

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 10-K**

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended January 31, 2016
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-22754

**URBAN OUTFITTERS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Pennsylvania**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**5000 South Broad Street, Philadelphia, PA**  
(Address of Principal Executive Offices)

**23-200332**  
(I.R.S. Employer  
Identification No.)

**19112-1495**  
(Zip Code)

Registrant's telephone number, including area code: (215) 454-5500  
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Shares, \$0.001 par value	The NASDAQ Global Select Market LLC
Securities registered pursuant to Section 12(g) of the Act: None	

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter, was \$3,014,925,747.

The number of shares outstanding of the registrant's common stock on March 24, 2016 was 117,401,220.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required by Items 10, 11, 12, 13 and 14 is incorporated by reference into Part III hereof from portions of the Proxy Statement for the registrant's 2016 Annual Meeting of Shareholders.

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*Certain matters contained in this filing with the United States Securities and Exchange Commission (“SEC”) may contain forward-looking statements and are being made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. When used in this Annual Report on Form 10-K, the words “project,” “believe,” “plan,” “will,” “anticipate,” “expect” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any one, or all, of the following factors could cause actual financial results to differ materially from those financial results mentioned in the forward-looking statements: the difficulty in predicting and responding to shifts in fashion trends, changes in the level of competitive pricing and promotional activity and other industry factors, overall economic and market conditions and the resultant impact on consumer spending patterns, lowered levels of consumer confidence and higher levels of unemployment, lowered levels of consumer spending resulting from worldwide political and economic events, any effects of war, terrorism and civil unrest, natural disasters or severe weather conditions, increases in labor costs, availability of suitable retail space for expansion, timing of store openings, risks associated with international expansion, seasonal fluctuations in gross sales, the departure of one or more key senior executives, import risks, including potential disruptions and changes in duties, tariffs and quotas, the closing or disruption of, or any damage to, any of our distribution centers, our ability to protect our intellectual property rights, risks associated with internet sales, response to new store concepts, our ability to integrate acquisitions, failure of our manufacturers to comply with our social compliance program, changes in accounting standards and subjective assumptions, regulatory changes and legal matters and other risks identified in our filings with the SEC, including those set forth in Item 1A of this Annual Report on Form 10-K for the fiscal year ended January 31, 2016. We disclaim any intent or obligation to update forward-looking statements even if experience or future changes make it clear that actual results may differ materially from any projected results expressed or implied therein.*

*Unless the context otherwise requires, all references to “Urban Outfitters,” the “Company,” “we,” “us,” “our” or “our company” refer to Urban Outfitters, Inc., together with its subsidiaries.*

**PART I**

**Item 1. Business**

**General**

We are a leading lifestyle specialty retail company that operates under the Urban Outfitters, Anthropologie, Free People, Terrain and Bhldn brands. We also operate a Wholesale segment under the Free People brand. We have over 45 years of experience creating and managing retail stores that offer highly differentiated collections of fashion apparel, accessories and home goods in inviting and dynamic store settings. Our core strategy is to provide unified environments that establish emotional bonds with the customer. In addition to our retail stores, we offer our products and market our brands directly to the consumer through our e-commerce websites, mobile applications and our catalogs. We have achieved compounded annual sales growth of approximately 9% over the past five years, with sales of approximately \$3.4 billion during the fiscal year ended January 31, 2016.

We opened our first Urban Outfitters store in 1970 near the University of Pennsylvania campus in Philadelphia, Pennsylvania and were incorporated in Pennsylvania in 1976. The first Anthropologie store opened in a suburb of Philadelphia in October 1992. We started doing business in Europe in June 1998, with our first European Urban Outfitters store located in London. We opened our first Free

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People store in the Garden State Plaza Mall in Paramus, New Jersey in November 2002. We opened our first Terrain garden center in Glen Mills, Pennsylvania in April 2008. We opened our first European Anthropologie store in London in October 2009. In August 2011, we opened our first Bhldn store in Houston, Texas.

In 1984 we established the Free People wholesale division to develop, in conjunction with Urban Outfitters, private label apparel lines of young women's casual wear that could be effectively sold at attractive prices in Urban Outfitters stores.

In February 2016, we acquired substantially all of the assets of the Vetri Family group of restaurants.

Our omni-channel strategy enhances our customers' brand experience by providing a seamless approach to the customer shopping experience. We have substantially integrated all available shopping channels, including stores, websites (online and through mobile devices) and catalogs. Our investments in areas such as marketing campaigns and technology advancements are designed to generate demand for the omni-channel and not the separate store or direct-to-consumer channels. Store sales are primarily fulfilled from that store's inventory, but may also be shipped from any of our fulfillment centers or from a different store location if an item is not available at the original store. Direct-to-consumer orders are primarily shipped to our customers through our fulfillment centers, but may also be shipped from any store, or a combination of fulfillment centers and stores depending on the availability of a particular item. Direct-to-consumer orders may also be picked up at a store location. Customers may also return certain merchandise purchased through direct-to-consumer channels at retail locations. As our customers continue to shop across multiple channels, we have adapted our approach towards meeting this demand. Due to the availability of like product in a variety of shopping channels, we now source these products utilizing single stock keeping units ("SKUs") based on the omni-channel demand rather than the demand of the separate channels. These and other technological capabilities allow us to better serve our customers and help us complete sales that otherwise may not have occurred due to out-of-stock positions. As a result of changing customer behavior and the substantial integration of the operations of our store and direct-to-consumer channels, we manage and analyze our performance based on a single omni-channel rather than separate channels and believe that the omni-channel results present the most meaningful and appropriate measure of our performance.

Our fiscal year ends on January 31. All references to our fiscal years refer to the fiscal years ended on January 31 in those years. For example, our fiscal 2016 ended on January 31, 2016.

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed with, or furnished to, the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our investor relations website, [www.urbanoutfittersinc.com](http://www.urbanoutfittersinc.com), as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. We will voluntarily provide electronic or paper copies (other than exhibits) of our filings free of charge upon written request. You may also obtain any materials we file with, or furnish to, the SEC on its website at [www.sec.gov](http://www.sec.gov).

### **Retail Segment**

**Urban Outfitters.** Urban Outfitters targets young adults aged 18 to 28 through its unique merchandise mix and compelling store and website environment. We have established a reputation

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with these young adults, who are culturally sophisticated, self-expressive and concerned with acceptance by their peer group. The product offering includes women's and men's fashion apparel, intimates, footwear, beauty and accessories, home goods, activewear and gear, electronics, as well as an eclectic mix of apartment wares and gifts. Apartment wares range from rugs, pillows and shower curtains to books, candles and novelties. Stores average approximately 9,000 square feet of selling space. The brand offers an estimated 70,000 to 75,000 SKUs across the Retail segment. Our stores are located in large metropolitan areas, select university communities, specialty centers and enclosed malls. Our stores accommodate our customers' propensity not only to shop, but also to congregate with their peers.

As of January 31, 2016, we operated 240 Urban Outfitters stores, of which 179 were located in the United States, 18 were located in Canada and 43 were located in Europe. We plan to open approximately five Urban Outfitters stores, globally, in fiscal 2017. Urban Outfitters operates websites in North America and Europe that capture the spirit of the brand by offering a similar yet broader selection of merchandise as found in our stores. Urban Outfitters offers a catalog in Europe offering select merchandise, most of which is also available in our Urban Outfitters stores. Urban Outfitters' North American and European Retail segment net sales accounted for approximately 32.5% and 8.0% of consolidated net sales, respectively, for fiscal 2016.

***Anthropologie Group.*** The Anthropologie Group consists of the Anthropologie, Bhldn and Terrain brands. We initially operated the Bhldn and Terrain brands as standalone concepts and opened two Bhldn stores and two Terrain garden centers. We ultimately determined that the Bhldn and Terrain brands were complementary to the Anthropologie brand and integrated those brands into the Anthropologie Group during fiscal 2015 and 2016, respectively.

The Anthropologie brand tailors its merchandise and inviting store environment to sophisticated and contemporary women aged 28 to 45. The Anthropologie brand's unique and eclectic product assortment includes women's casual apparel and accessories, intimates, shoes, beauty, home furnishings and a diverse array of gifts and decorative items. The home furnishings range from furniture, rugs, lighting and antiques to table top items, bedding and gifts. The brand offers registry services through our website and mobile applications and in all of our stores throughout the United States, allowing our customers to create gift registries for any occasion. The Anthropologie brand also offers catalogs in North America and Europe that market select merchandise, most of which is also available in our Anthropologie brand stores.

The Bhldn brand emphasizes every element that contributes to a wedding. The brand offers a curated collection of heirloom quality wedding gowns, bridesmaid frocks, party dresses, assorted jewelry, headpieces, footwear, lingerie and decorations. In addition to the two standalone Bhldn stores, we operate shop-within-shop locations within our Anthropologie brand stores that offer a comparable product assortment to our Bhldn stores and website.

The Terrain brand is designed to appeal to women and men interested in a creative, sophisticated outdoor living and gardening experience. Terrain's product offering includes lifestyle home and garden products combined with antiques, live plants, flowers, wellness products and accessories. Both Terrain garden centers also offer a full service restaurant and coffee bar.

As of January 31, 2016, we operated 218 Anthropologie Group stores, of which 197 were located in the United States, 12 were located in Canada and nine were located in Europe. Stores average

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approximately 7,000 square feet of selling space. The Anthropologie Group offers an estimated 80,000 to 85,000 SKUs across the Retail segment. Our stores are located in specialty retail centers, upscale street locations and enclosed malls. We plan to open approximately ten Anthropologie Group stores, globally, in fiscal 2017. The Anthropologie Group operates websites in North America and Europe that capture the spirit of its brands by offering a similar yet broader selection of merchandise as found in our stores. The Anthropologie Group's North American and European Retail segment net sales accounted for approximately 40.2% and 1.6% of consolidated net sales, respectively, for fiscal 2016.

**Free People.** Our Free People retail stores primarily offer private label branded merchandise targeted to young contemporary women aged 25 to 30. Free People offers a unique merchandise mix of casual women's apparel, intimates, shoes, accessories, activewear, home products and gifts. Free People retail stores average approximately 1,800 square feet of selling space. The brand offers an estimated 20,000 to 25,000 SKUs across the Retail segment. Our stores are located in enclosed malls, upscale street locations and specialty retail centers. The retail channels of Free People expose both our wholesale accounts and retail customers to the full Free People product assortment and store environment.

As of January 31, 2016, we operated 114 Free People stores, of which 109 were located in the United States and five were located in Canada. We plan to open approximately 12 new Free People stores in fiscal 2017. Free People operates websites in North America, Europe and Asia that capture the spirit of the brand by offering a similar yet broader selection of merchandise as found in our stores, as well as substantially all of the Free People wholesale offerings. Free People also offers a catalog offering select merchandise, most of which is also available in our Free People stores. Free People's Retail segment net sales accounted for approximately 10.1% of consolidated net sales for fiscal 2016.

### **Wholesale Segment**

The Free People wholesale division was established in 1984 to develop, in conjunction with Urban Outfitters, private label apparel lines of young women's casual wear that could be effectively sold at attractive prices in Urban Outfitters stores. In order to achieve minimum production lots, Free People wholesale began selling to other retailers throughout the United States. We distribute our Free People products in certain department stores using a shop-within-shop sales model. We believe that the shop-within-shop model allows for a more complete merchandising of our Free People products and will give us greater freedom in differentiating the presentation of our products and further strengthening of our brand image. During fiscal 2016, Free People's range of tops, bottoms, sweaters, dresses, intimates, shoes and activewear were sold through approximately 1,800 better department and specialty stores worldwide, including Macy's, Nordstrom, Bloomingdale's, Lord & Taylor, Selfridge's, and our own Free People stores. We monitor the styles and products that are popular with our wholesale customers to give us insight into current fashion trends, helping us to better serve our retail customers. Free People wholesale sales and showroom facilities are located in New York City, Los Angeles, Chicago and London. Free People's wholesale sales accounted for approximately 7.6% of consolidated net sales for fiscal 2016.

### **Store Environment**

We create a unified environment in our stores that establishes an emotional bond with the customer. Every element of the environment is tailored to the aesthetic preferences of our target customers. Through creative design, much of the existing retail space is modified to incorporate a

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mosaic of fixtures, finishes and revealed architectural details. In our stores, merchandise is integrated into a variety of creative vignettes and displays designed to offer our customers an entire look at a distinct lifestyle. This dynamic visual merchandising and display technique provides the connection among the store design, the merchandise and the customer. Essential components of the ambiance of each store may include playing music that appeals to our target customers, using unique signage and employing a staff that understands and identifies with the target customer.

Our Urban Outfitters, Anthropologie, and Free People stores are primarily located in upscale street locations, enclosed malls, and specialty retail centers. Our two Terrain garden centers are both free-standing locations. Our Bhldn stores are located in a specialty retail center and an upscale street location. We plan to implement a store location expansion strategy in fiscal 2017 similar to our strategy in fiscal 2016.

### **Buying and Design Operations**

Maintaining a constant flow of fashionable merchandise for our Retail segment is critically important to our ongoing performance. We maintain our own buying groups that select and develop products to satisfy our target customers and provide us with the appropriate amount and timing of products offered. Merchandise managers may supervise several buyers and assistant buyers. Our buyers stay in touch with the evolving tastes of their target customers by shopping at major trade markets, attending national and regional trade shows and staying current with mass media influences, including social media, music, video, film, magazines and pop culture.

### **Merchandise**

Our Urban Outfitters stores, websites and mobile applications offer a wide array of eclectic merchandise, including women's and men's fashion apparel, intimates, footwear, beauty and accessories, home goods, activewear and gear, electronics, as well as an eclectic mix of apartment wares and gifts. Our Anthropologie stores, websites, mobile applications and catalog product offerings include women's casual apparel and accessories, intimates, shoes, beauty, home furnishings and a diverse array of gifts and decorative items. Our Bhldn retail stores, shop-within-shop locations and website offer a curated collection of heirloom quality wedding gowns, bridesmaid frocks, party dresses, jewelry, headpieces, footwear, lingerie and decorations. Our Terrain garden centers and website product offerings include home furnishings and decorative items, garden products including live plants and flowers, outdoor living furnishings and entertainment products and a wide variety of gifts. Our Free People retail stores, websites, mobile applications and catalogs offer a showcase for casual women's apparel, intimates, shoes, accessories, activewear, home products and gifts. Our merchandise is continuously updated to appeal to our target customers' changing tastes and is supplied by a large number of domestic and foreign vendors, with new shipments of merchandise arriving at our stores and fulfillment centers almost daily.

The wide breadth of merchandise offered by our Retail segment includes a combination of national third-party brands, as well as exclusive merchandise developed and designed internally by our brands. This combination allows us to offer fashionable merchandise and to differentiate our product mix from that of traditional department stores, as well as that of other specialty and direct-to-consumer retailers. Merchandise designed and developed by our brands generally yields higher gross profit margins than third-party branded merchandise, and helps to keep our product offerings current and unique.

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The ever-changing mix of products available to our customers allows us to adapt our merchandise to prevailing fashion trends, and together with the inviting atmosphere and experience of our stores and websites, encourages our core customers to visit our shopping channels frequently.

We select price points for our merchandise that are consistent with the spending patterns of our target customers. As such, our stores carry merchandise at a wide range of price points that may vary considerably within product categories.

### **Store Operations**

We have organized our retail store operations by brand into geographic areas or districts that each have a district manager. District managers are responsible for several stores and monitor and supervise individual store managers. Each store manager is responsible for overseeing the daily operations of one of our stores. In addition to a store manager, the staff of a typical store includes a combination of some or all of the following positions: a visual manager, several department managers and full and part-time sales and visual staff. The staff of a typical Anthropologie store may also include a customer care manager who helps tailor the shopping experience to the needs of Anthropologie's target customers. The staff of a Bhldn location may also include a bridal and event manager, appointment stylist and a category specialist. A Terrain garden center may also include merchandise care and maintenance staff.

An essential requirement for the success of our stores is our ability to attract, train and retain talented, highly motivated store managers, visual managers and other key employees. In addition to management training programs for both newly hired and existing employees, we have a number of retention programs that offer qualitative and quantitative performance-based incentives to district-level managers, store managers and full-time sales associates.

### **Marketing and Promotion**

We believe we have highly effective marketing tools in our websites, mobile applications, catalogs, email campaigns and social media. We refresh this media as frequently as daily to reflect the most cutting edge changes in fashion and culture. We also believe that highly visible store locations, broad merchandise selection and creative and visual presentation within our stores, on our websites and on our mobile applications are key enticements for customers to explore these channels and purchase merchandise. Consequently, we rely on these enticements, as well as the brand recognition created by our direct marketing activities, to draw customers to our omni-channel operations, rather than traditional forms of advertising such as print, radio and television media. Marketing activities for each of our retail store concepts may include special event promotions and a variety of public relations activities designed to create community awareness of our stores and products. We also are active in social media and blogs. We believe that the traditional method of a one-way communication to customers is no longer enough. We believe that by starting a conversation and interacting directly with our customers, most notably via Facebook, Twitter, Pinterest, Instagram and our own mobile applications, we are more effective at understanding and serving their fashion needs. We also believe that our blogs continue this conversation. Not only do our blogs allow us to communicate what inspires us, they allow our customers to tell us what inspires them. This fosters our relationships with our customers and encourages them to continue shopping with us.

During fiscal 2016, we circulated approximately 29.2 million catalogs across multiple brands. We plan for our catalog circulation to remain consistent in fiscal 2017.

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**Suppliers**

To serve our target customers and to recognize changes in fashion trends and seasonality, we purchase merchandise from numerous foreign and domestic vendors. We also have arrangements with agents and third party manufacturers to produce our private label merchandise. To the extent that our vendors are located overseas or, in the case of third-party vendors, rely on overseas sources for a large portion of their merchandise, any event causing a disruption of imports, such as the imposition of increased security or regulatory requirements applicable to imported goods, war, public health concerns, acts of terrorism, natural disasters, port security considerations or labor disputes, financial or political instability in any of the countries in which merchandise we purchase is manufactured, trade restrictions in the form of tariffs or quotas, or both, disruption in the supply of fabrics or raw materials, increases in the cost of fuel or decreases in the value of the U.S. dollar relative to foreign currencies could adversely affect our business. During fiscal 2016, we purchased merchandise from approximately 5,000 vendors. No single vendor or manufacturer accounted for more than 10% of merchandise purchased during that time. While certain of our vendors have limited financial resources and production capabilities, we do not believe that the loss of any one vendor would have a material adverse effect on our business.

**Company Operations**

*Distribution.* We own a 291,000 square foot distribution facility in Gap, Pennsylvania that receives and distributes approximately half of our retail store merchandise in North America. We also lease a 214,500 square foot distribution center located in Reno, Nevada, that receives and distributes the remaining half of our retail store merchandise.

In June 2015, we opened a new 1,000,000 square foot fulfillment center in Gap, Pennsylvania, which we own and operate. Operations at the center include direct-to-consumer and wholesale fulfillment services, including inventory warehousing, receiving and customer shipping. We lease a 459,000 square foot fulfillment center in Trenton, South Carolina. This facility currently services a portion of our Wholesale segment customer orders and processes all of our Wholesale segment returns. In fiscal 2016, we transitioned all of the Retail segment fulfillment operations and a portion of the Wholesale segment operations from this location to our new facility in Gap, Pennsylvania. We plan to transition the remaining Wholesale segment operations to our new facility and close the Trenton facility when the lease expires in fiscal 2017.

We own a 463,000 square foot fulfillment center located in Reno, Nevada. This facility is used primarily to house and distribute merchandise to our western United States direct-to-consumer customers, significantly improving our fulfillment capability. The facility also includes a data center.

We lease distribution and fulfillment facilities each located in Rushden, England. Our 98,000 square foot distribution facility supports our entire European store base and our 142,000 square foot fulfillment facility supports our European direct-to-consumer channel. We believe both of these facilities will support our European operations for the next several years.

*Information Systems.* Very early in our growth, we recognized the need for high-quality information in order to manage merchandise planning, buying, inventory management and control functions. We invested in a retail software package that met our processing and reporting requirements. We utilize point-of-sale register systems connected by a secure data network to our

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home offices. Additionally, our stores have mobile point-of-sale devices that have virtually the same functionality as our cash registers. These systems provide for register efficiencies, timely customer checkout and instant back office access to register information, as well as daily updates of sales, inventory data and price changes. Our direct-to-consumer channel, which includes our retail websites and catalogs, maintains separate software systems that manage the merchandise and customer information for our in-house customer contact center and fulfillment functions. Our Wholesale segment uses a separate software system for customer service, order entry, production planning and inventory management. We have a second fully redundant data center located in our Reno fulfillment center that functions as a disaster recovery site for our direct-to-consumer, data communication and other business critical systems.

### **Competition**

Our Retail and Wholesale segments compete with individual and chain fashion specialty stores as well as department stores, both in stores and online, in highly competitive domestic and international markets. Our Retail segment competes on the basis of, among other things, the location of our stores; website, mobile application and catalog presentation; website design; the breadth, quality, style, price and availability of merchandise and the level of customer service offered. Although we believe that the eclectic mix of products and the unique store and website experiences offered by our Retail segment help differentiate us, it also means that our stores compete against a wide variety of smaller, independent specialty retailers, as well as department stores and national specialty chains. Many of our competitors have substantially greater name recognition as well as financial, marketing and other resources. Our Anthropologie, Free People and Bhldn stores also face competition from small boutiques that offer an individualized shopping experience similar to the one we strive to provide to our target customers. In addition, some of our third party vendors offer products directly to consumers and certain of our competitors.

Along with certain Retail segment competitive factors noted above, other key factors for our direct-to-consumer channel include the effectiveness of our merchandise delivery, website and mobile application availability and customer lists. Our direct-to-consumer channel competes against numerous websites and catalogs, which may have a greater volume of circulation and web traffic or more effective marketing through online media and social networking sites.

Our Wholesale segment competes with numerous wholesale companies on the basis of quality, price and fashion of our merchandise offerings. Many of our Wholesale segment competitors have a wider product distribution network. In addition, certain of our wholesale competitors have greater name recognition and greater financial, marketing and other resources than us.

