction of any such requirement under this Agreement or any of the other Loan Documents; provided that upon the Discharge of ABL Obligations (as such term is defined in the Intercreditor Agreement) the Grantors shall deliver (or cause to be delivered), or provide control over, as applicable, such ABL Facility Priority Collateral within the same period of time from the date of the Discharge of ABL Obligations (as such term is defined in the Intercreditor Agreement) as would apply under the Loan Documents if such ABL Facility Priority Collateral was acquired by such Grantor as of such date.

10. Application of Proceeds. After the exercise of remedies provided for in Section 8.02 of the Loan Agreement (or after the Term Loans have automatically become immediately due and payable), any payments in respect of the Obligations and any Proceeds of the Collateral, when received by the Administrative Agent or any Secured Party in cash or Cash Equivalents will be applied in reduction of the Obligations in the order set forth in the Loan Agreement.

11. Continuing Agreement.

(a) This Agreement shall remain in full force and effect until the Facility Termination Date, at which time this Agreement shall be automatically terminated (other than obligations under this Agreement which expressly survive such termination) and the Administrative Agent shall, upon the request and at the expense of the Grantors, forthwith release all of its liens and security interests hereunder and shall execute and deliver all UCC termination statements and/or other documents reasonably requested by the Grantors evidencing such termination.

(b) This Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Secured Party as a preference, fraudulent conveyance or otherwise under any Debtor Relief Law, all as though such payment had not been made; provided that in the event payment of all or any part of the Obligations is rescinded or must be restored or returned, all reasonable and documented costs and expenses (including without limitation any reasonable legal fees and disbursements) incurred by the Administrative Agent or any Secured Party in defending and enforcing such reinstatement shall be deemed to be included as a part of the Obligations.

12. Amendments; Waivers; Modifications, etc. This Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in Section 11.01 of the Loan Agreement.

13. Successors in Interest. This Agreement shall be binding upon each Grantor, its successors and assigns and shall inure, together with the rights and remedies of the Administrative Agent and the Secured Parties hereunder, to the benefit of the Administrative Agent and the Secured Parties and their successors and permitted assigns.

14. Notices. All notices required or permitted to be given under this Agreement shall be in conformance with Section 11.02 of the Loan Agreement; provided that notices and communications to the Grantors shall be directed to the Grantors, at the address set forth on Schedule 1.01(a) of the Loan Agreement.

15. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any other Loan Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement.

16. Governing Law; Submission to Jurisdiction; Venue; WAIVER OF JURY TRIAL . The terms of Sections 11.14 and 11.15 of the Loan Agreement with respect to governing law, submission to jurisdiction, venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

17. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

18. Entirety. This Agreement, which shall constitute a Loan Document under the Loan Agreement, the other Loan Documents and the other documents relating to the Obligations represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Loan Documents, any other documents relating to the Obligations, or the transactions contemplated herein and therein.

19. Other Security. To the extent that any of the Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real property and securities owned by a Grantor), or by a guarantee, endorsement or property of any other Person, then the Administrative Agent shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence of any Event of Default, and the Administrative Agent shall have the right, in the sole discretion of the Required Lenders or in the sole discretion of the Lead Arranger, to determine which rights, security, liens, security interests or remedies the Administrative Agent shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or the Obligations or any of the rights of the Administrative Agent or the Secured Parties under this Agreement, under any other of the Loan Documents or under any other document relating to the Obligations.

20. Joinder. At any time after the date of this Agreement, one or more additional Persons may become party hereto by executing and delivering to the Administrative Agent a Joinder Agreement in the form of Exhibit D to the Loan Agreement or such other form acceptable to the Lead Arranger. Immediately upon such execution and delivery of such Joinder Agreement (and without any further action), each such additional Person will become a party to this Agreement as an "Grantor" and have all of the rights and obligations of a Grantor hereunder and this Agreement and the schedules hereto shall be deemed amended by such Joinder Agreement.

21. Consent of Issuers of Pledged Equity. Any Loan Party that is an Issuer hereby acknowledges, consents and agrees to the grant of the security interests in such Pledged Equity by the applicable Grantors pursuant to this Agreement, together with all rights accompanying such security interest as provided by this Agreement and applicable Law, notwithstanding any anti-assignment provisions in any operating agreement, limited partnership agreement or similar organizational or governance documents of such Issuer.