### **Trademarks and Service Marks**

We are the registered owner in the United States of certain service marks and trademarks, including, but not limited to “Urban Outfitters,” “Anthropologie,” “Free People,” “Bhldn,” “Terrain,” “Vetri,” “BDG,” “Ecote,” “FP Me,” “Intimately Free People,” “Pizzeria Vetri,” “Pure + Good,” “Urban Renewal,” “Urbn.com,” and “We The Free.” Each mark is renewable indefinitely, contingent upon continued use at the time of renewal. In addition, we currently have pending registration applications with the U.S. Patent and Trademark Office covering certain other marks. We also own marks that have been registered in foreign countries, and have applications for marks pending in

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additional foreign countries. We regard our marks as important to our business due to their name recognition with our customers. We are not aware of any valid claims of infringement or challenges to our right to use any of our marks in the United States.

**Employees**

As of January 31, 2016, we employed approximately 24,000 people, approximately 39% of whom were full-time employees. The number of part-time employees fluctuates depending on seasonal needs. Of our total employees, approximately 1% work in the Wholesale segment and the remaining 99% work in our Retail segment. None of our employees are covered by a collective bargaining agreement, and we believe that our relations with our employees are excellent.

**Financial Information about Operations**

We aggregate our operations into two reportable segments, the Retail segment and the Wholesale segment. See Note 15, “Segment Reporting,” in the Notes to our Consolidated Financial Statements for additional information.

**Financial Information about Geographical Areas**

See Note 15, “Segment Reporting,” in the Notes to our Consolidated Financial Statements for information regarding net sales and long-lived assets from domestic and foreign operations.

**Seasonality**

Our business is subject to seasonal fluctuations in net sales and operating income, with a more significant portion typically realized in the fourth quarter of each year reflecting the year-end holiday period. Historically, and consistent with the retail industry, this seasonality also impacts our working capital requirements, particularly with regard to inventory. See Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations—Seasonality and Quarterly Results for additional information.

**Item 1A. Risk Factors**

***Our reportable segments are sensitive to economic conditions, consumer spending and other business factors.***

We are subject to seasonal variations and face numerous business risk factors. Consumer purchases of discretionary retail items and specialty retail products, including our products, may decline during recessionary periods and also may decline at other times when disposable income is lower. A prolonged economic downturn could have a material adverse impact on our business, financial condition or results of operations. There is a risk that consumer sentiment may decline due to economic and/or geo-political factors, which could negatively impact our financial position and results of operations.

Our performance is subject to worldwide economic conditions and their impact on levels of consumer spending remains uncertain and may remain depressed for the foreseeable future. Some of the factors impacting discretionary consumer spending include general economic conditions, wages and employment, consumer debt, reductions in net worth based on severe market declines, residential real estate and mortgage markets, taxation, fuel and energy prices, interest rates, consumer confidence, political and economic crises and other macroeconomic factors. The current economy may continue to affect consumer purchases of our merchandise and adversely impact our results of operations and continued growth. The economic conditions may also affect the number of specialty retail businesses and their ability to purchase merchandise from our Wholesale segment. It is difficult to predict near term and/or future economic, capital and credit market conditions and what impact they will have on our business.

***We rely heavily on our ability to identify changes in fashion.***

Customer tastes and fashion trends are volatile and can change rapidly. Our success depends in part on our ability to effectively predict and respond to changing fashion tastes and consumer demands, and to translate market trends into appropriate, saleable product offerings. If we are unable to predict or respond to changing styles or trends successfully or misjudge the market for products or new product lines, our sales may be impacted and we may be faced with a substantial amount of unsold inventory or missed opportunities. In response, we may be forced to rely on additional markdowns or promotional sales to dispose of excess, slow-moving inventory, which could decrease our revenues or margins. Compared to our Retail segment, our Wholesale segment is more sensitive to changes in fashion trends because of longer lead times in the manufacturing and sale of its apparel. Our fashion decisions if unsuccessfully forecasted, constitute a material risk and may have an adverse effect on our financial condition and results of operations.

***We may not be successful in expanding our business, opening new retail stores or extending our existing store leases.***

Our growth strategy depends on our ability to open and operate new retail stores on a profitable basis. We also must be able to effectively extend our existing store leases. Our operating complexity will increase as our store base grows, and we may face challenges in managing our future growth. Such growth will require that we continue to expand and improve our operating capabilities, and expand, train and manage our employee base. We may be unable to hire and train a sufficient number of qualified personnel or successfully manage our growth.

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Our expansion prospects also depend on a number of other factors, many of which are beyond our control, including, among other things, competition, the availability of financing for capital expenditures and working capital requirements and the availability of suitable sites for new store locations on acceptable lease terms. There can be no assurance that we will be able to achieve our store expansion goals, nor is there any assurance that our newly opened stores will achieve revenue or profitability levels comparable to those of our existing stores in the time periods estimated by us, or at all. If our stores fail to achieve, or are unable to sustain, acceptable revenue, profitability and cash flow levels, we may incur additional store asset impairment charges, significant costs associated with closing those stores or both, which could adversely affect our results of operations and financial condition.

***We may not be successful expanding our business internationally.***

Our current growth strategy includes plans to continue to open new stores, expand our digital marketing and grow our wholesale customer base internationally over the next several years against more established international competitors. International stores have different operational characteristics, including employment and labor, transportation, logistics, real estate and legal requirements. Furthermore, consumer demand and behavior, as well as tastes and purchasing trends may differ internationally, and as a result, sales of our merchandise may not be successful, or the margins on those sales may not be in line with those we anticipate. Additionally, our ability to conduct business internationally may be adversely impacted by political and economic risks, as well as the global economy. Any challenges that we encounter as we expand internationally may divert financial, operational and managerial resources from our existing operations, which could adversely impact our financial condition and results of operations.

In addition, we are increasingly exposed to foreign currency exchange rate risk with respect to our revenue, profits, assets and liabilities denominated in currencies other than the U.S. dollar. We currently do not utilize hedging instruments to mitigate these foreign currency risks. In the future, however we may initiate strategies to hedge certain foreign currency risks that may not succeed in offsetting all of the negative impact of foreign currency rate movements on our business and results of operations.

As we continue to expand our international operations, we are subject to certain U.S. laws, including the Foreign Corrupt Practices Act, as well as the laws of the foreign countries in which we operate. We are required to use all commercially reasonable efforts to ensure compliance with these laws. Violations of these laws could subject us to sanctions or other penalties that could negatively affect our reputation, business and operating results.

***Existing and increased competition in the specialty retail and wholesale apparel industries may reduce our net revenues, profits and market share.***

The specialty retail and wholesale apparel industries are each highly competitive. Our retail stores compete on the basis of, among other things, location, the breadth, quality, style, and availability of merchandise and the level of customer service offered and merchandise price. Our Anthropologie, Free People and Bhldn stores also face competition from small boutiques that offer an individualized shopping experience similar to the one we strive to provide to our target customers. Additionally, the internet and other new technologies facilitate competitive entry and comparison shopping in our Retail

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segment. We strive to offer an omni-channel shopping experience for our customers and use social media and mobile applications as a way to interact with them to enhance their shopping experiences. Omni-channel retailing is constantly evolving and we must keep pace with changing customer expectations and new developments by our competitors. In addition, some of our third party vendors offer products directly to consumers and certain of our competitors. Our Wholesale segment competes with numerous wholesale companies based on the quality, fashion and price of its product offerings, many of whose products have a wider distribution. Many of our competitors have greater name recognition and greater financial, marketing and other resources than us. We cannot assure you that we will continue to be able to compete successfully against existing or future competitors. Due to difficult economic conditions our competitors may force a markdown or promotional sales environment which could impair our ability to achieve our historical profit margins. Our expansion into markets served by our competitors and entry of new competitors or expansion of existing competitors into our markets could have a material adverse effect on our business, financial condition and results of operations.

***Our business depends on effective marketing and high customer traffic.***

We have many initiatives in our marketing programs particularly with regard to our websites and mobile applications. If our competitors increase their spending on marketing, if our marketing expenses increase, if our marketing becomes less effective than that of our competitors, or if we do not adequately leverage technology and data analytics capabilities needed to generate concise competitive insight, we could experience a material adverse effect on our results of operations. A failure to sufficiently innovate or maintain adequate and effective marketing strategies could inhibit our ability to maintain brand relevance and drive increased sales.

***We depend on key personnel and may not be able to retain or replace these employees or recruit additional qualified personnel, which would harm our business.***

We believe that we have benefited substantially from the leadership and experience of our senior executives, including our co-founder, Chairman of the Board and Chief Executive Officer, Richard A. Hayne. The loss of the services of any of our senior executives could have a material adverse effect on our business and prospects, as we may not be able to find suitable management personnel to replace departing executives on a timely basis. In addition, if our senior executives do not fully integrate within the structure of our management team and core business, we may be adversely affected. We do not have an employment agreement with our Chief Executive Officer, or any other key personnel. In addition, as our business expands, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for personnel in the retail industry. Our inability to meet our staffing requirements in the future could impair our ability to increase revenue and could otherwise harm our business.

***Increases in labor costs, including wages, could adversely impact our operational results, financial condition, and results of operations.***

Our retail store operations are subject to laws governing such matters as minimum wages, working conditions and overtime pay. As minimum wage rates increase or related laws and regulations change, we may need to increase not only the wage rates of our minimum wage employees, but also the wages paid to our other hourly or salaried employees as well. Any increase in the cost of our labor could have an adverse effect on our operating results, financial condition and results of operations. In

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addition, wage actions by other retailers may require us to increase wage rates in order to attract and retain talented employees. Labor shortages and increased employee turnover could also increase our labor costs. This in turn could lead us to increase prices, which could adversely impact our sales. We are also subject to risks related to other store expenses and operational costs. Conversely, if competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline.

***We could be materially and adversely affected if any of our distribution or fulfillment centers are damaged or closed or if their operations are diminished***

We operate seven distribution and fulfillment facilities worldwide to support our Retail and Wholesale segments in the United States, Western Europe and Canada, including the fulfillment of catalog and website orders around the world. We also utilize a third-party distributor for certain home furnishings. The merchandise purchased for our United States and Canadian retail store operations is shipped directly to our distribution centers in Gap, Pennsylvania, and Reno, Nevada. Merchandise purchased for our direct-to-consumer operations is shipped directly to our fulfillment centers in Gap, Pennsylvania and Reno, Nevada. Merchandise purchased for our wholesale operations is shipped directly to our fulfillment centers in Trenton, South Carolina and Gap, Pennsylvania. The merchandise purchased for our Western Europe retail and direct-to-consumer operations is shipped to Rushden, England. Damage to, or disruption of the operations at, any of these facilities due to work stoppages, system failures, accidents, economic or weather conditions, natural disasters, demographic and population changes, as well as other unforeseen events and circumstances could have a material adverse effect on our financial condition, results of operations or cash flows. In addition, if any of our distribution or fulfillment centers were to close unexpectedly or operate significantly below historical efficiency levels for an extended period of time, the other centers may not be able to support the resulting additional volume demands. As a result, we could incur significantly higher costs and longer lead times associated with distributing our products to our stores and customers during the time it takes for us to re-open or replace the center.

***We rely significantly on international sources of production.***

We receive a substantial portion of our apparel and other merchandise from foreign sources, both purchased directly in foreign markets and indirectly through domestic vendors with foreign sources. To the extent that our vendors are located overseas or, in the case of third-party vendors, rely on overseas sources for a large portion of their products, any event causing a disruption of imports, including the imposition of increased security or regulatory requirements applicable to imported goods, war, public health concerns acts of terrorism and natural disasters could adversely affect our business. New initiatives may be proposed that may have an impact on the trading status of certain countries and may include retaliatory duties or other trade sanctions that, if enacted, could increase the cost of products purchased from suppliers in such countries or restrict the importation of products from such countries. If foreign sourced products become difficult or impossible to bring into the United States due to significant labor issues, such as strikes at any of our ports in the United States, and if we cannot obtain such merchandise from other sources at similar costs, our sales and profit margins may be adversely affected. The flow of products from our vendors could also be adversely affected by financial or political instability in any of the countries in which the products we purchase are manufactured, if the instability affects the production or export of merchandise from those countries. Moreover, in the event of a significant disruption in the supply of the fabrics or raw materials used by our vendors in the manufacture of our products, our vendors may not be able to locate alternative

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suppliers of materials of comparable quality at an acceptable price, or at all. Trade restrictions in the form of tariffs or quotas, or both, applicable to the products we sell could also affect the importation of those products and could increase the cost and reduce the supply of products available to us. The cost of fuel is a significant component in transportation costs, therefore, increases in the petroleum products can adversely affect our gross margins. In addition, decreases in the value of the U.S. dollar relative to foreign currencies could increase the cost of products we purchase from overseas vendors.

***Regulations related to “conflict minerals” will require us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing our products.***

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 contains provisions to improve transparency and accountability concerning the supply of minerals originating from the conflict zones of the Democratic Republic of Congo and adjoining countries. As a result, the SEC adopted new requirements for companies that manufacture products that contain certain minerals and metals, known as “conflict minerals,” that are necessary to the functionality or production of products manufactured or contracted to be manufactured by public companies. We have developed a framework and management system and are currently performing due diligence on our supply chain. We have and expect to continue to incur additional costs to comply with these disclosure requirements, including costs related to determining the sources of the specified minerals used in our products, in addition to the cost of any changes to products, processes, or sources of supply as a consequence of such verification activities, which may adversely affect our business. In addition, the number of suppliers who provide “conflict-free” minerals may be limited, which may make it difficult to satisfy customers who require that all of the components of our products be certified as conflict-free, which could place us at a competitive disadvantage if we are unable to do so. There is also uncertainty relating to the requirements of the regulations as a result of ongoing litigation challenging the constitutionality of portions of the regulations. Most recently, we filed our annual Specialized Disclosure Report on Form SD with respect to these minerals on June 1, 2015, as required by the rules.

***Our operating results fluctuate from period to period.***

Our business experiences seasonal fluctuations in net sales and operating income, with a more significant portion of operating income typically realized in the fourth quarter of each year reflecting the year-end holiday period. Historically, and consistent with the retail industry, this seasonality also impacts our working capital requirements, particularly with regard to inventory. Any decrease in sales or margins during this period, or in the availability of working capital needed in the months preceding this period, could have a more material adverse effect on our business, financial condition and results of operations than in other periods. Seasonal fluctuations also affect our inventory levels, as we usually order merchandise in advance of peak selling periods and sometimes before new fashion trends are confirmed by customer purchases. We must carry a significant amount of inventory, especially before the holiday selling periods. If we are not successful in selling our inventory during this period, we may be forced to rely on markdowns or promotional sales to dispose of the inventory or we may not be able to sell the inventory at all, which could have a material adverse effect on our business, financial condition and results of operations.

***We may be unable to protect our trademarks and other intellectual property rights.***

We believe that our trademarks and service marks are important to our success and our competitive position due to their name recognition with our customers. We devote substantial

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resources to the establishment and protection of our trademarks and service marks on a worldwide basis. We are not aware of any valid claims of infringement or challenges to our right to use any of our trademarks and service marks in the United States. Nevertheless, there can be no assurance that the actions we have taken to establish and protect our trademarks and service marks will be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as a violation of the trademarks, service marks and intellectual property of others. Also, others may assert rights in, or ownership of, our trademarks and other intellectual property and we may not be able to successfully resolve these types of conflicts to our satisfaction. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States.

***War, terrorism, civil unrest or other violence may negatively impact availability of merchandise and/or otherwise adversely impact our business.***

In the event of war, terrorism, civil unrest or other violence, our ability to obtain merchandise available for sale in our stores or on our websites may be negatively impacted. A substantial portion of our merchandise is imported from other countries, see “—*We rely significantly on international sources of production.*” If commercial transportation is curtailed or substantially delayed, our business may be adversely impacted, as we may have difficulty shipping merchandise to our distribution and fulfillment centers and stores, as well as fulfilling catalog and website orders. Our stores are located in public areas where large numbers of people typically gather. Terrorist attacks, threats of terrorist attacks or civil unrest involving public areas could cause people not to visit areas where our stores are located. In addition, other types of violence in malls or in other public areas could lead to lower customer traffic in areas in which we operate stores. If any of these events were to occur, we may be required to suspend operations in some or all of our stores, which could have a material adverse impact on our business, financial condition and results of operations.

***We may not be successful in introducing additional store concepts or brands.***

We may, from time to time, seek to develop and introduce new concepts or brands in addition to our established brands. Our ability to succeed in the early stages of new concepts could require significant capital expenditures and management attention. Additionally, any new concept is subject to certain risks, including customer acceptance, competition, product differentiation, challenges relating to economies of scale in merchandise sourcing and the ability to attract and retain qualified personnel, including management and designers. There can be no assurance that we will be able to develop and grow these or any other new concepts to a point where they will become profitable, or generate positive cash flow. If we cannot successfully develop and grow these new concepts, our financial condition and results of operations may be adversely impacted.

***We may develop new store concepts through acquisitions and we may not be successful in integrating those acquisitions.***

Acquisitions involve numerous risks, including the diversion of our management’s attention from other business concerns, the possibility that current operating and financial systems and controls may be inadequate to deal with our growth and the potential loss of key employees.

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We also may encounter difficulties in integrating any businesses we may acquire with our existing operations. The success of these transactions depends on our ability to:

- successfully merge corporate cultures, operations and financial systems;
- realize cost reduction synergies; and
- as necessary, retain key personnel of acquired companies.

In addition, there may be liabilities that we fail, or are unable, to discover in the course of performing due diligence investigations on any company that we may acquire, or have recently acquired. Also, there may be additional costs relating to acquisitions including, but not limited to, possible purchase price adjustments. Any of our rights to indemnification from sellers to us, even if obtained, may not be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business and financial condition.

***We rely on information technology systems and a material disruption or failure of such systems or technologies could adversely affect our business.***

Our operations, in particular our direct-to-consumer sales, are subject to numerous risks, including reliance on third-party computer hardware/software, rapid technological change, diversion of sales from our stores, liability for online content, violations of state or federal laws, including those relating to online privacy, credit card fraud, risks related to the failure of the information technology systems that operate our websites, including computer viruses, telecommunications failures and electronic break-ins and similar disruptions. In addition, we regularly evaluate our information technology systems and have implemented modifications and/or upgrades to the information technology systems that support our business. Modifications include replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality. There are inherent risks associated with replacing and modifying these systems, including inaccurate system information and system disruptions, which we may not be able to alleviate through testing, training, staging implementation and in-sourcing certain processes, or by securing appropriate commercial contracts with third-party vendors supplying such replacement and redundancy technologies. If our information systems or other technologies are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data and interruptions or delays in our operations in the interim. Although we have not experienced any interruptions or shutdowns of our systems for any material length of time for the reasons described above, such disruptions could lead to delays in our business operations and, if significant, affect our sales and profitability.

***If we are unable to safeguard against security breaches with respect to our information technology systems our business may be adversely affected.***

During the course of business, we obtain and transmit confidential customer information through our information technology systems. The protection of customer, employee and Company data is critical. The regulatory environment surrounding information security and privacy is demanding, with the frequent imposition of new and changing requirements and heightened public awareness and scrutiny. While, to the best of our knowledge, we have not experienced any material misappropriation,

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loss or other unauthorized disclosure of confidential or personally identifiable information as a result of a security breach or cyber attack, such a security breach or cyber attack could adversely affect our business and operations, including damaging our reputation and our relationships with our customers, employees and investors and exposing us to risks of litigation and liability. While we believe we are diligent in selecting vendors, systems and procedures to enable us to maintain the integrity of our systems, we recognize that there are inherent risks and we cannot assure that any future interruptions, shutdowns or unauthorized disclosures will not occur.

***Manufacturers may not comply with our social compliance program requirements, which could adversely affect our reputation.***

We have a manufacturer compliance program that is monitored on a regular basis by our buying offices. Our production facilities are either certified as in compliance with our program, or areas of improvement are identified and corrective follow-up action is taken. All manufacturers are required to follow applicable national labor laws, as well as international compliance standards regarding workplace safety, such as standards that require clean and safe working environments, clearly marked exits and paid overtime. We believe in protecting the safety and working rights of the people who manufacture the products we sell, while recognizing and respecting cultural and legal differences found throughout the world. We require our third party outside vendors to register through an online website and agree that they and their suppliers will abide by certain standards and conditions of employment. If our third party vendors fail to comply with our social compliance program, our reputation may be adversely affected.

***Our results can be adversely affected by market disruptions.***

Market disruptions due to severe weather conditions, natural disasters, health hazards, terrorist activities, financial crises, political crises or other major events or the prospect of these events can affect consumer spending and confidence levels which may result in financial losses or otherwise adversely affect our results or prospects in affected markets. The recovery we receive under any insurance we maintain for these purposes may be delayed or may be insufficient to fully offset our losses.

***Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial results or financial condition.***

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported or expected financial performance or financial condition.

***We are subject to numerous regulations and legal matters that could adversely affect our business.***

We are subject to customs, child labor, tax, employment, privacy, truth-in-advertising and other laws, including consumer protection regulations and zoning and occupancy ordinances that regulate

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retailers generally and/or govern the importation, promotion and sale of merchandise and the operation of retail stores and distribution and fulfillment centers. Additional legal and regulatory requirements, and the fact that foreign laws occasionally conflict with domestic laws, have increased the complexity of the regulatory environment and the cost of compliance. If these laws change without our knowledge, or are violated by importers, designers, manufacturers or distributors, we could experience delays in shipments and receipt of products or be subject to fines or other penalties under the controlling regulations, any of which could adversely affect our business. Moreover, legal actions may be filed against us from time to time, including class actions. These actions may assert commercial, tort, intellectual property, customer, employment, data privacy, securities or other claims. We may also be impacted by litigation trends, including class action lawsuits involving consumers and shareholders, which could have a material adverse effect on our reputation, the market price of our common shares, or our results of operations, financial condition and cash flows.

### **Item 1B. Unresolved Staff Comments**

We have no outstanding comments with the staff of the SEC.

### **Item 2. Properties**

Since 2006, our home office has been located in several buildings on one campus in the historic core of the Philadelphia, Pennsylvania Navy Yard. The consolidated offices at the Navy Yard allow for an efficient operation of our Philadelphia-based offices and will help to support our growth needs for the foreseeable future. During fiscal 2015, we completed construction on a 93,000 square foot building which expanded our home offices to approximately 497,000 square feet. During fiscal 2014, we purchased a 122,000 square foot building in the Navy Yard, for future expansion. This building is leased to a third party through January 2017. In addition, we hold options that are available for at least the next ten years on several adjacent buildings that would allow for additional expansion if necessary.

During fiscal 2016, we entered into a lease agreement for approximately 8,000 square feet of office space in Los Angeles, California to support our design and production teams.

Our European home offices are located in London, England and consist of four leased properties totaling approximately 25,000 square feet. The leased properties have varying lease term expirations ranging from 2019 through 2024.

Our North American retail stores are supported by two distribution facilities. We own a 291,000 square foot distribution center in Gap, Pennsylvania, which supports approximately half of our retail stores. We lease a 214,500 square foot distribution facility in Reno, Nevada that supports the remaining half of our retail stores. The term of this operating lease is set to expire in June 2017 with Company options to renew for up to an additional ten years.

In fiscal 2016, we opened a new 1,000,000 square foot fulfillment center in Gap, Pennsylvania, which we own and operate. The new facility fulfills Retail segment customer orders and a portion of our Wholesale segment customer orders.

We lease a 459,000 square foot fulfillment center in Trenton, South Carolina. This facility currently services a portion of our Wholesale segment customer orders and processes all of our

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Wholesale segment returns. In fiscal 2016, we transitioned all of the Retail segment fulfillment operations and a portion of the Wholesale segment operations from this location to our new facility in Gap, Pennsylvania. We plan to transition the remaining Wholesale segment operations to our new facility and close the Trenton facility when the lease expires in fiscal 2017.

We own a 463,000 square foot fulfillment center in Reno, Nevada that is used primarily to house and distribute merchandise to our western United States direct-to-consumer customers.

In fiscal 2014, we relocated our customer contact center to Martinez, Georgia. This leased facility consists of approximately 40,000 square feet and has a lease term expiring in fiscal 2019 with three five year renewal options.

We lease separate distribution and fulfillment centers in Rushden, England to support our retail and direct-to-consumer channels in Europe. The distribution center occupies approximately 98,000 square feet and the fulfillment center occupies approximately 142,000 square feet, which also includes our European customer contact center. The term of both of these leases are set to expire in September 2020.

Improvements in recent years, including those in fiscal 2016 described in Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources, were necessary to adequately support our growth. We believe we may need to further expand the square footage of our home office to support our growth over the next several years. For more information on our distribution center properties, see Item 1: Business—Company Operations—*Distribution*. We believe that our facilities are well maintained and in good operating condition.

All of our stores are leased, well maintained and in good operating condition. Our retail stores are typically leased for a term of ten years with renewal options for an additional five to ten years. Total estimated selling square feet for stores open, under lease as of January 31, 2016, by Urban Outfitters, the Anthropologie Group and Free People was approximately 2,159,000, 1,517,000, and 203,000, respectively. The average store selling square feet is approximately 9,000 for Urban Outfitters, 7,000 for the Anthropologie Group and 1,800 for Free People. Selling square feet can sometimes change due to floor moves, use of staircases, cash register configuration and other factors.

The following table shows the location of each of our existing retail stores, as of January 31, 2016:

	Urban Outfitters	Anthropologie Group	Free People	Total
<b>United States</b>	<b>179</b>	<b>197</b>	<b>109</b>	<b>485</b>
<b>Canada</b>	<b>18</b>	<b>12</b>	<b>5</b>	<b>35</b>
<b>Europe</b>	<b>43</b>	<b>9</b>	<b>—</b>	<b>52</b>
<b>Global Total</b>	<b>240</b>	<b>218</b>	<b>114</b>	<b>572</b>

In addition to the stores listed above, Free People also operates wholesale sales and showroom facilities in New York City, London, Los Angeles and Chicago that are leased through 2017, 2018, 2019 and 2019, respectively.

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**Item 3. Legal Proceedings**

We are party to various legal proceedings arising from normal business activities. Management believes that the ultimate resolution of these matters will not have a material adverse effect on our financial position, results of operations or cash flows.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Our common shares are traded on the NASDAQ Global Select Market under the symbol “URBN.” The following table sets forth, for the periods indicated below, the reported high and low sale prices for our common shares as reported on the NASDAQ Global Select Market.

**Market Information**

	<u>High</u>	<u>Low</u>
<b>Fiscal 2016</b>		
Quarter ended April 30, 2015	\$47.25	\$34.21
Quarter ended July 31, 2015	\$41.49	\$32.12
Quarter ended October 31, 2015	\$33.32	\$27.23
Quarter ended January 31, 2016	\$30.01	\$19.26
<b>Fiscal 2015</b>		
Quarter ended April 30, 2014	\$38.84	\$33.95
Quarter ended July 31, 2014	\$37.40	\$32.23
Quarter ended October 31, 2014	\$40.67	\$29.11
Quarter ended January 31, 2015	\$36.99	\$27.89

**Holders of Record**

On March 24, 2016 there were 111 holders of record of our common shares.

**Dividend Policy**

Our current credit facility includes certain limitations on the payment of cash dividends on our common shares. We have not paid any cash dividends since our initial public offering and do not anticipate paying any cash dividends on our common shares in the foreseeable future.

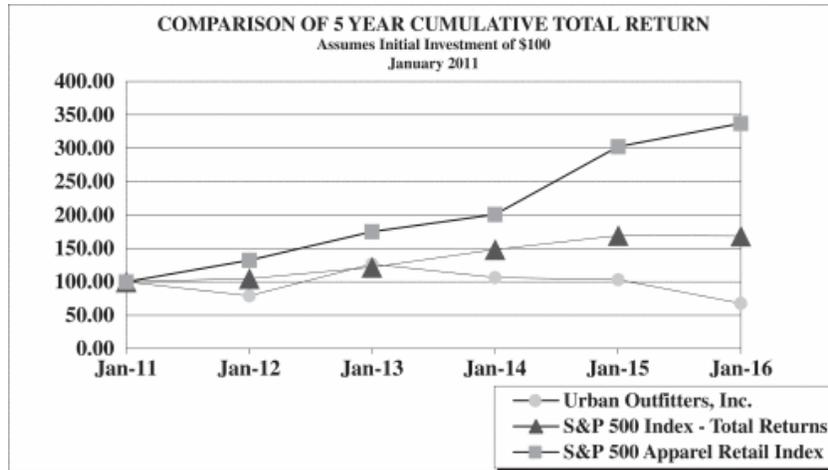
**Securities Authorized for Issuance Under Equity Compensation Plans**

All equity compensation plans have been approved by stockholders of the Company. See Note 9, “Share-Based Compensation,” for details of the Company’s equity compensation plans and outstanding awards.

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**Stock Performance**

The following graph and table compares the cumulative total shareholder return on our common shares with the cumulative total return on the Standard and Poor's 500 Composite Stock Index and the Standard and Poor's 500 Apparel Retail Index for the period beginning January 31, 2011 and ending January 31, 2016, assuming the reinvestment of any dividends and assuming an initial investment of \$100 in each. The comparisons in this table are required by the SEC and are not intended to forecast or be indicative of possible future performance of the common shares or the referenced indices.



\*\$100 invested on 1/31/11 in stock or index, including reinvestment of dividends.  
Fiscal years ending January 31.

Company/Market/Peer Group	Base Period Jan-11	INDEXED RETURNS Years Ended				
		Jan-12	Jan-13	Jan-14	Jan-15	Jan-16
Urban Outfitters Inc.	\$ 100.00	\$ 78.36	\$ 126.56	\$ 105.91	\$ 103.08	\$ 67.65
S&P 500	\$ 100.00	\$ 104.22	\$ 121.71	\$ 147.90	\$ 168.93	\$ 167.80
S&P 500 Apparel Retail	\$ 100.00	\$ 131.87	\$ 174.67	\$ 200.34	\$ 301.86	\$ 336.69

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A summary of the repurchase of our common shares under the 2015 share repurchase program for the quarter ended January 31, 2016 is as follows:

	<b>Total Number of Shares (or Units) Purchased</b>	<b>Average Price Paid per share (or Unit)</b>	<b>Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)</b>
November 1, 2015 through November 30, 2015	3,151,080	\$ 23.39	3,151,080	8,393,299
December 1, 2015 through December 31, 2015	1,073,540	\$ 24.30	1,073,540	7,319,759
January 1, 2016 through January 31, 2016	—	\$ —	—	7,319,759
<b>Total</b>	<u>4,224,620</u>		<u>4,224,620</u>	7,319,759

1 On February 23, 2015, the Company's Board of Directors authorized the repurchase of 20,000,000 shares under a share repurchase program.

[Table of Contents](#)**Item 6. Selected Financial Data**

The following table sets forth selected consolidated income statement and balance sheet data for the periods indicated. The selected consolidated income statement and balance sheet data for each of the five fiscal years presented below is derived from our Consolidated Financial Statements. The data presented below should be read in conjunction with Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements of the Company and the related notes thereto, which appear elsewhere in this Annual Report on Form 10-K. The results of operations for past accounting periods are not necessarily indicative of the results to be expected for any future accounting period.

	Fiscal Year Ended January 31,				
	2016	2015	2014	2013	2012
	(in thousands, except share amounts and per share data)				
<b>Income Statement Data:</b>					
Net sales	\$ 3,445,134	\$ 3,323,077	\$ 3,086,608	\$ 2,794,925	\$ 2,473,801
Gross profit	1,201,902	1,174,930	1,161,342	1,031,531	860,536
Income from operations	353,579	365,385	426,831	374,285	284,725
Net income	224,489	232,428	282,360	237,314	185,251
Net income per common share—basic	\$ 1.79	\$ 1.70	\$ 1.92	\$ 1.63	\$ 1.20
Weighted average common shares outstanding—basic	125,232,499	136,651,899	147,014,869	145,253,691	154,025,589
Net income per common share—diluted	\$ 1.78	\$ 1.68	\$ 1.89	\$ 1.62	\$ 1.19
Weighted average common shares outstanding—diluted	126,013,414	138,192,734	149,225,906	146,663,731	156,191,289
<b>Balance Sheet Data:</b>					
Working capital	\$ 505,130	\$ 455,377	\$ 663,150	\$ 622,089	\$ 363,526
Total assets	1,833,301	1,888,741	2,221,214	1,797,211	1,483,708
Total liabilities	696,074	560,772	527,044	442,623	417,440
Total shareholders' equity	\$ 1,137,227	\$ 1,327,969	\$ 1,694,170	\$ 1,354,588	\$ 1,066,268

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Overview**

We operate two reportable segments: a leading lifestyle specialty Retail segment and a Wholesale segment. Our Retail segment consists of our Urban Outfitters, Anthropologie, Free People, Terrain and Bhldn brands, whose merchandise is sold directly to our customers through retail stores, websites, mobile applications, catalogs and customer contact centers. Our Wholesale segment consists of the Free People wholesale division that primarily designs, develops and markets young women's contemporary casual apparel and shoes through individual and chain specialty stores and department stores.

Our fiscal year ends on January 31. All references to our fiscal years refer to the fiscal years ended on January 31 in those years. For example, our fiscal year 2016 ended on January 31, 2016.

#### *Retail Segment*

Our omni-channel strategy enhances our customers' brand experience by providing a seamless approach to the customer shopping experience. We have substantially integrated all available shopping channels, including stores, websites (online and through mobile devices) and catalogs. Our investments in areas such as marketing campaigns and technology advancements are designed to generate demand for the omni-channel and not the separate store or direct-to-consumer channels. Store sales are primarily fulfilled from that store's inventory, but may also be shipped from any of our fulfillment centers or from a different store location if an item is not available at the original store. Direct-to-consumer orders are primarily shipped to our customers through our fulfillment centers, but may also be shipped from any store, or a combination of fulfillment centers and stores depending on the availability of particular items. Direct-to-consumer orders may also be picked up at a store location. As our customers continue to shop across multiple channels, we have adapted our approach towards meeting this demand. Due to the availability of like product in a variety of shopping channels, we now source these products utilizing single stock keeping units based on the omni-channel demand rather than the demand of the separate channels. These and other technological capabilities allow us to better serve our customers and help us complete sales that otherwise may not have occurred due to out-of-stock positions. As a result of changing customer behavior and the substantial integration of the operations of our store and direct-to-consumer channels, we manage and analyze our performance based on a single omni-channel rather than separate channels and believe that the omni-channel results present the most meaningful and appropriate measure of our performance.

Our comparable Retail segment net sales data is equal to the sum of our comparable store and comparable direct-to-consumer channel net sales. A store is considered to be comparable if it has been open at least twelve full months, unless it was materially expanded or remodeled within that year or was not otherwise operating at its full capacity within that year. A direct-to-consumer channel is considered to be comparable if it has been operational for at least twelve full months. There is no overlap between comparable store net sales and comparable direct-to-consumer net sales. Sales from stores and direct-to-consumer channels that do not fall within the definition of comparable store or channel are considered to be non-comparable. The effects of foreign currency translation are also considered non-comparable.

We monitor customer traffic and customer conversion rates at our stores, and customer sessions, average order value and conversion rates on our websites. We believe that changes in any of these

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metrics may be caused by a response to our brands' fashion offerings, our marketing campaigns, circulation of our catalogs and an overall growth in brand recognition as we expand our store base.

As of January 31, 2016, we operated 240 Urban Outfitters stores of which 179 were located in the United States, 18 were located in Canada and 43 were located in Europe. During fiscal 2016, we opened four new Urban Outfitters stores, of which two were located in the United States and two were located in Canada, and we closed two stores in the United States. Total store selling square footage as of January 31, 2016 was 2.2 million and was flat as compared to the prior year. Urban Outfitters operates websites in North America and Europe that capture the spirit of the brand by offering a similar yet broader selection of merchandise as found in our stores. Urban Outfitters offers a catalog in Europe offering select merchandise, most of which is also available in our Urban Outfitters stores. Urban Outfitters targets young adults aged 18 to 28 through a unique merchandise mix, compelling store environment and websites. Urban Outfitters' product offering includes women's and men's fashion apparel, intimates, footwear, beauty and accessories, activewear and gear, electronics, as well as an eclectic mix of apartment wares and gifts. We plan to open additional stores over the next several years. Urban Outfitters' North American and European Retail segment net sales accounted for approximately 32.5% and 8.0% of consolidated net sales, respectively, for fiscal 2016, compared to 32.9% and 8.8%, respectively, for fiscal 2015.

The Anthropologie Group consists of the Anthropologie, Bhldn and Terrain brands. We initially operated the Bhldn and Terrain brands as standalone concepts and opened two Bhldn stores and two Terrain garden centers. We ultimately determined that the Bhldn and Terrain brands were complementary to the Anthropologie brand and integrated those brands with the Anthropologie brand during fiscal 2015 and 2016, respectively, to form the Anthropologie Group. As of January 31, 2016, we operated 218 Anthropologie Group stores, of which 197 were located in the United States, 12 were located in Canada and nine were located in Europe. During fiscal 2016, we opened 14 new Anthropologie Group stores, of which 12 were located in the United States and two were located in Europe, and we closed two stores in the United States. Total store selling square footage as of January 31, 2016 increased 4.7% over the prior year period to 1.5 million. The Anthropologie Group operates websites in North America and Europe that capture the spirit of our brands by offering a similar yet broader selection of merchandise as found in our stores. The Anthropologie brand offers registry services through our website and mobile applications and in all of our stores throughout the United States, allowing our customers to create gift registries for any occasion. The Anthropologie brand offers a catalog in North America and in Europe that markets select merchandise, most of which is also available in our Anthropologie brand stores. The Anthropologie brand tailors its merchandise to sophisticated and contemporary women aged 28 to 45. The Anthropologie brand's product assortment includes women's casual apparel and accessories, intimates, shoes, beauty, home furnishings and a diverse array of gifts and decorative items. The Bhldn brand offers a curated collection of heirloom quality wedding gowns, bridesmaid frocks, party dresses, assorted jewelry, headpieces, footwear, lingerie and decorations. The Terrain brand is designed to appeal to women and men interested in a creative and sophisticated outdoor living and gardening experience. Merchandise includes lifestyle home and garden products combined with antiques, live plants, flowers, wellness products and accessories. Both Terrain garden centers also offer a full service restaurant and coffee bar. We plan to open additional Anthropologie brand stores over the next several years, some of which will include Bhldn or Terrain shop-within-shop concepts. The Anthropologie Group's North American and European Retail segment net sales accounted for approximately 40.2% and 1.6% of consolidated net sales, respectively, for fiscal 2016, compared to 40.1% and 1.5%, respectively, for fiscal 2015.

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As of January 31, 2016, we operated 114 Free People stores, of which 109 were located in the United States and five were located in Canada. During fiscal 2016, we opened 13 new Free People stores, of which 12 were located in the United States and one was located in Canada, and we closed one store located in the United States due to lease expiration. Total store selling square footage as of January 31, 2016, increased 27.8% over the prior year period to 203,000. Free People operates websites in North America, Europe and Asia that capture the spirit of the brand by offering a similar yet broader selection of merchandise as found in our stores, as well as substantially all of the Free People wholesale offerings. Free People also offers a catalog that markets select merchandise, most of which is also available in our Free People stores. Free People focuses its product offering on private label merchandise targeted to young contemporary women aged 25 to 30. Free People provides a unique merchandise mix of casual women's apparel, intimates, shoes, activewear, accessories, home products and gifts. We plan to open additional stores over the next several years. Free People's Retail segment net sales accounted for approximately 10.1% of consolidated net sales for fiscal 2016, compared to approximately 9.2% for fiscal 2015.

For all brands combined, we plan to open approximately 27 new stores during fiscal 2017, including five Urban Outfitters stores, ten Anthropologie Group stores and 12 Free People stores.

### *Wholesale Segment*

Our Wholesale segment consists of the Free People wholesale division that designs, develops and markets young women's contemporary casual apparel. Free People's range of tops, bottoms, sweaters, dresses, intimates, shoes and activewear are sold through approximately 1,800 better department and specialty stores worldwide, and our own Free People stores. Our Wholesale segment net sales accounted for approximately 7.6% of consolidated net sales for fiscal 2016, compared to 6.8% for fiscal 2015.

### **Critical Accounting Policies and Estimates**

Our Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States. These generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses during the reporting period.

Our senior management has reviewed the critical accounting policies and estimates with our Audit Committee. Our significant accounting policies are described in Note 2, "Summary of Significant Accounting Policies," in the Notes to our Consolidated Financial Statements. We believe that the following discussion addresses our critical accounting policies, which are those that are most important to the portrayal of our financial condition, results of operations and cash flows and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. If actual results were to differ significantly from estimates made, the reported results could be materially affected. We are not currently aware of any reasonably likely events or circumstances that would cause our actual results to be materially different from our estimates.

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### *Revenue Recognition*

We recognize revenue in our Retail segment at the point-of-sale for merchandise the customer takes possession of at our store or when merchandise is shipped to the customer, in each case, net of estimated customer returns. Revenue is recognized by our Wholesale segment when merchandise is shipped to the customer, net of estimated customer returns. Revenue is presented on a net basis and does not include any tax assessed by a governmental or municipal authority. Payment for merchandise in our Retail segment is tendered by cash, check, credit card, debit card or gift card. Therefore, uncollectible accounts receivable for our Retail segment is negligible and primarily results from unauthorized credit card transactions. We maintain an allowance for doubtful accounts for the Wholesale segment accounts receivable, which we review on a regular basis and believe is sufficient to cover potential credit losses and billing adjustments.

We account for a gift card transaction by recording a liability at the time the gift card is issued to the customer in exchange for consideration from the customer. A liability is established and remains on our books until the card is redeemed by the customer, at which time we record the redemption of the card for merchandise as a sale, or when we determine the likelihood of redemption is remote. We determine the probability of the gift cards being redeemed to be remote based on historical redemption patterns. Revenues attributable to the reduction of gift card liabilities for which the likelihood of redemption becomes remote are included in sales and are not material. Our gift cards do not expire.

### *Sales Return Reserve*

We record a reserve for estimated product returns where the sale has occurred during the period reported, but the return is likely to occur subsequent to the period reported. The reserve for estimated product returns is based on our most recent historical return trends. If the actual return rate is materially different than our estimate, sales returns would be adjusted in the future. As of January 31, 2016 and 2015, reserves for estimated sales returns totaled \$24.4 million and \$19.8 million, representing 3.5% and 3.5% of total liabilities, respectively.

### *Marketable Securities*

All of our marketable securities as of January 31, 2016 and January 31, 2015 are classified as available-for-sale and are carried at fair value, which approximates amortized cost. Interest on these securities, as well as the amortization of discounts and premiums, is included in "Interest income" in the Consolidated Statements of Income. We record unrealized gains and losses on these securities (other than mutual funds, held in the rabbi trust for the Urban Outfitters, Inc. Non-qualified Deferred Compensation Plan (See Note 3, "Marketable Securities," in the Notes to Consolidated Financial Statements)) as a component of "Other comprehensive (loss) income" in the Consolidated Statements of Comprehensive Income and in "Accumulated other comprehensive loss" within "Shareholders' equity" until realized, except when we consider declines in value to be other than temporary. Other than temporary impairment losses related to credit losses are considered to be realized losses. Mutual funds held in the rabbi trust have been accounted for under the fair value option, which results in all unrealized gains and losses being recorded in "Interest income" in the Consolidated Statements of Income. When available-for-sale securities are sold, the cost of the securities is specifically identified and is used to determine the realized gain or loss. Securities classified as current assets have maturity dates of less than or equal to one year from the balance sheet date. Securities classified as non-current assets have maturity dates greater than one year from the balance sheet date.