22. Joint and Several Obligations of Grantors.

(a) Each of the Grantors is accepting joint and several liability hereunder in consideration of the financial accommodations to be provided by the Lenders under the Loan Agreement, for the mutual benefit, directly and indirectly, of each of the Grantors and in consideration of the undertakings of each of the Grantors to accept joint and several liability for the obligations of each of them.

(b) Each of the Grantors jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a primary obligor, joint and several liability with the other Grantors with respect to the payment and performance of all of the Obligations, it being the intention of the parties hereto that (i) all the Obligations shall be the joint and several obligations of each of the Grantors without preferences or distinction among them and (ii) a separate action may be brought against each Grantor to enforce this Agreement whether or not any Borrower, any other Grantor or any other person or entity is joined as a party.

(c) Notwithstanding any provision to the contrary contained herein, in any other of the Loan Documents, to the extent the obligations of a Grantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of such Grantor hereunder shall be limited to the maximum amount that is permissible under applicable Law (whether federal or state and including, without limitation, Debtor Relief Laws).

(d) Each Grantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under this Agreement until the Facility Termination Date.

23. Marshaling. The Administrative Agent shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any Law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Administrative Agent's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Grantor hereby irrevocably waives the benefits of all such laws.

24. Injunctive Relief.

(a) Each Grantor recognizes that, in the event such Grantor fails to perform, observe or discharge any of its obligations or liabilities under this Agreement or any other Loan Document, any remedy of Law may prove to be inadequate relief to the Administrative Agent and the other Secured Parties. Therefore, each Grantor agrees that the Administrative Agent and the other Secured Parties, at the option of the Administrative Agent and the other Secured Parties, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

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

25. Secured Parties. Each Secured Party that is not a party to the Loan Agreement who obtains the benefit of this Agreement shall be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of the Loan Agreement, and with respect to the actions and omissions of the Administrative Agent hereunder or otherwise relating hereto that do or may affect such Secured Party, the Administrative Agent and each of its Affiliates shall be entitled to all of the rights, benefits and immunities conferred under Article IX of the Loan Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

VINTAGE STOCK AFFILIATED HOLDINGS LLC, a Nevada limited liability company, as a Grantor

By: /s/ Jon Isaac
Name: Jon Isaac
Title: President and Chief Executive Officer

Address:
325 E. Warm Springs Road. Suite 102
Las Vegas, NV 89119

VINTAGE STOCK, INC., a Missouri corporation, as a Grantor

By: /s/ Rodney Spriggs
Name: Rodney Spriggs
Title: President and Chief Executive Officer

Address:
202 E. 32nd Street
Joplin, MO 64804

Accepted and agreed to as of the date first above written.

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: _____
Title: _____

Address:
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402

Schedule 1

Schedule 5.21(f) to the Loan Agreement - Pledged Equity Interests

Loan Party	Issuing Entity	Class	Number of Shares	Certificate No.	Percentage Interest of Outstanding Shares
Vintage Stock Affiliated Holdings LLC	Vintage Stock, Inc.	Class A (Voting)	282	18	100%
Vintage Stock Affiliated Holdings LLC	Vintage Stock, Inc.	Class B (Nonvoting)	2,538	19	100%

EXHIBIT A

FORM OF

IRREVOCABLE STOCK POWER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to _____ the following Equity Interests of [_____], a [_____] [*corporation*] [*limited liability company*]:

No. of Shares	Certificate No.

and irrevocably appoints _____ its agent and attorney-in-fact to transfer all or any part of such Equity Interests and to take all necessary and appropriate actions to effect any such transfer. The agent and attorney-in-fact may substitute and appoint one or more persons to act for him.

IN WITNESS WHEREOF, the undersigned has caused this Stock Power to be duly executed effective as of the _____ day of _____, 20____.