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### *Inventory*

We value our inventory, which consists primarily of general consumer merchandise held for sale, at the lower of cost or market. Cost is determined on the first-in, first-out method and includes the cost of merchandise and import related costs, including freight, import taxes and agent commissions. A periodic review of inventory is performed in order to determine if inventory is properly stated at the lower of cost or market. Factors we consider in our review, such as future expected consumer demand and fashion trends, current aging, current and anticipated retail markdowns or wholesale discounts and class or type of inventory, are analyzed to determine estimated net realizable value. Criteria that we consider in our review of aging trends include average selling cycle and seasonality of merchandise, the historical rate at which merchandise has sold below cost during the prior twelve months and the value and nature of merchandise currently priced below original cost. A provision is recorded to reduce the cost of inventory to its estimated net realizable value, if appropriate. Any significant unanticipated changes in the factors noted above could have a significant impact on the value of our inventory and our reported operating results. Our estimates generally have been accurate and our reserve methods have been applied on a consistent basis. We expect the amount of our provision and related inventory to increase over time as we increase our sales. The majority of inventory at January 31, 2016, and 2015 consisted of finished goods. Raw materials and work-in-process were not material to the overall inventory value. Inventory as of January 31, 2016 and 2015 totaled \$330.2 million and \$358.2 million, representing 18.0% and 19.0% of total assets, respectively.

### *Long-Lived Assets*

Our long-lived assets consist principally of store leasehold improvements, buildings, furniture and fixtures, and other operating equipment and are included in the "Property and equipment, net" line item in our Consolidated Balance Sheets. Store leasehold improvements are recorded at cost and are amortized using the straight-line method over the lesser of the applicable store lease term, including lease renewals which are reasonably assured, or the estimated useful life of the leasehold improvements. The typical initial lease term for our stores is ten years. Buildings are recorded at cost and are amortized using the straight-line method over 39 years. Furniture and fixtures are recorded at cost and are amortized using the straight-line method over their useful life, which is typically five years. Other operating equipment is recorded at cost and amortized using the straight-line method over its useful life, which is three to ten years. Net property and equipment as of January 31, 2016 and 2015 totaled \$863.1 million and \$889.2 million, representing 47.1% and 47.1% of total assets, respectively.

We have not historically encountered material early retirement charges related to our long-lived assets. The cost of assets sold or retired and the related accumulated depreciation or amortization is removed from the accounts with any resulting gain or loss included in net income. Maintenance and repairs are charged to expense as incurred. Major renovations or improvements that extend the service lives of our assets are capitalized over the lesser of the extension period, life of the improvement, or the remaining term of the lease.

### *Impairment of Long-lived Assets, Goodwill and Intangible Assets*

We periodically review the carrying values of our long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events that result in an impairment review include plans to close a store, distribution or fulfillment center or a significant decrease in the operating results of a long-lived asset. Our retail stores are reviewed for impairment at

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the store level, which is the lowest level at which individual cash flows can be identified. Newly opened stores may take time to generate positive operating and cash flow results. Factors such as store type (e.g., mall versus free-standing), store location (e.g., urban area versus college campus or suburb), current marketplace awareness of our brands, local customer demographic data and current fashion trends are all considered in determining the time frame required for a store to achieve positive financial results, which, in general, is assumed to be within three years from the date a store location has opened. In assessing an asset for potential impairment, we make estimates regarding future operating results, cash flows and estimated useful life. When events indicate that an asset may be impaired and the estimated undiscounted cash flows are less than the carrying amount of the asset, the impaired asset is adjusted to its estimated fair value and an impairment loss is recorded. We have not made any material changes in the methodology to assess and calculate impairment of long-lived assets in the past three fiscal years. During fiscal 2016, we recorded impairment charges for five retail stores, totaling \$8.9 million, of which \$7.4 million is in "Cost of sales" and \$1.5 million is in "Selling, general and administrative expenses," in the Consolidated Statements of Income. During our assessment of current and future performance it was determined that these stores would not be able to generate sufficient cash flow over the expected remaining lease term to recover the carrying value of the respective store assets. Impairment charges for fiscal 2015 and 2014 were immaterial.

### *Accounting for Income Taxes*

As part of the process of preparing our Consolidated Financial Statements, we are required to estimate our income taxes in each of the tax jurisdictions in which we operate. This process involves estimating our actual current tax obligations together with assessing temporary differences resulting from differing treatment of certain items for tax and accounting purposes, such as depreciation of property and equipment and valuation of inventories. These temporary differences result in deferred tax assets and liabilities, which are included within our Consolidated Balance Sheets. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income. A valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realized. In making such a determination, we consider all material available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. Actual results could differ from this assessment if adequate taxable income is not generated in future periods. Net deferred tax assets as of January 31, 2016 and January 31, 2015 totaled \$54.2 million and \$68.7 million, representing 3.0% and 3.6% of total assets, respectively.

To the extent we believe that recovery of a deferred tax asset is at risk, we establish valuation allowances. To the extent we establish valuation allowances or increase the allowances in a period, we record additional income tax expense in the Consolidated Statements of Income. Valuation allowances were \$6.6 million as of January 31, 2016 and \$0.1 million as of January 31, 2015, respectively. Valuation allowances are based on evidence of our ability to generate sufficient taxable income in certain foreign and state jurisdictions. In the future, if enough evidence of our ability to generate sufficient future taxable income in these jurisdictions becomes apparent, we would be required to reduce our valuation allowances, resulting in a reduction in income tax expense in the Consolidated Statements of Income. On a quarterly basis, management evaluates the likelihood that we will realize the deferred tax assets and adjusts the valuation allowances, if appropriate.

We record uncertain tax positions on the basis of a two-step process whereby (1) we determine whether it is more-likely-than-not that the tax positions will be sustained on the basis of the technical

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merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Our tax liability for uncertain tax positions contains uncertainties because we are required to make assumptions and to apply judgment to estimate the exposures associated with our various filing positions. Although we believe that the judgments and estimates discussed herein are reasonable, actual results may differ, and we may be exposed to income tax expenses or benefits that could be material.

We consider certain earnings of non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future United States cash generation will be sufficient to meet future United States cash needs and our specific plans for reinvestment of those subsidiaries' earnings. Should we decide to repatriate the foreign earnings, we would need to adjust our income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside the United States.

### *Accounting for Contingencies*

From time to time, we are named as a defendant in legal actions arising from our normal business activities. We are required to record a reserve for estimated losses when information available prior to issuance of our financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Accounting for contingencies arising from contractual disputes or legal proceedings requires management to use its best judgment when estimating an accrual related to such contingencies. As additional information becomes known, our reserves for loss contingencies could fluctuate, thereby creating variability in our results of operations from period to period. Likewise, an actual loss arising from a loss contingency which significantly exceeds our reserve could have a material adverse impact on our operating results for the period in which such actual loss becomes known. We believe that our reserves adequately reflect the anticipated final outcome of any matter currently pending against us and the ultimate settlement of such matters will not materially affect our financial position or results of operations.

### *Share-Based Compensation*

Accounting for share-based compensation requires measurement of compensation cost for all share-based awards at fair value on the date of grant and recognition of compensation over the service period, net of estimated forfeitures.

We use a lattice binomial pricing model to determine the fair value of our stock options and stock appreciation rights. This model uses assumptions including the risk-free rate of interest, expected volatility of our stock price and expected life of the awards. A Monte Carlo simulation, which utilizes similar assumptions, is used to determine the fair value of performance-based awards. We review our assumptions and the valuations provided by independent third-party valuation advisors in order to determine the fair value of share-based compensation awards at the date of grant. The assumptions used in calculating the fair value of these share-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of judgment. Changes in these assumptions can materially affect the fair value estimate.

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Additionally, we make certain estimates about the number of awards which will become vested under performance-based incentive plans. We record expense for performance-based awards based on our current expectations of the probable number of awards that will ultimately vest. The estimation of awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised and could be materially different from share-based compensation expense recorded in prior periods.

We also estimate the expected forfeiture rate. We consider many factors when estimating expected forfeitures, including types of awards and historical experience. We revise our forfeiture rates, when necessary, in subsequent periods if actual forfeitures differ from those originally estimated. As a result, if the actual forfeiture rate is different from the estimate at the completion of the vesting period, the share-based compensation expense may not be comparable to amounts recorded in prior periods.

### Results of Operations

#### *As a Percentage of Net Sales*

The following table sets forth, for the periods indicated, the percentage of our net sales represented by certain income statement data and the change in certain income statement data from period to period. This table should be read in conjunction with the discussion that follows:

	Fiscal Year Ended		
	January 31,		
	2016	2015	2014
Net sales	100.0%	100.0%	100.0%
Cost of sales	65.1	64.6	62.4
Gross profit	34.9	35.4	37.6
Selling, general and administrative expenses	24.6	24.4	23.8
Income from operations	10.3	11.0	13.8
Interest income	—	0.1	0.1
Other expenses	(0.1)	(0.2)	—
Income before income taxes	10.2	10.9	13.9
Income tax expense	3.7	3.9	4.7
Net income	6.5%	7.0%	9.2%
<b>Period over Period Change:</b>			
Net sales	3.7%	7.7%	10.4%
Gross profit	2.3%	1.2%	12.6%
Income from operations	-3.2%	-14.4%	14.0%
Net income	-3.4%	-17.7%	19.0%

### Fiscal 2016 Compared to Fiscal 2015

Net sales in fiscal 2016 increased by 3.7% to \$3.4 billion, from \$3.3 billion in fiscal 2015. The \$122.1 million increase was attributable to a \$87.7 million, or 2.8%, increase in Retail segment net

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sales and a \$34.4 million, or 15.2%, increase in Wholesale segment net sales. Retail segment net sales for fiscal 2016 accounted for 92.4% of total net sales compared to 93.2% of total net sales during fiscal 2015.

The growth in our Retail segment net sales during fiscal 2016 was due to an increase of \$47.4 million, or 1.6%, in Retail segment comparable net sales, which includes our direct-to-consumer channel, and an increase of \$40.3 million in non-comparable and new store net sales. Our total company comparable Retail segment net sales increase was comprised of increases of 9.0%, 1.4% and 0.4% at Free People, Urban Outfitters and Anthropologie Group, respectively. The increase in Retail segment comparable net sales was driven by continued growth in the direct-to-consumer channel which was partially offset by negative comparable store net sales. Direct-to-consumer net sales were driven by an increase in sessions, orders, average order value and conversion rate. The negative comparable store net sales resulted from a reduction in store traffic, transactions and units per transaction, which were partially offset by an increase in average unit selling price. The increase in net sales attributable to non-comparable and new stores was primarily the result of opening 69 new stores in fiscal 2016 and 2015 that were not in operation for the full comparable periods. Thus far during the first quarter of fiscal 2017, comparable Retail segment net sales are low single-digit positive which includes the benefit of a leap year.

The increase in Wholesale segment net sales during fiscal 2016, as compared to fiscal 2015, was due to increased sales at both department stores and specialty accounts. Wholesale sales growth was driven by an increase in units that was partially offset by a decrease in average unit selling price.

Gross profit percentage in fiscal 2016 decreased to 34.9% of net sales, from 35.4% of net sales in fiscal 2015. Gross profit increased to \$1.20 billion in fiscal 2016 compared to \$1.17 billion in fiscal 2015. The decrease in the gross profit percentage was primarily driven by higher delivery and fulfillment center expenses largely related to incremental costs associated with the Gap, Pennsylvania fulfillment center transition and increased direct-to-consumer sales penetration. The decrease in the gross profit percentage was additionally driven by impairment charges for five retail stores. Total inventory at January 31, 2016 decreased by \$28.0 million, or 7.8%, to \$330.2 million from \$358.2 million at January 31, 2015. This decrease was primarily related to the decline in comparable Retail segment inventories, which decreased 6% at cost and 8% in units.

Selling, general and administrative expenses as a percentage of net sales increased during fiscal 2016 to 24.6% of net sales, compared to 24.4% of net sales for fiscal 2015. The increase was primarily due to increased marketing expenses to support our customer acquisition and retention efforts and an increase in technology related expenses used to support our omni-channel initiatives. Selling, general and administrative expenses increased by \$38.8 million, or 4.8%, to \$848.3 million, in fiscal 2016, from \$809.5 million in fiscal 2015. The dollar increase versus the prior year was primarily related to increased marketing and technology expenses and the operating expenses of new stores.

Income from operations decreased to 10.3% of net sales, or \$353.6 million, for fiscal 2016 compared to 11.0%, or \$365.4 million, for fiscal 2015.

Our effective tax rate for fiscal 2016 was 35.9% of income before income taxes compared to 36.0% of income before income taxes in fiscal 2015. See Note 8, "Income Taxes," in the Notes to our Consolidated Financial Statements, for a reconciliation of the statutory U.S. federal income tax rate to our effective tax rate.

## **Fiscal 2015 Compared to Fiscal 2014**

Net sales in fiscal 2015 increased by 7.7% to \$3.3 billion, from \$3.1 billion in fiscal 2014. The \$236.5 million increase was attributable to a \$188.3 million, or 6.5%, increase in Retail segment net sales and a \$48.2 million, or 27.1%, increase in Wholesale segment net sales. Retail segment net sales for fiscal 2015 accounted for 93.2% of total net sales compared to 94.2% of total net sales during fiscal 2014.

The growth in Retail segment net sales during fiscal 2015 was driven by an increase of \$144.7 million in non-comparable and new store net sales and an increase of \$43.6 million, or 1.6%, in Retail segment comparable net sales, which includes our direct-to-consumer channel. Our total company comparable Retail segment net sales increase was comprised of increases of 19.2% and 5.8% at Free People and the Anthropologie Group, respectively, and was partially offset by a decrease of 5.6% at Urban Outfitters. The increase in Retail segment comparable net sales was driven by continued growth in the direct-to-consumer channel for all brands partially offset by negative comparable store net sales. Direct-to-consumer net sales were driven by an increase in sessions, orders, average order value and conversion rate. The negative comparable store net sales resulted from a reduction in transactions and units per transaction, which were partially offset by an increase in average unit selling price. The increase in net sales attributable to non-comparable and new stores was primarily the result of opening 76 new stores in fiscal 2015 and 2014 that were not in operation for the full comparable periods.

The increase in Wholesale segment net sales during fiscal 2015, as compared to fiscal 2014, was due to increased sales at both department stores and specialty accounts. Wholesale sales growth was driven by an increase in units that was partially offset by a decrease in average unit selling price.

Gross profit percentage in fiscal 2015 decreased to 35.4% of net sales, from 37.6% of net sales in fiscal 2014. Gross profit increased to \$1.17 billion in fiscal 2015 compared to \$1.16 billion in fiscal 2014. The decrease in gross profit percentage occurred primarily due to lower initial merchandise markups, store occupancy deleverage due to negative store comparable net sales and higher markdowns, which were primarily driven by the underperformance at the Urban Outfitters brand. Total inventories at January 31, 2015 increased by \$47.0 million, or 15.1%, to \$358.2 million from \$311.2 million at January 31, 2014. This increase was primarily related to the acquisition of inventories to stock new and non-comparable stores and comparable Retail segment inventories. Comparable Retail segment inventories as of January 31, 2015 increased 6.5% at cost while decreasing 7.2% in units.

Selling, general and administrative expenses as a percentage of net sales increased during fiscal 2015 to 24.4% of net sales, compared to 23.8% of net sales for fiscal 2014. The increase was primarily due to increased marketing and technology expenses that were used to drive higher direct-to-consumer traffic. Selling, general and administrative expenses increased by \$75.0 million, or 10.2%, to \$809.5 million, in fiscal 2015, from \$734.5 million in fiscal 2014. The dollar increase versus the prior year was primarily related to increased marketing and technology expenses and the operating expenses of new stores.

Income from operations decreased to 11.0% of net sales, or \$365.4 million, for fiscal 2015 compared to 13.8%, or \$426.8 million, for fiscal 2014.

Our effective tax rate for fiscal 2015 was 36.0% of income before income taxes compared to 34.0% of income before taxes in fiscal 2014. The increase in the effective tax rate is primarily due to

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the recognition of a one-time federal rehabilitation credit in fiscal 2014 related to the expansion of the Company's home office and the release of foreign valuation allowances. See Note 8, "Income Taxes," in the Notes to our Consolidated Financial Statements, for a reconciliation of the statutory U.S. federal income tax rate to our effective tax rate.

### **Liquidity and Capital Resources**

Cash, cash equivalents and marketable securities were \$362.9 million as of January 31, 2016, as compared to \$363.3 million as of January 31, 2015 and \$890.3 million as of January 31, 2014. We generated \$413.4 million in cash from operations, received \$46.4 million in proceeds from stock option exercises and borrowed \$150.0 million on our long-term debt facility to repurchase \$465.3 million in common shares under the share repurchase programs and to invest \$135.0 million in property and equipment. Our working capital was \$505.1 million at January 31, 2016 compared to \$455.4 million at January 31, 2015 and \$663.2 million at January 31, 2014. The increase in working capital as compared to January 31, 2015 was primarily due to the net increase in cash, cash equivalents and current marketable securities.

During the last three years, we have satisfied our cash requirements primarily through our cash flow from operating activities. In fiscal 2016 we utilized borrowings on our long-term debt facility as an additional source of cash that were used for the repurchase of our common shares. Our primary uses of cash have been to repurchase common shares, open new stores, purchase inventory and expand our home offices and fulfillment facilities. We have also continued to invest in our omni-channel capabilities, technology and our international operations. Cash paid for property and equipment for fiscal 2016, 2015 and 2014 was \$135.0 million, \$229.8 million and \$186.1 million, respectively, and was used primarily to expand our store base and home offices and increase our fulfillment capabilities.

#### *Cash Flows from Operating Activities*

Cash provided by operating activities for fiscal 2016 increased by \$91.1 million to \$413.4 million from \$322.3 million in fiscal 2015. For both periods, our major source of cash from operations was merchandise sales and our primary use of cash was for the payment of operational costs. This increase in cash provided from operating activities was primarily due to lower inventory levels in fiscal 2016 as compared to fiscal 2015.

#### *Cash Flows from Investing Activities*

Cash used in investing activities during fiscal 2016 was \$26.8 million, primarily related to purchases of marketable securities and property and equipment, partially offset by the sales and maturities of marketable securities.

#### *Cash Flows from Financing Activities*

Cash used in financing activities during fiscal 2016 was \$272.8 million, primarily related to the repurchase of our common shares under the Board of Directors approved share repurchase programs, partially offset by net borrowings under our long-term debt facility.

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### *Credit Facilities*

On July 1, 2015, we entered into a five-year asset-based revolving Credit Agreement (“Credit Agreement”) with certain lenders, including JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, as joint lead arrangers and co-book managers. The Credit Agreement replaced our unsecured \$175.0 million revolving line of credit with Wells Fargo Bank, National Association, which was set to expire in March 2019.

The Credit Agreement provides senior secured revolving credit for loans and letters of credit up to \$400.0 million (the “Credit Facility”), subject to a borrowing base that is comprised of our eligible accounts receivable and inventory. The Credit Facility includes a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$150.0 million. The funds available under the Credit Facility may be used for working capital and other general corporate purposes.

The Credit Facility provides for interest on borrowings, at our option, at either (i) adjusted LIBOR, CDOR or EURIBOR plus an applicable margin ranging from 1.125% to 1.625%, or (ii) an adjusted ABR plus an applicable margin ranging from 0.125% to 0.625%, each such rate depending on the level of availability under the Credit Facility and our adjusted leverage ratio. Interest is payable either monthly or quarterly depending on the type of borrowing. A commitment fee is payable quarterly, on the unused portion of the Credit Facility, based on our adjusted leverage ratio.

All obligations under the Credit Facility are unconditionally guaranteed by us and our domestic subsidiaries. The obligations under the Credit Facility are secured by a first-priority security interest in inventory, accounts receivable, and certain other assets of the borrowers and guarantors. The Credit Agreement contains customary representations and warranties, negative and affirmative covenants and provisions relating to events of default.

As of January 31, 2016, we were in compliance with all terms of the Credit Agreement, borrowings on the Credit Facility totaled \$150.0 million and stand-by letters of credit outstanding were \$13.8 million.

Additionally, we have borrowing agreements with two separate financial institutions under which we may borrow an aggregate of \$130.0 million for the purposes of trade letter of credit issuances. The availability of any future borrowings under the trade letter of credit facilities is subject to acceptance by the respective financial institutions. As of January 31, 2016, we had outstanding trade letters of credit of \$65.0 million, and available trade letters of credit of \$65.0 million under these facilities.

### *Capital and Operating Expenditures*

During fiscal 2017, we plan to construct and open approximately 27 new stores, expand certain existing stores, upgrade our systems, increase our investments in omni-channel marketing and purchase inventories for our Retail and Wholesale segments at levels appropriate to maintain our planned sales growth. We believe that our marketing, social media, merchandise expansion, website and mobile initiatives are a significant contributor to our Retail segment sales growth. During fiscal 2017, we plan to continue our investment in these initiatives for all brands. We anticipate our capital expenditures during fiscal 2017 to be approximately \$160 million, all of which are expected to be

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financed by cash flow from operating activities. We believe that our new store investments have the potential to generate positive cash flow within a year. We may also enter into one or more acquisitions or transactions related to the expansion of our brand offerings. We believe that our existing cash and cash equivalents, available credit facilities and future cash flows from operations will be sufficient to fund these initiatives.

### *Share Repurchases*

On February 23, 2015, our Board of Directors authorized the repurchase of 20.0 million common shares under a share repurchase program. Under this authorization, during fiscal 2016, we repurchased and subsequently retired 12.7 million common shares at a total cost of \$382.5 million for an average cost per share of \$30.16, including commissions.

On May 27, 2014, our Board of Directors authorized the repurchase of 10.0 million common shares under a share repurchase program. Under this authorization, the Company repurchased and subsequently retired 7.7 million common shares at a total cost of \$258.2 million during fiscal 2015. The average cost per share of these repurchases for fiscal 2015 was \$33.45, including commissions. During fiscal 2016, we repurchased and subsequently retired 2.3 million shares at a total cost of \$82.8 million at an average cost per share of \$36.30, including commissions, which completed this authorization.

On August 27, 2013, our Board of Directors authorized the repurchase of 10.0 million common shares under a share repurchase program. We repurchased and subsequently retired all of the remaining 9.7 million outstanding common shares available under this authorization during the first quarter of fiscal 2015 at a total cost of \$353.3 million for an average cost per share of \$36.43, including commissions.

### **Contractual Obligations**

The following table summarizes our contractual obligations as of January 31, 2016:

<b>Description</b>	<b>Total Obligations</b>	<b>Payments Due by Period (in thousands)</b>			
		<b>Less Than One Year</b>	<b>One to Three Years</b>	<b>Three to Five Years</b>	<b>More Than Five Years</b>
Operating leases (1)	\$ 1,982,176	\$ 272,255	\$ 509,919	\$ 427,776	\$ 772,226
Purchase orders (2)	407,833	407,833	—	—	—
Construction contracts (3)	1,535	1,535	—	—	—
Tax contingencies (4)	436	436	—	—	—
<b>Total contractual obligations</b>	<b>\$ 2,391,980</b>	<b>\$ 682,059</b>	<b>\$ 509,919</b>	<b>\$ 427,776</b>	<b>\$ 772,226</b>

- (1) Includes store operating leases, which generally provide for payment of direct operating costs in addition to rent. The obligation amounts shown above only reflect our future minimum lease payments as the direct operating costs fluctuate over the term of the lease. Additionally, there are 26 locations where a percentage of sales are paid, in lieu of a fixed minimum rent, that are not reflected in the above table. Total rent expense related to these 26 locations was approximately \$3,498 for fiscal 2016. It is common for the lease agreements for our European locations to allow

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for the landlord to adjust the minimum rental due to the current market rates multiple times during the lease term. The table above includes our current contractual payments for these locations. Amounts noted above include commitments for 37 executed leases for stores not opened as of January 31, 2016.

- (2) Our merchandise commitments are cancellable with no or limited recourse available to the vendor until the merchandise shipping date.
- (3) Includes construction contracts with contractors that are fully satisfied upon the completion of construction, which is typically within twelve months.
- (4) Tax contingencies include \$436 that is classified as a current liability in the Company's Consolidated Balance Sheets as of January 31, 2016. Tax contingencies in the table above do not show an existing liability of \$8,234 because we cannot reasonably estimate in which future periods these amounts will ultimately be settled. As a result, the \$8,234 liability was classified as a non-current liability in the Company's Consolidated Balance Sheets as of January 31, 2016.

### Commercial Commitments

The following table summarizes our commercial commitments as of January 31, 2016:

Description	Total Amounts Committed	Amount of Commitment Per Period (in thousands)			
		Less Than One Year	One to Three Years	Three to Five Years	More Than Five Years
Trade letters of credit (1)	\$ 65,047	\$65,047	\$—	\$—	\$—
Standby letters of credit (2)	13,782	13,782	—	—	—
Total commercial commitments	<u>\$ 78,829</u>	<u>\$78,829</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>

- (1) Consists primarily of outstanding letter of credit commitments in connection with import inventory purchases.
- (2) Consists primarily of standby letters of credit for customs, construction and insurance.

### Off-Balance Sheet Arrangements

As of and for the three fiscal years ended January 31, 2016, except for operating leases entered into in the normal course of business, we were not party to any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

### Other Matters

#### *Recently Issued Accounting Pronouncements*

See Note 2, "Summary of Significant Accounting Policies—*Recently Issued Accounting Pronouncements*," in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K for a description of recently issued and adopted accounting pronouncements.

### Seasonality and Quarterly Results

Our business experiences seasonal fluctuations in net sales and operating income, with a more significant portion typically realized in the fourth quarter of each year reflecting the year-end holiday

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period. Historically, and consistent with the retail industry, the seasonality also impacts our working capital requirements, particularly with regard to inventory. The following tables set forth our net sales, gross profit, net income and net income per common share (basic and diluted) for each quarter during the last two fiscal years and the amount of such net sales and net income, respectively, as a percentage of annual net sales and annual net income. The unaudited financial information has been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

	<b>Fiscal 2016 Quarter Ended (1)</b>			
	<b>April 30, 2015</b>	<b>July 31, 2015</b>	<b>Oct. 31, 2015</b>	<b>Jan. 31, 2016</b>
	(dollars in thousands, except per share data)			
Net sales	\$739,010	\$867,460	\$825,258	\$1,013,406
Gross profit	246,421	318,105	288,188	349,188
Net income	32,776	66,841	51,994	72,878
Net income per common share—basic	0.25	0.52	0.42	0.61
Net income per common share—diluted	0.25	0.52	0.42	0.61

### **As a Percentage of Fiscal Year:**

Net sales	22%	25%	24%	29%
Net income	15%	30%	23%	32%

	<b>Fiscal 2015 Quarter Ended (1)</b>			
	<b>April 30, 2014</b>	<b>July 31, 2014</b>	<b>Oct. 31, 2014</b>	<b>Jan. 31, 2015</b>
	(dollars in thousands, except per share data)			
Net sales	\$686,310	\$811,253	\$814,470	\$1,011,044
Gross profit	238,511	303,258	283,524	349,637
Net income	37,478	67,509	47,143	80,298
Net income per common share—basic	0.26	0.49	0.35	0.61
Net income per common share—diluted	0.26	0.49	0.35	0.60

### **As a Percentage of Fiscal Year:**

Net sales	21%	24%	25%	30%
Net income	16%	29%	20%	35%

- (1) The sum of the quarterly per share amounts may not equal per share amounts reported for year-to-date periods due to changes in the number of weighted-average shares outstanding and the effects of rounding for each period.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to the following types of market risks—fluctuations in the purchase price of merchandise, as well as other goods and services, the value of foreign currencies in relation to the U.S. dollar, and changes in interest rates. Due to our inventory turnover rate and our historical ability to pass through the impact of any generalized changes in our cost of goods to our customers through pricing adjustments, commodity and other product risks are not expected to be material. We purchase the majority of our merchandise in U.S. dollars, including a majority of the goods for our stores located in Canada and a portion of the goods for our stores located in Europe.

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Our exposure to market risk for changes in foreign currencies is due to our financial statements being presented in U.S. dollars and our international subsidiaries transacting in currencies other than U.S. dollars. Fluctuations in exchange rates in effect during or at the end of the reporting period may affect the value of the reported amounts of revenues, expenses, assets and liabilities. As we expand our international operations, the potential impact of currency fluctuations increases.

Our exposure to market risk for changes in interest rates relates to our cash, cash equivalents and marketable securities and the Credit Facility. As of January 31, 2016 and 2015, our cash, cash equivalents and marketable securities consisted primarily of cash on hand and in banks, money market accounts, municipal and pre-refunded municipal bonds rated “BBB” or better, corporate bonds rated “BBB” or better, certificates of deposit, and mutual funds. Due to the short average maturity and conservative nature of our investment portfolio, we believe a 100 basis point change in interest rates would not have a material effect on the Consolidated Financial Statements. As the interest rates on a material portion of our cash, cash equivalents and marketable securities are variable, a change in interest rates earned on the cash, cash equivalents and marketable securities would impact interest income along with cash flows, but would not impact the fair market value of the related underlying instruments.

We are exposed to market risks relating to changes in interest rates on outstanding borrowings under our Credit Facility because these borrowings bear interest at variable rates. A 100 basis point change in our applicable interest rate would not have a material impact to interest expense for the year ended January 31, 2016.

### **Item 8. Financial Statements and Supplementary Data**

The information required by this Item is incorporated by reference from Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations—Seasonality and Quarterly Results and from our Consolidated Financial Statements and related notes thereto.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended. Based on this review, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of January 31, 2016.

#### **Management’s Annual Report on Internal Controls Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in the Securities Exchange Act Rule 13a-15(f). Our system of internal control is designed to provide reasonable, not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our system of internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that the Company’s internal control over financial reporting was effective as of January 31, 2016.

The effectiveness of internal control over financial reporting as of January 31, 2016 was audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report that is included on page 42 of this Annual Report on Form 10-K.

**Changes in Internal Control Over Financial Reporting**

There were no changes in the Company’s internal control over financial reporting during the Company’s fourth quarter of fiscal 2016 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

**Item 9B. Other Information**

None.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Urban Outfitters, Inc.  
Philadelphia, Pennsylvania

We have audited the internal control over financial reporting of Urban Outfitters, Inc. and subsidiaries (the “Company”) as of January 31, 2016 based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2016, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of January 31, 2016, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended and our report dated March 31, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ DELOITTE & TOUCHE LLP

Philadelphia, Pennsylvania  
March 31, 2016

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets forth the name, age and position of each of our executive officers and directors:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Richard A. Hayne	68	Chairman of the Board and Chief Executive Officer
Francis J. Conforti	40	Chief Financial Officer
Trish Donnelly	49	Chief Executive Officer, Urban Outfitters Group
Azeez Hayne	39	General Counsel and Corporate Secretary
Margaret A. Hayne (4)	57	President, Free People Brand, Chief Creative Officer and Director
Calvin Hollinger	51	Chief Operating Officer
David W. McCreight	53	President, Urban Outfitters, Inc., Chief Executive Officer of Anthropologie Group
Edward N. Antoian (2)(3)(4)	60	Director
Scott A. Belair (2)(3)	68	Director
Harry S. Cherken, Jr. (1)	66	Director
Elizabeth A. Lambert (1)(4)	52	Director
Joel S. Lawson III (2)(3)	68	Director
Robert H. Strouse (1)(3)	67	Director

- (1) Member of the Nominating and Governance Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation and Leadership Development Committee.
- (4) Member of the Innovation Committee.

Mr. R. Hayne co-founded Urban Outfitters in 1970. He has been Chairman of the Board of Directors since the Company's incorporation in 1976 and, until February 2016, also served as the Company's President. Mr. R. Hayne served as the Company's principal executive officer until 2007 and again beginning in January 2012. Margaret A. Hayne, President of Free People and Chief Creative Officer of Urban Outfitters, Inc., is Mr. R. Hayne's spouse. Mr. R. Hayne's long tenure leading the Company as Chairman of the Board of Directors, his tenure as principal executive officer, and his exceptional leadership skills make him uniquely qualified to serve as a director.

Mr. Conforti joined the Company in March 2007 as Director of Finance and SEC Reporting. After being promoted to Controller and then to Chief Accounting Officer, he was appointed Chief Financial Officer in April 2012. Prior to joining the Company, Mr. Conforti, a Certified Public Accountant, worked for AlliedBarton Security Services, LLC for five years, serving as Controller for three years. Mr. Conforti began his career at KPMG in 1998 where he held various audit roles.

Ms. Donnelly joined the Company in July 2014 as North American Brand President, Urban Outfitters Group and was promoted to Chief Executive Officer of Urban Outfitters Group in February 2016. Prior to joining the Company Ms. Donnelly served as President of Steven Alan from 2011-2014. Previously, Ms. Donnelly spent more than seven years at J. Crew as the Executive Vice President of J. Crew Direct. Ms. Donnelly began her career in various merchandising roles at Ralph Lauren.

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Mr. A. Hayne joined the Company in February 2015 as Associate General Counsel and was appointed General Counsel and Corporate Secretary in June 2015. Before joining the Company, Mr. A. Hayne worked for Morgan Lewis & Bockius LLP, serving as a partner in their Labor & Employment Practice Group from October 2010 through January 2015. After graduating the University of Virginia School of Law in 2001, Mr. A. Hayne began his legal career in Pepper Hamilton LLP's Commercial Litigation department before moving to Morgan Lewis & Bockius LLP in July 2003. Richard A. Hayne, the Company's current Chairman and Chief Executive Officer, is Mr. A. Hayne's uncle.

Ms. Hayne joined the Company in August 1982. She is a 40-year veteran of the retail and wholesale industry and has served as President of Free People since March 2007 and as Chief Creative Officer of Urban Outfitters, Inc. since November 2013. Richard A. Hayne, the Company's current Chairman and Chief Executive Officer, is Ms. Hayne's spouse. As an employee of the Company for over 30 years and a director since 2013, Ms. Hayne brings a wealth of both Company-specific and industry-wide knowledge and experience to the Board of Directors.

Mr. Hollinger joined the Company in November 2004 as Chief Information Officer. He was subsequently promoted to Chief Administrative Officer and then assumed his current role of Chief Operating Officer in 2015. In his current role, he is responsible for overseeing the Company's information technology, logistics, construction and facilities, talent acquisition and executive development, compensation and customer contact center. Prior to joining the Company, Mr. Hollinger held various senior leadership roles at Gap Inc.

Mr. McCreight joined the Company in November 2011 as Chief Executive Officer of Anthropologie Group and was named President of Urban Outfitters, Inc. in February 2016. Previously, Mr. McCreight served as President of Under Armour from 2008-2010 and President of Lands' End from 2005-2008. Mr. McCreight also held the positions of Executive Vice-President and Senior Vice-President at Lands' End from 2003-2005. Mr. McCreight also served as Senior Vice-President of Disney Stores from 2001-2003. Previously, Mr. McCreight had been President of Smith & Hawken. His early merchant career exposed him to various merchant organizations and philosophies.

Mr. Antoian is a partner of and Chief Investment Officer for Zeke Capital Advisors, a financial advisory firm. He is also employed by Chartwell Investment Partners, an investment advisory firm, where he has worked since its inception in 1997. In addition, Mr. Antoian is the General Partner of Zeke, L.P., a privately offered long-short equity hedge fund. From 1984 until 1997, Mr. Antoian was the Senior Portfolio Manager of Delaware Management Co. Prior to that, Mr. Antoian worked at E.F. Hutton in Institutional Sales and as a certified public accountant for Price Waterhouse. Mr. Antoian holds an MBA in Finance and has financial and investment experience as a result of his experience as a CPA, financial advisor and portfolio manager. Mr. Antoian also serves as a director of a not-for-profit entity.

Mr. Belair co-founded Urban Outfitters in 1970 and has not been an employee since 1971, prior to incorporation of the Company in 1976. He has served as Principal of The ZAC Group, a financial advisory firm, since 1989. Previously, he was a managing director of Drexel Burnham Lambert Incorporated. Mr. Belair is also an advisory director of M&T Bank (NYSE: MTB) (formerly Hudson City Bancorp, Inc. and Hudson City Savings Bank). He holds an MBA degree and has financial and investment expertise, including financial reporting expertise, as a result of his significant experience as a CPA, financial advisor, and former chief financial officer in the financial services industry. As a

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co-founder of the Company, Mr. Belair has been involved with the Company from its inception and accordingly has a comprehensive understanding of and perspective on its overall business and strategic direction.

Mr. Cherken has been a partner of the law firm of Drinker Biddle & Reath LLP in Philadelphia, Pennsylvania since 1984, is a former managing partner of that firm, and has served as Co-Chair of its Real Estate Group. As a real estate lawyer with over 39 years' experience representing public and private companies in the acquisition, construction, development, financing, leasing, management, consolidation, and disposition of commercial real estate, he has extensive experience with various types of real estate transactions and retail leases, including negotiating real estate transactions and leases on behalf of the Company nearly from its inception. Mr. Cherken also holds a Masters in Liberal Arts degree and serves as a trustee of various not-for-profit entities and academic institutions.

Ms. Lambert is the founder and a partner of Bunkhouse Group, LLC, a hospitality management company. In 2006, Ms. Lambert formed Bunkhouse Group, LLC to oversee a growing portfolio of eclectic hotels and coffee shops. Bunkhouse currently operates the Hotel San José, the Hotel Saint Cecilia, three Jo's Coffee shops, the Hotel Havana and El Cosmico, an 18-acre vintage trailer, tepee, tent hotel and event space. Prior to her experience as a hotelier, Ms. Lambert worked as a prosecutor in the New York County District Attorney's office and the Austin, Texas Attorney General's office. Currently, Ms. Lambert also serves on the Board of Directors of the National Council on Crime & Delinquency. Ms. Lambert's experience growing a design-centric and customer-focused hospitality company from the ground up gives her a unique perspective and set of skills to contribute to the Board of Directors.

Mr. Lawson is an independent consultant and private investor. From November 2001 until November 2003, he also served as Executive Director of M&A International Inc., a global organization of merger and acquisition advisory firms. From 1980 until November 2001, Mr. Lawson was Chief Executive Officer of Howard, Lawson & Co., an investment banking and corporate finance firm. Howard, Lawson & Co. became an indirect, wholly-owned subsidiary of FleetBoston Financial Corporation in March 2001. As the former Chief Executive Officer of an investment banking and corporate finance firm, Mr. Lawson has extensive experience in financial and investment matters, including financial reporting expertise. In addition, as the former Executive Director of a global organization of merger and acquisition advisory firms, he has specialized knowledge regarding mergers and acquisitions. He also holds an MBA degree and serves as a director of not-for-profit entities.

Mr. Strouse serves as President of Wind River Holdings, L.P., which oversees a diversified group of privately owned industrial and service businesses. Through his experience with this private investment company, Mr. Strouse brings to the Board of Directors experience in strategic planning, budgeting, talent recruitment and development, risk management and corporate development activities. Mr. Strouse is a former corporate lawyer whose practice, prior to 1998 when he joined Wind River, focused on mergers and acquisitions, corporate governance and SEC reporting. Mr. Strouse also serves as a director of a number of privately owned companies, including Conestoga Bank, and as a director of a not-for-profit entity.

### **Code of Conduct and Ethics**

We have a written Code of Conduct and Ethics (the "Code") that applies to our directors and employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting

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Officer. The Code includes guidelines relating to compliance with laws, the ethical handling of actual or potential conflicts of interest, the use of corporate opportunities, protection and use of our confidential information, accepting gifts and business courtesies, compliance with anti-bribery and illegal payment laws, accurate financial reporting, and procedures for promoting compliance with, and reporting violations of, the Code. The Code is available on our website at [www.urbanoutfittersinc.com](http://www.urbanoutfittersinc.com). We intend to post any amendments to the Code and also to disclose any waivers (to the extent applicable to the Company's Chief Executive Officer, Chief Financial Officer or Principal Accounting Officer) on our website.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders.

**Other Information**

Other information required by Item 10 relating to the Company's directors is incorporated herein by reference from the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders.

**Item 11. Executive Compensation**

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders.

**Item 14. Principal Accountant Fees and Services**

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 2016 Annual Meeting of Shareholders.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements

Consolidated Financial Statements filed herewith are listed in the accompanying index on page F-1.

(2) Financial Statement Schedule

None

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

(3) Exhibits

The Exhibits listed below are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Articles of Incorporation are incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (file no. 000-22754) filed on September 9, 2004.
3.2	Amendment No. 1 to Amended and Restated Articles of Incorporation is incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q (file no. 000-22754) filed on September 9, 2004.
3.3	Amendment No. 2 to Amended and Restated Articles of Incorporation is incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on May 31, 2013.
3.4	Second Amended and Restated By-laws are incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on December 3, 2012.
10.1*	Credit Agreement, dated July 1, 2015, by and among Urban Outfitters, Inc., its domestic subsidiaries, JPMorgan Chase Bank, N.A., as administrative agent, J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, as joint lead arrangers and co-book managers, and certain other lenders party thereto.
10.2	Pledge and Security Agreement, dated July 1, 2015, by and among Urban Outfitters, Inc., its domestic subsidiaries, and JPMorgan Chase Bank, N.A., in its capacity as administrative agent is incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q filed on September 9, 2015.

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<u>Exhibit Number</u>	<u>Description</u>
10.3+	Urban Outfitters 2004 Stock Incentive Plan is incorporated by reference to Appendix B of the Company's Definitive Proxy Statement on Schedule 14A (file no. 000-22754) filed on April 26, 2004 and Amendment No. 1 to the Urban Outfitters 2004 Stock Incentive Plan is incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A (file no. 000-22754) filed on April 25, 2005.
10.4+	Urban Outfitters 401(k) Savings Plan (formerly known as The Urban Outfitters, Inc. PROFIT SHARING FUND prior to July 1, 1999) is incorporated by reference to Exhibit 10.4 of the Company's Amendment No. 2 to the Registration Statement on Form S-1/A (file no. 033-69378) filed on November 3, 1993.
10.5+	2008 Stock Incentive Plan is incorporated by reference to Appendix B of the Company's Definitive Proxy Statement on Schedule 14A filed on April 2, 2013.
10.6+	Urban Outfitters Executive Incentive Plan, as amended and restated effective February 1, 2010, is incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed on April 1, 2015.
10.7+	Form of 2004 Plan—Non-Qualified Stock Option Agreement is incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on June 18, 2009.
10.8+	Form of 2004 Plan—Non-Qualified Stock Option Agreement for Non-Employee Directors is incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on June 18, 2009.
10.9+	Form of 2004 Plan—Incentive Stock Option Agreement is incorporated by reference to Exhibit 99.3 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on June 18, 2009.
10.10+	Form of 2004 Plan—Stock Appreciation Right Agreement is incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on September 7, 2010.
10.11+	Form of 2004 Plan—Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (file no. 000-22754) filed on December 10, 2010.
10.12+	Form of 2008 Plan—Non-Qualified Stock Option Agreement is incorporated by reference to Exhibit 99.4 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on June 18, 2009.
10.13+	Form of 2008 Plan—Non-Qualified Stock Option Agreement for Non-Employee Directors is incorporated by reference to Exhibit 99.5 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on June 18, 2009.
10.14+	Form of 2008 Plan—Incentive Stock Option Agreement is incorporated by reference to Exhibit 99.6 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on June 18, 2009.
10.15+	Form of 2008 Plan—Performance Stock Unit Agreement is incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K (file no. 000-22754) filed on September 7, 2010.