[*Holding***]**

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF

NOTICE
OF
GRANT OF SECURITY INTEREST
IN
COPYRIGHTS

United States Copyright Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security and Pledge Agreement dated as of November 3, 2016 (as amended, modified, extended, restated, renewed, replaced, or supplemented from time to time, the "Agreement") by and among the Grantors party thereto (each an "Grantor" and collectively, the "Grantors") and Wilmington Trust, National Association, as administrative agent (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent") for the Secured Parties referenced therein, the undersigned Grantor has granted a continuing security interest in and continuing lien upon the copyrights and copyright applications shown on Schedule 1 attached hereto to the Administrative Agent for the ratable benefit of the Secured Parties.

The undersigned Grantor and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest in the foregoing copyrights and copyright applications (a) may only be terminated in accordance with the terms of the Agreement and (b) is not to be construed as an assignment of any copyright or copyright application.

Grantor hereby authorizes and requests the Register of Copyrights to record this Notice of Grant of Security Interest in Copyrights.

Very truly yours,

[GRANTOR]

By: _____
Name: _____
Title: _____

Acknowledged and Accepted:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF

NOTICE
OF
GRANT OF SECURITY INTEREST
IN
PATENTS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security and Pledge Agreement dated as of November 3, 2016 (as amended, modified, extended, restated, renewed, replaced, or supplemented from time to time, the "Agreement") by and among the Grantors party thereto (each an "Grantor" and collectively, the "Grantors") and Wilmington Trust, National Association, as administrative agent (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent") for the Secured Parties referenced therein, the undersigned Grantor has granted a continuing security interest in and continuing lien upon the patents and patent applications shown on Schedule 1 attached hereto to the Administrative Agent for the ratable benefit of the Secured Parties.

The undersigned Grantor and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest in the foregoing patents and patent applications (a) may only be terminated in accordance with the terms of the Agreement and (b) is not to be construed as an assignment of any patent or patent application.

Grantor hereby authorizes and requests the United States Patent and Trademark Office to record this Notice of Grant of Security Interest in Patents.

Very truly yours,

[GRANTOR]

By: _____
Name: _____
Title: _____

Acknowledged and Accepted:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name: _____
Title: _____

EXHIBIT D

FORM OF

NOTICE
OF
GRANT OF SECURITY INTEREST
IN
TRADEMARKS

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security and Pledge Agreement dated as of November 3, 2016 (as amended, modified, extended, restated, renewed, replaced, or supplemented from time to time, the "Agreement") and among the Grantors party thereto (each an "Grantor" and collectively, the "Grantors") and Wilmington Trust, National Association, as administrative agent (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent") for the Secured Parties referenced therein, the undersigned Grantor has granted a continuing security interest in and continuing lien upon the trademarks and trademark applications shown on Schedule 1 attached hereto to the Administrative Agent for the ratable benefit of the Secured Parties.

The undersigned Grantor and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest in the foregoing trademarks and trademark applications (a) may only be terminated in accordance with the terms of the Agreement and (b) is not to be construed as an assignment of any trademark or trademark application.

Grantor hereby authorizes and requests the United States Patent and Trademark Office to record this Notice of Grant of Security Interest in Trademarks.

Very truly yours,

[GRANTOR]

By: _____
Name: _____
Title: _____

Acknowledged and Accepted:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Name: _____
Title: _____

Exhibit 23.1

CERTIFIED PUBLIC ACCOUNTANTS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As an independent registered public accounting firm, we consent to the inclusion in the Registration Statement on Form S-3 and Form S-8 of our report dated December 29, 2016, relating to the consolidated balance sheets of Live Ventures, Inc. and its subsidiaries (the "Company") as of September 30, 2016 and 2015, and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, included in the Annual Report on Form 10-K of Live Ventures, Inc. for the year ended September 30, 2016.

/s/ Anton & Chia, LLP
Anton & Chia, LLP

Newport Beach, California
December 29, 2016

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jon Isaac, certify that:

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

Date: December 29, 2016

/s/ Jon Isaac

Jon Isaac
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jon Isaac, certify that:

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

Date: December 29, 2016

/s/ Jon Isaac

Jon Isaac
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

I, Jon Isaac, the President and Chief Executive Officer of Live Ventures Incorporated, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Live Ventures Incorporated on Form 10-K for the fiscal year ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Live Ventures Incorporated.

Date: December 29, 2016

/s/ Jon Isaac

Jon Isaac
President and Chief Executive Officer
(Principal Executive and Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Live Ventures Incorporated and will be retained by Live Ventures Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.