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<u>Exhibit Number</u>	<u>Description</u>
10.16+	Form of 2008 Plan—Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10.2 of the Company’s Quarterly Report on Form 10-Q (file no. 000-22754) filed on December 10, 2010.
10.17+	Form of 2008 Plan—Performance/Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on December 12, 2011.
10.18+	Form of 2008 Plan—Stock Appreciation Right Agreement is incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q filed on December 12, 2011.
21.1*	List of Subsidiaries.
23.1*	Consent of Deloitte & Touche LLP.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Company’s Principal Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Company’s Principal Financial Officer.
32.1**	Section 1350 Certification of the Company’s Principal Executive Officer.
32.2**	Section 1350 Certification of the Company’s Principal Financial Officer.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase

\* Filed herewith

\*\* Furnished herewith

+ Compensatory plan



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**URBAN OUTFITTERS, INC.**  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Urban Outfitters, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheets of Urban Outfitters, Inc. and subsidiaries (the “Company”) as of January 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, shareholders’ equity, and cash flows for each of the three years in the period ended January 31, 2016. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, such consolidated financial statements present fairly, in all material respects, the financial position of Urban Outfitters, Inc. and subsidiaries as of January 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of January 31, 2016, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 31, 2016, expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Philadelphia, Pennsylvania  
March 31, 2016

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**URBAN OUTFITTERS, INC.**  
**Consolidated Balance Sheets**  
**(in thousands, except share and per share data)**

	January 31, 2016	January 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 265,276	\$ 154,558
Marketable securities	61,061	104,246
Accounts receivable, net of allowance for doubtful accounts of \$664 and \$850, respectively	75,723	70,458
Inventory	330,223	358,237
Prepaid expenses and other current assets	102,078	102,863
Deferred income taxes	—	18,755
Total current assets	834,361	809,117
Property and equipment, net	863,137	889,232
Marketable securities	36,600	104,448
Deferred income taxes and other assets	99,203	85,944
Total Assets	<u>\$ 1,833,301</u>	<u>\$ 1,888,741</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 118,035	\$ 156,090
Accrued compensation	41,474	45,007
Accrued expenses and other current liabilities	169,722	152,643
Total current liabilities	329,231	353,740
Long-term debt	150,000	—
Deferred rent and other liabilities	216,843	207,032
Total Liabilities	696,074	560,772
Commitments and contingencies (see Note 13)		
Shareholders' equity:		
Preferred shares; \$.0001 par value, 10,000,000 shares authorized, none issued	—	—
Common shares; \$.0001 par value, 200,000,000 shares authorized, 117,321,120 and 130,502,864 shares issued and outstanding, respectively	12	13
Additional paid-in-capital	—	—
Retained earnings	1,160,666	1,343,383
Accumulated other comprehensive loss	(23,451)	(15,427)
Total Shareholders' Equity	1,137,227	1,327,969
Total Liabilities and Shareholders' Equity	<u>\$ 1,833,301</u>	<u>\$ 1,888,741</u>

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

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**URBAN OUTFITTERS, INC.**  
**Consolidated Statements of Income**  
**(in thousands, except share and per share data)**

	Fiscal Year Ended January 31,		
	2016	2015	2014
Net sales	\$ 3,445,134	\$ 3,323,077	\$ 3,086,608
Cost of sales	<u>2,243,232</u>	<u>2,148,147</u>	<u>1,925,266</u>
Gross profit	1,201,902	1,174,930	1,161,342
Selling, general and administrative expenses	<u>848,323</u>	<u>809,545</u>	<u>734,511</u>
Income from operations	353,579	365,385	426,831
Interest income	943	2,319	2,713
Other income	958	580	1,088
Other expenses	<u>(5,449)</u>	<u>(4,834)</u>	<u>(3,114)</u>
Income before income taxes	350,031	363,450	427,518
Income tax expense	<u>125,542</u>	<u>131,022</u>	<u>145,158</u>
Net income	<u>\$ 224,489</u>	<u>\$ 232,428</u>	<u>\$ 282,360</u>
Net income per common share:			
Basic	<u>\$ 1.79</u>	<u>\$ 1.70</u>	<u>\$ 1.92</u>
Diluted	<u>\$ 1.78</u>	<u>\$ 1.68</u>	<u>\$ 1.89</u>
Weighted-average common shares outstanding:			
Basic	<u>125,232,499</u>	<u>136,651,899</u>	<u>147,014,869</u>
Diluted	<u>126,013,414</u>	<u>138,192,734</u>	<u>149,225,906</u>

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

**URBAN OUTFITTERS, INC.**  
**Consolidated Statements of Comprehensive Income**  
**(in thousands)**

	<u>Fiscal Year Ended January 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income	\$224,489	\$232,428	\$282,360
Other comprehensive (loss) income:			
Foreign currency translation	(7,963)	(14,128)	7,194
Change in unrealized (losses) gains on marketable securities, net of tax	(61)	(331)	620
Total other comprehensive (loss) income	(8,024)	(14,459)	7,814
Comprehensive income	<u>\$216,465</u>	<u>\$217,969</u>	<u>\$290,174</u>

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

**URBAN OUTFITTERS, INC.**  
**Consolidated Statements of Shareholders' Equity**  
**(in thousands, except share data)**

	Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Compre- hensive Loss	Total
	Number of Shares	Par Value				
Balances as of January 31, 2013	146,015,767	\$ 15	\$ 48,276	\$ 1,315,079	\$ (8,782)	\$ 1,354,588
Comprehensive income	—	—	—	282,360	7,814	290,174
Share-based compensation	—	—	15,742	—	—	15,742
Stock options and awards	1,603,628	—	35,218	—	—	35,218
Excess tax benefit from share-based awards	—	—	9,540	—	—	9,540
Share repurchases	(309,820)	—	(11,092)	—	—	(11,092)
Balances as of January 31, 2014	147,309,575	\$ 15	\$ 97,684	\$ 1,597,439	\$ (968)	\$ 1,694,170
Comprehensive income	—	—	—	232,428	(14,459)	217,969
Share-based compensation	—	—	16,736	—	—	16,736
Stock options and awards	723,083	—	10,693	—	—	10,693
Excess tax benefit from share-based awards	—	—	3,822	—	—	3,822
Share repurchases	(17,529,794)	(2)	(128,935)	(486,484)	—	(615,421)
Balances as of January 31, 2015	130,502,864	\$ 13	\$ —	\$ 1,343,383	\$ (15,427)	\$ 1,327,969
Comprehensive income	—	—	—	224,489	(8,024)	216,465
Share-based compensation	—	—	15,623	—	—	15,623
Stock options and awards	2,027,090	—	46,400	—	—	46,400
Excess tax benefit from share-based awards	—	—	6,194	—	—	6,194
Share repurchases	(15,208,834)	(1)	(68,217)	(407,206)	—	(475,424)
Balances as of January 31, 2016	117,321,120	\$ 12	\$ —	\$ 1,160,666	\$ (23,451)	\$ 1,137,227

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

**URBAN OUTFITTERS, INC.**  
**Consolidated Statements of Cash Flows**  
**(in thousands)**

	Fiscal Year Ended January 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	\$ 224,489	\$ 232,428	\$ 282,360
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	142,722	138,110	132,664
Provision (benefit) for deferred income taxes	13,662	(2,221)	(28,505)
Excess tax benefits from stock option exercises	(6,194)	(3,822)	(9,540)
Share-based compensation expense	15,623	16,736	15,742
Impairment	8,928	—	—
Loss on disposition of property and equipment, net	1,400	3,189	2,368
Changes in assets and liabilities:			
Receivables	(13,820)	(18,393)	(15,368)
Inventory	26,739	(68,992)	(27,713)
Prepaid expenses and other assets	3,811	(23,257)	2,985
Payables, accrued expenses and other liabilities	(3,940)	48,543	68,162
Net cash provided by operating activities	<u>413,420</u>	<u>322,321</u>	<u>423,155</u>
Cash flows from investing activities:			
Cash paid for property and equipment	(134,950)	(229,804)	(186,101)
Cash paid for marketable securities	(265,872)	(405,659)	(727,987)
Sales and maturities of marketable securities	<u>374,057</u>	<u>830,297</u>	<u>451,866</u>
Net cash (used in) provided by investing activities	<u>(26,765)</u>	<u>194,834</u>	<u>(462,222)</u>
Cash flows from financing activities:			
Borrowings under long-term debt	291,612	—	—
Repayments of long-term debt	(141,612)	—	—
Proceeds from the exercise of stock options	46,400	10,693	35,218
Excess tax benefits from stock option exercises	6,194	3,822	9,540
Share repurchases related to share repurchase program	(465,304)	(611,475)	(10,695)
Share repurchases related to taxes for share-based awards	<u>(10,120)</u>	<u>(3,947)</u>	<u>(397)</u>
Net cash (used in) provided by financing activities	<u>(272,830)</u>	<u>(600,907)</u>	<u>33,666</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,107)</u>	<u>(3,748)</u>	<u>2,132</u>
Increase (decrease) in cash and cash equivalents	110,718	(87,500)	(3,269)
Cash and cash equivalents at beginning of period	154,558	242,058	245,327
Cash and cash equivalents at end of period	<u>\$ 265,276</u>	<u>\$ 154,558</u>	<u>\$ 242,058</u>
Supplemental cash flow information:			
Cash paid during the year for:			
Income taxes	<u>\$ 99,359</u>	<u>\$ 144,892</u>	<u>\$ 159,628</u>
Non-cash investing activities—Accrued capital expenditures	<u>\$ 11,607</u>	<u>\$ 18,771</u>	<u>\$ 20,889</u>

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

**URBAN OUTFITTERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(in thousands, except share and per share data)**

**1. Nature of Business**

Urban Outfitters, Inc. (the “Company” or “Urban Outfitters”), which was founded in 1970, was incorporated in the Commonwealth of Pennsylvania in 1976. The principal business activity of the Company is the operation of a general consumer product retail and wholesale business selling to customers through various channels including retail stores, websites, catalogs and mobile applications. As of January 31, 2016 and 2015, the Company operated 572 and 546 stores, respectively. Stores located in the United States totaled 485 as of January 31, 2016 and 464 as of January 31, 2015. Operations in Europe and Canada included 52 stores and 35 stores as of January 31, 2016, respectively, and 50 stores and 32 stores as of January 31, 2015, respectively. In addition, the Company’s Wholesale segment sold and distributed apparel to approximately 1,800 better department and specialty retailers worldwide.

**2. Summary of Significant Accounting Policies**

*Fiscal Year-End*

The Company operates on a fiscal year ending January 31 of each year. All references to fiscal years of the Company refer to the fiscal years ended on January 31 in those years. For example, the Company’s fiscal 2016 ended on January 31, 2016.

*Principles of Consolidation*

The Consolidated Financial Statements include the accounts of the Company and all of its subsidiaries. All intercompany transactions and accounts have been eliminated in consolidation.

*Use of Estimates*

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

Cash and cash equivalents are defined as cash and short-term highly liquid investments with maturities of less than three months at the time of purchase. These short-term highly liquid investments are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. As of January 31, 2016 and 2015, cash and cash equivalents included cash on hand, cash in banks, money market accounts and marketable securities with maturities of less than three months at the time of purchase.

**URBAN OUTFITTERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(in thousands, except share and per share data)**

*Marketable Securities*

All of the Company's marketable securities as of January 31, 2016 and January 31, 2015 are classified as available-for-sale and are carried at fair value, which approximates amortized cost. Interest on these securities, as well as the amortization of discounts and premiums, is included in "Interest income" in the Consolidated Statements of Income. The Company records unrealized gains and losses on these securities (other than mutual funds held in the rabbi trust for the Urban Outfitters, Inc. Non-qualified Deferred Compensation Plan (See Note 3, "Marketable Securities")) as a component of "Other comprehensive (loss) income" in the Consolidated Statements of Comprehensive Income and in "Accumulated other comprehensive loss" within "Shareholders' equity" until realized, except when the Company considers declines in value to be other than temporary. Other than temporary impairment losses related to credit losses are considered to be realized losses. Mutual funds held in the rabbi trust have been accounted for under the fair value option, which results in all unrealized gains and losses being recorded in "Interest income" in the Consolidated Statements of Income. When available-for-sale securities are sold, the cost of the securities is specifically identified and is used to determine the realized gain or loss. Securities classified as current assets have maturity dates of less than or equal to one year from the balance sheet date. Securities classified as non-current assets have maturity dates greater than one year from the balance sheet date.

*Accounts Receivable*

Accounts receivable primarily consists of amounts due from our wholesale customers as well as credit card receivables outstanding with third-party credit card vendors. The activity of the allowance for doubtful accounts for the years ended January 31, 2016, 2015 and 2014 was as follows:

	Balance at beginning of year	Additions	Deductions	Balance at end of year
Year ended January 31, 2016	\$ 850	6,578	(6,764)	\$ 664
Year ended January 31, 2015	\$ 1,711	4,666	(5,527)	\$ 850
Year ended January 31, 2014	\$ 1,681	4,400	(4,370)	\$ 1,711

*Inventory*

Inventory, which consists primarily of general consumer merchandise held for sale, is valued at the lower of cost or market. Cost is determined on the first-in, first-out method and includes the cost of merchandise and import related costs, including freight, import taxes and agent commissions. A periodic review of inventory is performed in order to determine if inventory is properly stated at the lower of cost or market. Factors the Company considers in its review, such as future expected consumer demand and fashion trends, current aging, current and anticipated retail markdowns or wholesale discounts and class or type of inventory, are analyzed to determine estimated net realizable value. Criteria that the Company considers in its review of aging trends include average selling cycle and seasonality of merchandise, the historical rate at which merchandise has sold below cost during the prior twelve months and the value and nature of merchandise currently priced below original cost.

**URBAN OUTFITTERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(in thousands, except share and per share data)**

A provision is recorded to reduce the cost of inventory to its estimated net realizable value, if appropriate. The majority of inventory at January 31, 2016 and 2015 consisted of finished goods. Raw materials and work-in-process were not material to the overall inventory value.

*Property and Equipment*

Property and equipment are stated at cost and primarily consist of store leasehold improvements, furniture and fixtures, buildings, and other operating equipment. Depreciation is computed using the straight-line method over the lesser of the lease term or useful life for leasehold improvements, five years for furniture and fixtures, 39 years for buildings and three to ten years for other operating equipment. Major renovations or improvements that extend the service lives of our assets are capitalized over the extension period or life of the improvement, whichever is less.

*Impairment of Long-lived Assets, Goodwill and Intangible Assets*

The Company periodically reviews the carrying values of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events that result in an impairment review include plans to close a store, distribution or fulfillment center or a significant decrease in the operating results of a long-lived asset. The Company's retail stores are reviewed for impairment at the store level, which is the lowest level at which individual cash flows can be identified. When events indicate that an asset may be impaired and the estimated undiscounted cash flows are less than the carrying amount of the asset, the impaired asset is adjusted to its estimated fair value and an impairment loss is recorded. During fiscal 2016, the Company recorded impairment charges for five retail stores, totaling \$8,928, of which \$7,429 is in "Cost of sales" and \$1,499 is in "Selling, general and administrative expenses," in the Consolidated Statements of Income. During the Company's assessment of current and future performance it was determined that these stores would not be able to generate sufficient cash flow over the expected remaining lease term to recover the carrying value of the respective store assets. Impairment charges for fiscal 2015 and 2014 were immaterial.

*Deferred Rent*

Rent expense from leases is recorded on a straight-line basis over the lease period. The net excess of rent expense over the actual cash paid is recorded as deferred rent. In addition, certain store leases provide for contingent rentals when sales exceed specified break-point levels that are weighted based upon historical cyclicalities. For leases where achievement of these levels is considered probable based on cumulative lease year revenue versus the established breakpoint at any given point in time, the Company accrues a contingent rent liability and a corresponding rent expense.

*Operating Leases*

The Company leases its retail stores under operating leases. Many of the lease agreements contain rent holidays, rent escalation clauses and contingent rent provisions or some combination of these items.

**URBAN OUTFITTERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(in thousands, except share and per share data)**

The Company recognizes rent expense on a straight-line basis over the lease period commencing on the date that the premises are available from the landlord. The lease period includes the construction period required to make the leased space suitable for operating during which time the Company is not permitted to occupy the space. For purposes of calculating straight-line rent expense, the commencement date of the lease term reflects the date the Company takes possession of the building for initial construction and setup. The Company receives certain lease incentives, tenant improvement allowances, in conjunction with entering into operating leases. Tenant improvement allowances are recorded as deferred rent on the Consolidated Balance Sheets and are amortized on a straight-line basis as a reduction of rent expense over the term of the related lease on the Consolidated Statements of Income.

*Revenue Recognition*

The Company recognizes revenue in the Retail segment at the point-of-sale for merchandise the customer takes possession of at the store or when merchandise is shipped to the customer, in each case, net of estimated customer returns. Revenue is recognized by the Company's Wholesale segment when merchandise is shipped to the customer, net of estimated customer returns. Revenue is presented on a net basis and does not include any tax assessed by a governmental or municipal authority. Payment for merchandise in the Company's Retail segment is tendered by cash, check, credit card, debit card or gift card. Uncollectible accounts receivable for the Retail segment is negligible and primarily results from unauthorized credit card transactions. The Company maintains an allowance for doubtful accounts for its Wholesale segment accounts receivable, which management reviews on a regular basis and believes is sufficient to cover potential credit losses and billing adjustments.

The Company accounts for a gift card transaction by recording a liability at the time the gift card is issued to the customer in exchange for consideration from the customer. A liability is established and remains on the Company's books until the card is redeemed by the customer, at which time the Company records the redemption of the card for merchandise as a sale, or when it is determined the likelihood of redemption is remote. The Company determines the probability of the gift cards being redeemed to be remote based on historical redemption patterns. Revenues attributable to the reduction of gift card liabilities for which the likelihood of redemption becomes remote are included in sales and are not material. The Company's gift cards do not expire.

**URBAN OUTFITTERS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**  
**(in thousands, except share and per share data)**

*Sales Return Reserve*

The Company records a reserve for estimated product returns where the sale has occurred during the period reported, but the return is likely to occur subsequent to the period reported. The reserve for estimated product returns is based on the Company's most recent historical return trends. If the actual return rate is materially different than the Company's estimate, sales returns would be adjusted in the future. The activity of the sales returns reserve for the years ended January 31, 2016, 2015 and 2014 was as follows:

	Balance at beginning of year	Additions	Deductions	Balance at end of year
Year ended January 31, 2016	\$ 19,804	96,707	(92,126)	\$24,385
Year ended January 31, 2015	\$ 17,089	80,390	(77,675)	\$19,804
Year ended January 31, 2014	\$ 14,448	64,313	(61,672)	\$17,089

*Cost of Sales*

Cost of sales includes the following: the cost of merchandise; merchandise markdowns; obsolescence and shrink provisions; store occupancy costs including rent and depreciation; delivery expense; inbound and outbound freight; customs related taxes and duties; inventory acquisition and purchasing costs; design costs; warehousing and handling costs and other inventory acquisition related costs.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses includes expenses such as: direct selling and selling supervisory expenses; marketing expenses; various corporate expenses such as information systems, finance, loss prevention, talent acquisition, home office and executive management expenses; share-based compensation expense; and other associated general expenses.

*Shipping and Handling Revenues and Costs*

The Company includes shipping and handling revenues in net sales and shipping and handling costs in cost of sales. The Company's shipping and handling revenues consist of amounts billed to customers for shipping and handling merchandise. Shipping and handling costs include shipping supplies, related labor costs and third-party shipping costs.

*Advertising*

The Company expenses the costs of advertising when the advertising occurs, except for direct-to-consumer advertising, which is capitalized and amortized over its expected period of future benefit. Advertising costs primarily relate to our Retail segment marketing expenses which are comprised of web marketing, catalog printing, paper, postage and other costs related to production of photographic

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images used in our catalogs and on our websites and mobile applications. The catalog printing, paper, postage and other costs are amortized over the period in which the customer responds to the marketing material determined based on historical customer response trends to a similar season's advertisement. Amortization rates are reviewed on a regular basis during the fiscal year and may be adjusted if the predicted customer response appears materially different than the historical response rate. The Company has the ability to measure the response rate to direct marketing early in the course of the advertisement based on its customers' reference to a specific catalog or by product placed and sold. The average amortization period for a catalog and related items are typically one to two months. If there is no expected future benefit, the cost of advertising is expensed when incurred. Advertising costs reported as prepaid expenses were \$3,724 and \$2,146 as of January 31, 2016 and 2015, respectively. Advertising expenses were \$114,104, \$103,882 and \$91,615 for fiscal 2016, 2015 and 2014, respectively.

*Store Opening Costs*

The Company expenses all store opening and organization costs as incurred, including travel, training, recruiting, salaries and other operating costs, and are included in "Selling, general and administrative expenses" in the Consolidated Statements of Income.

*Website Development Costs*

The Company capitalizes applicable costs incurred during the application and infrastructure development stage and expenses costs incurred during the planning and operating stage. During fiscal 2016, 2015 and 2014, the Company did not capitalize any internally generated internal-use software development costs because substantially all costs were incurred during the planning and operating stages, and costs incurred during the application and infrastructure development stage were not material.

*Income Taxes*

The Company utilizes a balance sheet approach to provide for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of net operating loss carryforwards and temporary differences between the carrying amounts and the tax bases of assets and liabilities. Investment tax credits or grants are accounted for in the period earned. The Company files a consolidated United States federal income tax return (see Note 8, "Income Taxes," for a further discussion of income taxes). The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

*Net Income Per Common Share*

Basic net income per common share is computed by dividing net income by the weighted-average number of common shares outstanding. Diluted net income per common share is computed by dividing net income by the weighted-average number of common shares and common share equivalents

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outstanding. Common share equivalents include the effect of stock options, stock appreciation rights (“SAR’s”), restricted stock units (“RSU’s”) and performance stock units (“PSU’s”).

*Comprehensive Income and Accumulated Other Comprehensive Loss*

Comprehensive income is comprised of two subsets—net income and other comprehensive income/loss. Amounts included in accumulated other comprehensive loss relate to foreign currency translation adjustments and unrealized gains or losses on marketable securities. The foreign currency translation adjustments are not adjusted for income taxes because these adjustments relate to non-U.S. subsidiaries for which foreign earnings have been designated as permanently reinvested. Accumulated other comprehensive loss consisted of foreign currency translation losses of (\$23,479) and (\$15,516) as of January 31, 2016 and January 31, 2015, respectively, and unrealized gains, net of tax, on marketable securities of \$28 and \$89 as of January 31, 2016 and January 31, 2015, respectively. The tax effect of the unrealized (losses) on marketable securities recorded in comprehensive loss was \$36, \$201 and \$378 during fiscal 2016, 2015 and 2014, respectively. Gross realized gains and losses are included in “Other income” in the Consolidated Statements of Income and were not material to the Company’s Consolidated Financial Statements for all three years presented.

*Foreign Currency*

The financial statements of the Company’s foreign operations are translated into U.S. dollars. Assets and liabilities are translated at current exchange rates as of the balance sheet date, equity accounts at historical exchange rates, while income statement accounts are translated at the average rates in effect during the year. Translation adjustments are not included in determining net income, but are included in “Accumulated other comprehensive loss” within “Shareholders’ equity.” Remeasurement gains and losses included in operating results for fiscal years 2016, 2015 and 2014 were not material.

*Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, marketable securities and accounts receivable. The Company manages the credit risk associated with cash, cash equivalents and marketable securities by investing in high-quality securities held with reputable trustees and, by policy, limiting the amount of credit exposure to any one issuer or issue, as well as providing limitations on investment maturities. The Company’s investment policy requires that its cash, cash equivalents and marketable securities are invested in corporate and municipal bonds rated “BBB” or better, commercial paper and federally insured or guaranteed investment vehicles such as certificates of deposit, United States treasury bills and federal government agencies. Receivables from third-party credit cards are processed by financial institutions, which are monitored for financial stability. The Company regularly evaluates the financial condition of its Wholesale segment customers. The Company’s allowance for doubtful accounts reflects current market conditions and management’s assessment regarding the collectability of its accounts receivable. The Company maintains cash accounts that, at times, may exceed federally

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insured limits. The Company has not experienced any losses from maintaining cash accounts in excess of such limits. Management believes that it is not exposed to any significant risks related to its cash accounts.

*Commitments and Contingencies*

From time to time, the Company is named as a defendant in legal actions arising from normal business activities. The Company records a reserve for estimated losses when information available prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

*Recently Issued Accounting Pronouncements*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an accounting standards update that amends the existing accounting standards for lease accounting. This update requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. The update does not significantly change the lessees’ recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. The update will be effective for the Company on February 1, 2019 and early adoption of the update is permitted. The update requires a modified retrospective transition approach, which includes a number of practical expedients. The Company is currently assessing the potential effects this update may have on its consolidated financial statements and related disclosures.

In November 2015, the FASB issued an accounting standards update that requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet rather than separating deferred taxes into current and noncurrent amounts. The Company elected to early adopt this update and prospectively applied the update to deferred tax assets and liabilities as of January 31, 2016. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements and related disclosures.

In July 2015, the FASB issued an accounting standards update that clarifies the measurement of inventory. The update applies to entities which utilize the first-in, first-out (“FIFO”) and average cost methods of measuring inventory and states that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less costs associated with completion, disposal and transportation. The update will be effective for the Company on February 1, 2017 and early adoption is permitted. The update is to be adopted on a prospective basis. The Company is currently assessing the potential effects this update may have on its consolidated financial statements and related disclosures.

In April 2015, the FASB issued an accounting standards update that clarifies the circumstances in which a customer would account for a cloud computing arrangement as a license of internal-use

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software. The update will be effective for the Company on February 1, 2016. The update allows for either retrospective or prospective adoption for all new transactions entered into or materially modified after the date of the adoption. The Company has performed an assessment of its cloud computing arrangements and determined that the potential effects this update has are immaterial to its consolidated financial statements and related disclosures.

In May 2014, the FASB issued an accounting standards update that clarifies the principles for recognizing revenue from contracts with customers. The update outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The update states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Entities are required to apply the following steps when recognizing revenue under the update: (1) identify the contract(s) with a customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The update allows for a “full retrospective” adoption, meaning the update is applied to all periods presented, or a “modified retrospective” adoption, meaning the update is applied only to the most current periods presented in the financial statements. In August 2015, the FASB issued an accounting standards update which approved a one-year deferral of the effective date that allows the Company to defer the effective date to February 1, 2018, but still permits the Company to adopt the update as of the original February 1, 2017 effective date. The Company is currently evaluating the adoption method to apply and the impact that the update will have on its consolidated financial statements and related disclosures.

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**3. Marketable Securities**

During all periods shown, marketable securities are classified as available-for-sale. The amortized cost, gross unrealized gains (losses) and fair values of available-for-sale securities by major security type and class of security as of January 31, 2016 and 2015 are as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized (Losses)</u>	<u>Fair Value</u>
<b>As of January 31, 2016</b>				
Short-term Investments:				
Corporate bonds	\$ 33,885	\$ 10	\$ (25)	\$ 33,870
Municipal and pre-refunded municipal bonds	26,243	33	—	26,276
Certificates of deposit	915	—	—	915
	<u>61,043</u>	<u>43</u>	<u>(25)</u>	<u>61,061</u>
Long-term Investments:				
Corporate bonds	12,227	9	(35)	12,201
Municipal and pre-refunded municipal bonds	18,028	58	(2)	18,084
Mutual funds, held in rabbi trust	4,604	6	(247)	4,363
Certificates of deposit	1,952	—	—	1,952
	<u>36,811</u>	<u>73</u>	<u>(284)</u>	<u>36,600</u>
	<u>\$ 97,854</u>	<u>\$ 116</u>	<u>\$ (309)</u>	<u>\$ 97,661</u>
<b>As of January 31, 2015</b>				
Short-term Investments:				
Corporate bonds	\$ 56,594	\$ 20	\$ (24)	\$ 56,590
Municipal and pre-refunded municipal bonds	30,509	41	(2)	30,548
Certificates of deposit	11,127	5	—	11,132
Treasury bills	2,033	3	—	2,036
Commercial paper	3,938	2	—	3,940
	<u>104,201</u>	<u>71</u>	<u>(26)</u>	<u>104,246</u>
Long-term Investments:				
Corporate bonds	46,754	22	(40)	46,736
Municipal and pre-refunded municipal bonds	42,840	113	(6)	42,947
Mutual funds, held in rabbi trust	3,816	16	(54)	3,778
Certificates of deposit	3,066	—	—	3,066
Treasury bills	7,111	9	—	7,120
Federal government agencies	799	2	—	801
	<u>104,386</u>	<u>162</u>	<u>(100)</u>	<u>104,448</u>
	<u>\$208,587</u>	<u>\$ 233</u>	<u>\$ (126)</u>	<u>\$208,694</u>

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Proceeds from the sales and maturities of available-for-sale securities were \$374,057, \$830,297 and \$451,866 in fiscal 2016, 2015 and 2014, respectively. The Company included in “Interest income,” in the Consolidated Statements of Income, a net realized gain of \$43 during fiscal 2016, a net realized gain of \$237 during fiscal 2015 and a net realized loss of \$101 during fiscal 2014. Amortization of discounts and premiums, net, resulted in a reduction of “Interest income” of \$3,841, \$6,696 and \$10,932 for fiscal years 2016, 2015 and 2014, respectively. Mutual funds represent assets held in an irrevocable rabbi trust for the Company’s Non-qualified Deferred Compensation Plan (“NQDC”). These assets are a source of funds to match the funding obligations to participants in the NQDC but are subject to the Company’s general creditors. The Company elected the fair value option for financial assets for the mutual funds held in the rabbi trust resulting in all unrealized gains and losses being recorded in “Interest income” in the Consolidated Statements of Income.

The following tables show the gross unrealized losses and fair value of the Company’s marketable securities with unrealized losses that are not deemed to be other-than-temporarily impaired aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at January 31, 2016 and January 31, 2015, respectively.

Description of Securities	January 31, 2016					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	\$30,745	\$ (54)	\$ 1,098	\$ (6)	\$31,843	\$ (60)
Municipal and pre-refunded municipal bonds	997	(2)	434	—	1,431	(2)
Mutual funds, held in rabbi trust	4,363	(247)	—	—	4,363	(247)
Total	<u>\$36,105</u>	<u>\$ (303)</u>	<u>\$ 1,532</u>	<u>\$ (6)</u>	<u>\$37,637</u>	<u>\$ (309)</u>

Description of Securities	January 31, 2015					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	\$55,384	\$ (63)	\$ 383	\$ (1)	\$55,767	\$ (64)
Municipal and pre-refunded municipal bonds	4,672	(8)	—	—	4,672	(8)
Mutual funds, held in rabbi trust	3,778	(54)	—	—	3,778	(54)
Certificates of deposit	1,600	—	—	—	1,600	—
Commercial paper	747	—	—	—	747	—
Total	<u>\$66,181</u>	<u>\$ (125)</u>	<u>\$ 383</u>	<u>\$ (1)</u>	<u>\$66,564</u>	<u>\$ (126)</u>

As of January 31, 2016 and 2015, there were a total of 84 and 172 securities with unrealized loss positions within the Company’s portfolio, respectively.

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**4. Fair Value**

The Company utilizes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach that relate to its financial assets and financial liabilities). The levels of the hierarchy are described as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the Company’s own assumptions.

Management’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy. The Company’s financial assets that are accounted for at fair value on a recurring basis are presented in the tables below:

	Marketable Securities Fair Value as of January 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Corporate bonds	\$46,071	\$ —	\$ —	\$46,071
Municipal and pre-refunded municipal bonds	—	44,360	—	44,360
Mutual funds, held in rabbi trust	4,363	—	—	4,363
Certificates of deposit	—	2,867	—	2,867
	<u>\$50,434</u>	<u>\$47,227</u>	<u>\$ —</u>	<u>\$97,661</u>

	Marketable Securities Fair Value as of January 31, 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Corporate bonds	\$103,326	\$ —	\$ —	\$103,326
Municipal and pre-refunded municipal bonds	—	73,495	—	73,495
Mutual funds, held in rabbi trust	3,778	—	—	3,778
Certificates of deposit	—	14,198	—	14,198
Treasury bills	9,156	—	—	9,156
Commercial paper	—	3,940	—	3,940
Federal government agencies	801	—	—	801
	<u>\$117,061</u>	<u>\$91,633</u>	<u>\$ —</u>	<u>\$208,694</u>

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*Financial assets*

Level 1 assets consist of financial instruments whose value has been based on inputs that use, as their basis, readily observable market data that are actively quoted and are validated through external sources, including third-party pricing services and brokers.

Level 2 assets consist of financial instruments whose value has been based on quoted prices for similar assets and liabilities in active markets as well as quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 assets consist of financial instruments where there has been no active market. The Company held no Level 3 financial instruments as of January 31, 2016 and January 31, 2015.

The fair value of cash and cash equivalents (Level 1) approximates carrying value since cash and cash equivalents consist of short-term highly liquid investments with maturities of less than three months at the time of purchase. As of January 31, 2016 and 2015, cash and cash equivalents included cash on hand, cash in banks, money market accounts and marketable securities with maturities of less than three months at the time of purchase. The fair value of debt approximates its carrying value as it is all variable rate debt.

*Non-financial assets*

The Company's non-financial assets, primarily consisting of property and equipment, are periodically tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The fair value of the non-financial assets was determined using a discounted cash-flow model that utilized Level 3 inputs. The Company's retail stores are reviewed for impairment at the store level, which is the lowest level at which individual cash flows can be identified. In calculating future cash flows, the Company makes estimates regarding future operating results based on its experience and knowledge of market factors in which the store is located. During 2016, the Company determined that certain long-lived assets at the Company's retail stores were unable to recover their carrying value. These assets were written down to a fair value resulting in an impairment charge of \$8,928. Impairment amounts in 2015 and 2014 were immaterial.

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**5. Property and Equipment**

Property and equipment is summarized as follows:

	January 31,	
	2016	2015
Land	\$ 15,197	\$ 15,197
Buildings	294,674	239,115
Furniture and fixtures	424,681	410,265
Leasehold improvements	860,577	794,995
Other operating equipment	249,969	180,397
Construction-in-progress	44,763	182,595
	<u>1,889,861</u>	<u>1,822,564</u>
Accumulated depreciation	<u>(1,026,724)</u>	<u>(933,332)</u>
Total	<u>\$ 863,137</u>	<u>\$ 889,232</u>

Depreciation expense for property and equipment in fiscal 2016, 2015 and 2014 was \$138,881, \$131,414 and \$121,732, respectively.

**6. Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consist of the following:

	January 31,	
	2016	2015
Gift certificates and merchandise credits	\$ 51,549	\$ 47,943
Sales return reserves	24,385	19,804
Accrued sales taxes	17,145	12,171
Accrued construction	11,595	18,717
Accrued rents and estimated property taxes	10,411	11,121
Other current liabilities	54,637	42,887
Total	<u>\$ 169,722</u>	<u>\$ 152,643</u>

**7. Debt**

On July 1, 2015, the Company and its domestic subsidiaries entered into a five-year asset-based revolving Credit Agreement (“Credit Agreement”) with certain lenders, including JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, as joint lead arrangers and co-book managers. The Credit Agreement replaced the Company’s unsecured \$175,000 revolving line of credit with Wells Fargo Bank, National Association, which was set to expire in March 2019.

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The Credit Agreement provides senior secured revolving credit for loans and letters of credit up to \$400,000 (the “Credit Facility”), subject to a borrowing base that is comprised of the Company’s eligible accounts receivable and inventory. The Credit Facility includes a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$150,000.

The Credit Facility provides for interest on borrowings, at the Company’s option, at either (i) adjusted LIBOR, CDOR or EURIBOR plus an applicable margin ranging from 1.125% to 1.625%, or (ii) an adjusted ABR plus an applicable margin ranging from 0.125% to 0.625%, each such rate depending on the level of availability under the Credit Facility and the Company’s adjusted leverage ratio. Interest is payable either monthly or quarterly depending on the type of borrowing. A commitment fee is payable quarterly on the unused portion of the Credit Facility based on the Company’s adjusted leverage ratio.

All obligations under the Credit Facility are unconditionally guaranteed by the Company and its domestic subsidiaries. The obligations under the Credit Facility are secured by a first-priority security interest in inventory, accounts receivable, and certain other assets of the borrowers and guarantors. The Credit Agreement contains customary representations and warranties, negative and affirmative covenants and provisions relating to events of default.

As of January 31, 2016, the Company was in compliance with all terms of the Credit Agreement, borrowings on the Credit Facility totaled approximately \$150,000 and stand-by letters of credit outstanding were \$13,782.

Additionally, the Company has borrowing agreements with two separate financial institutions under which the Company may borrow an aggregate of \$130,000 for the purposes of trade letter of credit issuances. The availability of any future borrowings under the trade letter of credit facilities is subject to acceptance by the respective financial institutions. As of January 31, 2016, the Company had outstanding trade letters of credit of \$65,047, and available trade letters of credit of \$64,953 under these facilities.

#### **8. Income Taxes**

The components of income before income taxes are as follows:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Domestic	\$ 323,906	\$ 328,479	\$ 375,793
Foreign	26,125	34,971	51,725
	<u>\$ 350,031</u>	<u>\$ 363,450</u>	<u>\$ 427,518</u>

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The components of the provision for income tax expense/(benefit) are as follows:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Current:			
Federal	\$ 84,274	\$ 109,978	\$ 139,848
State	21,391	19,665	20,530
Foreign	6,215	3,600	13,285
	<u>\$111,880</u>	<u>\$133,243</u>	<u>\$173,663</u>
Deferred:			
Federal	\$ 13,985	\$ (3,295)	\$ (15,171)
State	(1,218)	1,372	(6,225)
Foreign	895	(298)	(7,109)
	<u>13,662</u>	<u>(2,221)</u>	<u>(28,505)</u>
	<u>\$125,542</u>	<u>\$131,022</u>	<u>\$145,158</u>

The following table reflects the differences between the statutory U.S. federal income tax rate and the Company's effective tax rate:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Expected provision at statutory U.S. federal tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	3.7	3.7	2.2
Foreign taxes	(2.0)	(2.4)	(2.7)
Federal rehabilitation tax credit	(1.9)	0.0	(0.6)
Other	1.1	(0.3)	0.1
Effective tax rate	<u>35.9%</u>	<u>36.0%</u>	<u>34.0%</u>

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The significant components of deferred tax assets and liabilities as of January 31, 2016 and 2015 are as follows:

	January 31,	
	2016	2015
Deferred tax liabilities:		
Prepaid expense	\$ (4,645)	\$ (3,732)
Depreciation	(66,936)	(51,774)
Other temporary differences	(2,604)	(1,728)
Gross deferred tax liabilities	<u>(74,185)</u>	<u>(57,234)</u>
Deferred tax assets:		
Deferred rent	72,253	70,023
Inventory	11,031	8,137
Accounts receivable	3,953	2,844
Net operating loss carryforwards	4,941	4,003
Tax uncertainties	2,972	3,363
Accrued salaries and benefits	27,660	31,747
Income tax credits	4,287	114
Other temporary differences	7,896	5,725
Gross deferred tax assets, before valuation allowances	<u>134,993</u>	<u>125,956</u>
Valuation allowances	<u>(6,560)</u>	<u>(45)</u>
Net deferred tax assets	<u>\$ 54,248</u>	<u>\$ 68,677</u>

Net deferred tax assets are attributed to the jurisdictions in which the Company operates. As of January 31, 2016 and 2015, respectively, \$28,249 and \$43,330 were attributable to U.S. federal, \$17,391 and \$16,097 were attributed to state jurisdictions and \$8,608 and \$9,250 were attributed to foreign jurisdictions.

As of January 31, 2016, certain non-U.S. subsidiaries of the Company had net operating loss carryforwards for tax purposes of approximately \$244 that expire from 2017 through 2033 and approximately \$19,735 that do not expire. Certain U.S. subsidiaries of the Company had state net operating loss and credit carryforwards for tax purposes of approximately \$868 that expire from 2017 through 2027 and \$6,524 that expire from 2017 to 2031. As of January 31, 2016, the Company had a full valuation allowance for certain foreign net operating loss carryforwards and a partial valuation allowance against state credit carryforwards where it was uncertain the carryforwards would be utilized. The Company had no valuation allowance for certain other foreign and state net operating loss carryforwards where management believes it is more-likely-than-not the tax benefit of these carryforwards will be realized. In November 2015, the FASB issued an accounting standards update that requires companies to classify all deferred tax assets and liabilities as noncurrent on the balance sheet rather than separating deferred taxes into current and noncurrent amounts. The Company elected to early adopt this update and prospectively applied the update to deferred tax assets and liabilities as of January 31, 2016. As of January 31, 2016 and 2015, the non-current portion of net deferred tax assets aggregated \$54,248 and \$49,922, respectively.

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The cumulative amount of the Company's share of undistributed earnings of non-U.S. subsidiaries for which no deferred taxes have been provided was \$255,467 as of January 31, 2016. These earnings are deemed to be permanently re-invested to finance growth programs. It is not practical to estimate the income tax liability that might be incurred if such earnings were remitted to the United States.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

<u>Tax Benefit Reconciliation</u>	<u>January 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Balance at the beginning of the period	\$ 6,889	\$4,835	\$ 7,895
Increases in tax positions for prior years	4,053	2,518	1,026
Decreases in tax positions for prior years	(891)	(12)	(305)
Increases in tax positions for current year	274	352	521
Settlements	(1,590)	(620)	(3,190)
Lapse in statute of limitations	(897)	(184)	(1,112)
Balance at the end of the period	<u>\$ 7,838</u>	<u>\$6,889</u>	<u>\$ 4,835</u>

The total amount of net unrecognized tax benefits that, if recognized, would impact the Company's effective tax rate were \$5,698 and \$4,952 as of January 31, 2016 and 2015, respectively. The Company accrues interest and penalties related to unrecognized tax benefits in income tax expense in the Consolidated Statements of Income, which is consistent with the recognition of these items in prior reporting periods. During the years ended January 31, 2016, 2015 and 2014, the Company recognized expense/(benefit) of (\$686), \$408 and (\$1,922), respectively, related to interest and penalties. The Company accrued \$800 and \$1,486 for the payment of interest and penalties as of January 31, 2016 and 2015, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. Certain federal, foreign and state jurisdictions are subject to audit from fiscal 2006 to 2015. It is possible that a state or foreign examination may be resolved within twelve months. Due to the potential for resolution of federal and foreign audit and state examinations, and the expiration of various statutes of limitation, it is possible that the Company's gross unrecognized tax benefits balance may change within the next twelve months by a range of zero to \$1,103.

#### **9. Share-Based Compensation**

The Company's 2008 Stock Incentive Plan can authorize up to 10,000,000 common shares, which can be granted as RSU's, unrestricted shares, incentive stock options, nonqualified stock options, PSU's or SAR's. Awards under this plan generally expire seven or ten years from the date of grant, thirty days after termination of employment or six months after the date of death or termination due to disability of the grantee. As of January 31, 2016, there were 4,040,821 common shares available to grant under the 2008 Stock Incentive Plan.

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A lattice binomial pricing model (“the Model”) was used to estimate the fair value of stock options and SAR’s. The Model allows for assumptions such as the risk-free rate of interest, volatility and exercise rate to vary over time reflecting a more realistic pattern of economic and behavioral occurrences. The Company uses historical data on exercise timing to determine the expected life assumption. The risk-free rate of interest for periods within the contractual life of the award is based on U.S. Government Securities Treasury Constant Maturities over the expected term of the equity instrument. The expected volatility is based on a weighted-average of the implied volatility and the Company’s most recent historical volatility.

Based on the Company’s historical experience, it has assumed an annualized forfeiture rate of 5% for its unvested share-based awards granted during the fiscal years ended January 31, 2016, 2015 and 2014. For share-based awards granted in previous years that remain unvested, an annualized forfeiture rate of 5% has been assumed. The Company will record additional expense if the actual forfeiture rate is lower than it estimated, and will record a recovery of prior expense if the actual forfeiture is higher than estimated.

Share-based compensation expense, included in “Selling, general and administrative expenses” in the Consolidated Statements of Income, for the fiscal years ended January 31, 2016, 2015 and 2014 was as follows:

	<u>Fiscal Year Ended January 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Stock Options	\$ 841	\$ 1,377	\$ 2,621
Stock Appreciation Rights	1,295	2,244	2,918
Performance Stock Units (1)(2)	13,464	12,991	9,956
Restricted Stock Units	23	124	247
<b>Total</b>	<u>\$15,623</u>	<u>\$16,736</u>	<u>\$15,742</u>

- (1) Includes the reversal of \$967 of previously recognized compensation expense in fiscal 2016, related to 50,004 PSU’s that will not vest as the achievement of the related performance target is not probable.
- (2) Includes the reversal of \$1,396 of previously recognized compensation expense in fiscal 2015, related to 163,336 PSU’s that will not vest as the achievement of the related performance target is not probable.

The total tax benefit associated with share-based compensation expense for the fiscal years ended January 31, 2016, 2015 and 2014 was \$6,182, \$6,367 and \$5,976, respectively. The tax benefit realized from share-based compensation for the fiscal years ended January 31, 2016, 2015, and 2014 was \$14,512, \$5,813, and \$10,611, respectively.

***Stock Options***

The Company may grant stock options which generally vest over a period of one to three years. Stock options become exercisable over the vesting period in installments determined by the Company,

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which can vary depending upon each individual grant. Stock options granted to non-employee directors generally vest over a period of one year. The following weighted-average assumptions were used in the Model to estimate the fair value of stock options at the date of grant:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Expected life, in years	3.5	3.4	3.5
Risk-free interest rate	1.2%	1.1%	0.6%
Volatility	32.5%	33.0%	36.0%
Dividend rate	—	—	—

The following table summarizes the Company's stock option activity for the fiscal year ended January 31, 2016:

	Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Terms (years)	Aggregate Intrinsic Value
Awards outstanding at beginning of year	2,464,390	\$ 32.69	1.6	\$ 8,547
Granted	120,000	38.09		
Exercised	(1,416,990)	32.75		
Forfeited or Expired	(217,025)	33.24		
Awards outstanding at end of year	950,375	33.17	2.9	\$ 307
Awards outstanding expected to vest	944,375	33.17	2.9	\$ 292
Awards exercisable at end of year	830,375	\$ 32.46	2.9	\$ 307

The following table summarizes other information related to stock options during the years ended January 31, 2016, 2015 and 2014:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Weighted-average grant date fair value—per share	\$ 7.46	\$ 7.02	\$ 9.67
Intrinsic value of awards exercised	\$14,193	\$ 4,852	\$30,450
Net cash proceeds from the exercise of stock options	\$46,400	\$10,693	\$35,218

Total unrecognized compensation cost of stock options granted but not yet vested, as of January 31, 2016, was \$286, which is expected to be recognized over the weighted-average period of 0.3 year.

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**Stock Appreciation Rights**

The Company may grant SAR's which generally vest over a five year period. Each vested SAR entitles the holder the right to the differential between the value of the Company's common share price at the date of exercise and the value of the Company's common share price at the date of grant. There were no SAR's granted during the fiscal years ended January 31, 2016 and 2015. The following weighted-average assumptions were used in the Model to estimate the fair value of SAR's at the date of grant:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Expected life, in years	—	—	5.6
Risk-free interest rate	—	—	1.0%
Volatility	—	—	46.0%
Dividend rate	—	—	—

The following table summarizes the Company's SAR activity for the fiscal year ended January 31, 2016:

	Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Awards outstanding at beginning of year	893,408	\$ 30.89	4.6	\$ 3,990
Granted	—	—		
Exercised	(520,358)	29.68		
Forfeited or Expired	(68,950)	(36.25)		
Awards outstanding at end of year	304,100	31.74	3.5	\$ —
Awards outstanding expected to vest	302,687	31.74	3.5	\$ —
Awards exercisable at end of year	224,180	\$ 31.25	3.5	\$ —

The following table summarizes other information related to SAR's during the years ended January 31, 2016, 2015 and 2014:

	Fiscal Year Ended January 31,		
	2016	2015	2014
Weighted-average grant date fair value—per share	\$ —	\$ —	\$14.11
Intrinsic value of awards exercised	\$7,386	\$ 654	\$ 848

Total unrecognized compensation cost of SAR's granted, but not yet vested, as of January 31, 2016, was \$379, which is expected to be recognized over the weighted-average period of 1.6 years.

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***Performance Stock Units***

The Company may grant PSU's which vest based on the achievement of various company performance targets and external market conditions. The fair value of the PSU's are determined using a Monte Carlo simulation. This model uses assumptions including the risk free interest rate, expected volatility of the Company's stock price and expected life of the awards. The Company makes certain estimates about the number of awards which will vest. Once the Company determines that it is probable that the performance targets will be met, compensation expense is recorded for these awards. If any of these performance targets are not met, the awards are forfeited. Each PSU is equal to one common share with varying maximum award value limitations. PSU's typically vest over a five year period.

The following table summarizes the Company's PSU activity for the fiscal year ended January 31, 2016:

	<u>Shares</u>	<u>Weighted-Average Fair Value</u>
Non-vested awards outstanding at beginning of year	3,992,209	\$ 21.32
Granted	1,471,000	18.94
Vested	(435,996)	17.58
Forfeited	(843,915)	22.72
Non-vested awards outstanding at end of year	<u>4,183,298</u>	\$ 20.64

The weighted-average grant date fair value of PSU's awarded during the fiscal years ended January 31, 2016, 2015 and 2014 was \$18.94, \$23.40 and \$25.13, per share, respectively. Unrecognized compensation cost related to unvested PSU's as of January 31, 2016 was \$44,682, which is expected to be recognized over a weighted-average period of 3.0 years.

***Restricted Stock Units***

The Company may grant RSU's which vest based on the achievement of specified service and external market conditions. RSU's typically vest over a three to five year period.

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The following table summarizes the Company's RSU activity for the fiscal year ended January 31, 2016:

	Shares	Weighted-Average Fair Value
Non-vested awards outstanding at beginning of year	5,000	\$ 39.06
Granted	—	—
Vested	(5,000)	39.06
Forfeited	—	—
Non-vested awards outstanding at end of year	<u>—</u>	\$ —

There were no RSU's granted during the fiscal year ended January 31, 2016 and January 31, 2015. The weighted-average grant date fair value of RSU's awarded during the fiscal year ended January 31, 2014 was \$39.06 per share. No RSU's vested during the fiscal year ended January 31, 2014. There were no unrecognized compensation costs related to unvested RSU's as of January 31, 2016.

#### 10. Shareholders' Equity

On February 23, 2015, the Company's Board of Directors authorized the repurchase of 20,000,000 common shares under a share repurchase program. Under this authorization, the Company repurchased and subsequently retired a total of 12,680,241 common shares for a total cost of \$382,478 during fiscal 2016. The average cost per share of these repurchases for fiscal 2016 was \$30.16, including commissions.

On May 27, 2014, the Company's Board of Directors authorized the repurchase of 10,000,000 common shares under a share repurchase program. Under this authorization, the Company repurchased and subsequently retired 7,718,531 common shares at a total cost of \$258,160 during fiscal 2015. The average cost per share of these repurchases for fiscal 2015 was \$33.45, including commissions. During fiscal 2016, the Company repurchased and subsequently retired 2,281,469 shares at a total cost of \$82,826, which completed this authorization. The average cost per share of these repurchases for fiscal 2016 was \$36.30, including commissions.

On August 27, 2013, the Company's Board of Directors authorized the repurchase of 10,000,000 common shares under a share repurchase program. The Company repurchased and subsequently retired all of the remaining 9,699,700 outstanding common shares available under this authorization during the first quarter of fiscal 2015 at a total cost of \$353,315 for an average cost per share of \$36.43, including commissions.

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In addition to the common shares repurchased under the share repurchase programs, during the fiscal years ended January 31, 2016 and January 31, 2015 the Company acquired and subsequently retired 247,124 and 111,563 common shares at a total cost of \$10,120 and \$3,947, respectively, from employees to meet minimum statutory tax withholding requirements.

As a result of the share repurchase activity during fiscal 2016, the Company reduced the balance of additional paid-in-capital to zero with subsequent share repurchase activity recorded as a reduction of retained earnings of \$407,206.

**11. Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Income (Loss)**

The following tables present the change in “Accumulated other comprehensive income (loss),” by component, net of tax, for the fiscal years ended January 31, 2016 and 2015, respectively:

	<b>Fiscal Year Ended January 31, 2016</b>		
	<b>Foreign Currency Translation</b>	<b>Unrealized Gains and (Losses) on Available-for- Sale Securities</b>	<b>Total</b>
Beginning Balance	\$ (15,516)	\$ 89	\$(15,427)
Other comprehensive income (loss) before reclassifications	(7,963)	(104)	(8,067)
Amounts reclassified from accumulated other comprehensive income (loss)	—	43	43
Net current-period total other comprehensive income/(loss)	(7,963)	(61)	(8,024)
Ending Balance	<u>\$ (23,479)</u>	<u>\$ 28</u>	<u>\$(23,451)</u>

	<b>Fiscal Year Ended January 31, 2015</b>		
	<b>Foreign Currency Translation</b>	<b>Unrealized Gains and (Losses) on Available-for- Sale Securities</b>	<b>Total</b>
Beginning Balance	\$ (1,388)	\$ 420	\$ (968)
Other comprehensive income (loss) before reclassifications	(14,128)	(568)	(14,696)
Amounts reclassified from accumulated other comprehensive income (loss)	—	237	237
Net current-period total other comprehensive income/(loss)	(14,128)	(331)	(14,459)
Ending Balance	<u>\$ (15,516)</u>	<u>\$ 89</u>	<u>\$(15,427)</u>

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All unrealized gains and losses on available-for-sale securities reclassified from accumulated other comprehensive loss were recorded in “Interest income” in the Consolidated Statements of Income.

### 12. Net Income Per Common Share

The following is a reconciliation of the weighted-average common shares outstanding used for the computation of basic and diluted net income per common share:

	<u>Fiscal Year Ended January 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Basic weighted-average common shares outstanding	125,232,499	136,651,899	147,014,869
Effect of dilutive options, stock appreciation rights, restricted stock units and performance stock units	780,915	1,540,835	2,211,037
Diluted weighted-average shares outstanding	<u>126,013,414</u>	<u>138,192,734</u>	<u>149,225,906</u>

For the fiscal years ended January 31, 2016, 2015 and 2014, awards to purchase 692,942 common shares ranging in price from \$25.60 to \$46.02, 1,015,895 common shares ranging in price from \$35.12 to \$46.02 and 151,625 common shares ranging in price from \$37.65 to \$46.02, respectively, were excluded from the calculation of diluted net income per common share because the impact would be anti-dilutive.

As of January 31, 2016 and 2015, 2,957,573 and 2,216,899 contingently issuable awards, respectively, were excluded from the calculation of diluted net income per common share as they did not meet certain performance criteria.

### 13. Commitments and Contingencies

#### *Leases*

The Company leases its stores, certain fulfillment and distribution facilities, and offices under non-cancelable operating leases. The following is a schedule by year of the future minimum lease payments for operating leases with original terms in excess of one year:

<u>Fiscal Year</u>	
2017	\$ 272,255
2018	263,876
2019	246,043
2020	228,091
2021	199,685
Thereafter	<u>772,226</u>
Total minimum lease payments	<u>\$ 1,982,176</u>

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Amounts noted above include commitments for 37 executed leases for stores not opened as of January 31, 2016. The majority of our leases allow for renewal options between five and ten years upon expiration of the initial lease term. The store leases generally provide for payment of direct operating costs including real estate taxes. Certain store leases provide for contingent rentals when sales exceed specified levels, in lieu of a fixed minimum rent, that are not reflected in the above table. Additionally, the Company has entered into store leases that require a percentage of total sales to be paid to landlords in lieu of minimum rent.

Rent expense consisted of the following:

	<u>Fiscal Year Ended January 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Minimum and percentage rentals	\$ 245,474	\$ 234,982	\$ 205,759
Contingent rentals	2,704	3,901	5,542
Total	<u>\$ 248,178</u>	<u>\$ 238,883</u>	<u>\$ 211,301</u>

The Company also has commitments for unfulfilled purchase orders for merchandise ordered from our vendors in the normal course of business, which are satisfied within twelve months, of \$407,833. The majority of the Company's merchandise commitments are cancellable with no or limited recourse available to the vendor until the merchandise shipping date. The Company also has commitments related to contracts with construction contractors, fully satisfied upon the completion of construction, which is typically within twelve months, of \$1,535.

#### *Benefit Plans*

Full and part-time U.S. based employees who are at least 18 years of age are eligible after three months of employment to participate in the Urban Outfitters 401(k) Savings Plan (the "Plan"). Under the Plan, employees can defer 1% to 25% of compensation as defined. The Company makes matching contributions in cash of \$0.25 per employee contribution dollar on the first 6% of the employee contribution. The employees' contribution is 100% vested while the Company's matching contribution vests at 20% per year of employee service. The Company's contributions were \$2,121, \$1,708 and \$1,770 for fiscal years 2016, 2015 and 2014, respectively.

The NQDC provides certain employees who are limited in their participation under the Plan the opportunity to defer compensation as defined within the NQDC. The Company's matching contributions are calculated to provide \$0.25 per employee contribution dollar on the first 6% of total compensation deferred under the combination of both the Plan and the NQDC. Employee contributions are 100% vested on the contribution date and the Company's matching contribution is 100% vested upon crediting to participants' accounts on an annual basis. The Company made a matching contribution of \$105, \$100 and \$0 during fiscal years 2016, 2015 and 2014, respectively. The NQDC obligation was \$4,363 and \$3,778 as of January 31, 2016 and 2015, respectively. The Company has purchased investments to fund the NQDC obligation. The investments had an aggregate market value of \$4,363 and \$3,778 as of January 31, 2016 and 2015, respectively, and are included in "Marketable securities" in the Consolidated Balance Sheets (see Note 3, "Marketable Securities").

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*Contingencies*

The Company is party to various legal proceedings arising from normal business activities. Management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

**14. Related Party Transactions**

Drinker Biddle & Reath LLP ("DBR"), a law firm, provided general legal services to the Company. Fees paid to DBR during fiscal 2016, 2015 and 2014 were \$2,493, \$2,752 and \$2,637, respectively. Harry S. Cherken, Jr., a director of the Company, is a partner at DBR. Amounts due to DBR as of January 31, 2016 and 2015 were approximately \$217 and \$203, respectively.

The McDevitt Company, a real estate company, acted as a broker in substantially all of the Company's new real estate transactions during fiscal 2016 in the United States. The Company has not paid any compensation to The McDevitt Company, but the Company has been advised that The McDevitt Company has received commissions from other parties to such transactions. Wade L. McDevitt is the brother-in-law of Scott Belair, one of the Company's directors, and is the president and the sole shareholder of The McDevitt Company. Mr. McDevitt's wife, Wendy McDevitt, is an employee of the Company. In addition, Mr. McDevitt owns McDevitt Corporation Limited, a United Kingdom entity, and McDevitt Netherlands BV, a Dutch entity. During fiscal 2016, 2015 and 2014, the Company paid real estate commissions of \$422, \$295 and \$518, respectively, to West Street Consultancy Limited, a United Kingdom entity owned by an employee of McDevitt Corporation Limited. The Company also paid commissions of \$24, \$300 and \$562 during fiscal 2016, 2015 and 2014, respectively, to McDevitt Netherlands BV. The Company has been advised that West Street Consultancy Limited has entered into an arrangement to share a portion of its commissions with McDevitt Corporation Limited.

The Addis Group ("Addis"), an insurance brokerage and risk management consulting company, acted as the Company's commercial insurance broker and risk management consultant for the years ended January 31, 2016, 2015 and 2014. The Company has not paid any compensation to Addis for such services, but has been advised that Addis has received commissions from other parties to such transactions. Addis merged into BB&T Insurance Services ("BB&T") in August 2015. Scott Addis, the brother-in-law of Richard A. Hayne and Margaret A. Hayne, was President of Addis until December 31, 2015. There were no amounts due to or from Addis or BB&T as of January 31, 2016 and January 31, 2015.

**15. Segment Reporting**

The Company is a global retailer of lifestyle-oriented general merchandise with two reportable segments—"Retail" and "Wholesale." The Company's Retail segment consists of the aggregation of its five brands operating through 572 stores under the retail names "Urban Outfitters," "Anthropologie," "Free People," "Terrain" and "Bhldn" and includes their direct-to-consumer

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channels. Urban Outfitters, the Anthropologie Group, and Free People, including their retail stores and direct-to-consumer channels, are each considered an operating segment. Net sales from the Retail segment accounted for approximately 92.4%, 93.2% and 94.2% of total consolidated net sales for the fiscal years ended January 31, 2016, 2015 and 2014, respectively. The remaining net sales are derived from the Company's Wholesale segment that distributes apparel to its Retail segment and to approximately 1,800 better department and specialty retailers worldwide.

The Company has aggregated its brands into the Retail segment based upon their shared management, customer base and economic characteristics. Reporting in this format provides management with the financial information necessary to evaluate the success of the segments and the overall business. The Company evaluates the performance of the segments based on the net sales and pre-tax income from operations (excluding intercompany charges) of the segment. Corporate expenses include expenses incurred and directed by the corporate office that are not allocated to segments. The principal identifiable assets for each reporting segment are inventory and property and equipment.

Other assets are comprised primarily of general corporate assets, which principally consist of cash and cash equivalents, marketable securities, deferred taxes and prepaid expenses, which are typically not allocated to the Company's segments. The Company accounts for intersegment sales and transfers as if the sales and transfers were made to third parties making similar volume purchases.

The Company's omni-channel strategy enhances its customers' brand experience by providing a seamless approach to the customer shopping experience. The Company has substantially integrated all available shopping channels, including stores, websites (online and through mobile devices) and catalogs. The Company's investments in areas such as marketing campaigns and technology advancements are designed to generate demand for the omni-channel and not the separate store or direct-to-consumer channels. Store sales are primarily fulfilled from that store's inventory, but may also be shipped from any of the Company's fulfillment centers or from a different store location if an item is not available at the original store. Direct-to-consumer orders are primarily shipped to the Company's customers through its fulfillment centers, but may also be shipped from any store, or a combination of fulfillment centers and stores depending on the availability of a particular item. Direct-to-consumer orders may also be picked up at a store location. Customers may also return certain merchandise purchased through direct-to-consumer channels at retail locations. As the Company's customers continue to shop across multiple channels, the Company has adapted its approach towards meeting this demand. Due to the availability of like product in a variety of shopping channels, the Company now sources these products utilizing single stock keeping units based on the omni-channel demand rather than the demand of the separate channels. These and other technological capabilities allow the Company to better serve its customers and help it to complete a sale that otherwise may not have occurred due to out-of-stock positions. As a result of changing customer behavior and the substantial integration of the operations of the Company's store and direct-to-consumer channels, the Company manages and analyzes its performance based on a single omni-channel rather than separate channels and believes that the omni-channel results present the most meaningful and appropriate measure of the Company's performance.

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The accounting policies of the reportable segments are the same as the policies described in Note 2, “Summary of Significant Accounting Policies.” Both the Retail and Wholesale segments are highly diversified. No one customer constitutes more than 10% of the Company’s total consolidated net sales. A summary of the information about the Company’s operations by segment is as follows:

	Fiscal Year		
	2016	2015	2014
<b>Net sales</b>			
Retail operations	\$ 3,184,955	\$ 3,097,274	\$ 2,908,981
Wholesale operations	273,603	237,491	185,792
Intersegment elimination	(13,424)	(11,688)	(8,165)
Total net sales	<u>\$ 3,445,134</u>	<u>\$ 3,323,077</u>	<u>\$ 3,086,608</u>
<b>Income from operations</b>			
Retail operations	\$ 342,885	\$ 354,326	\$ 414,734
Wholesale operations	54,444	55,403	42,191
Intersegment elimination	(1,096)	(1,079)	(837)
Total segment operating income	396,233	408,650	456,088
General corporate expenses	(42,654)	(43,265)	(29,257)
Total income from operations	<u>\$ 353,579</u>	<u>\$ 365,385</u>	<u>\$ 426,831</u>
<b>Depreciation expense for property and equipment</b>			
Retail operations	\$ 137,963	\$ 130,383	\$ 120,960
Wholesale operations	918	1,031	772
Total depreciation expense for property and equipment	<u>\$ 138,881</u>	<u>\$ 131,414</u>	<u>\$ 121,732</u>
<b>Inventory</b>			
Retail operations	\$ 289,170	\$ 314,940	
Wholesale operations	41,053	43,297	
Total inventory	<u>\$ 330,223</u>	<u>\$ 358,237</u>	
<b>Property and equipment, net</b>			
Retail operations	\$ 859,277	\$ 885,200	
Wholesale operations	3,860	4,032	
Total property and equipment, net	<u>\$ 863,137</u>	<u>\$ 889,232</u>	
<b>Cash paid for property and equipment</b>			
Retail operations	\$ 134,627	\$ 228,682	\$ 184,255
Wholesale operations	323	1,122	1,846
Total cash paid for property and equipment	<u>\$ 134,950</u>	<u>\$ 229,804</u>	<u>\$ 186,101</u>

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The Company has foreign operations in Europe and Canada. Revenues and long-lived assets, based upon the Company's domestic and foreign operations, are as follows:

	Fiscal Year		
	2016	2015	2014
<b>Net Sales</b>			
Domestic operations	\$ 3,005,595	\$ 2,870,140	\$ 2,685,042
Foreign operations	439,539	452,937	401,566
Total net sales	<u>\$ 3,445,134</u>	<u>\$ 3,323,077</u>	<u>\$ 3,086,608</u>
<b>Property and equipment, net</b>			
Domestic operations	\$ 742,171	\$ 745,504	
Foreign operations	120,966	143,728	
Total property and equipment, net	<u>\$ 863,137</u>	<u>\$ 889,232</u>	

# J.P.Morgan

## CREDIT AGREEMENT

dated as of

July 1, 2015

among

URBAN OUTFITTERS, INC.,  
as the Company

The Subsidiaries from time to time party hereto,  
as Subsidiary Borrowers

The other LOAN PARTIES party hereto

The LENDERS Party Hereto

and

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

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J.P. MORGAN SECURITIES LLC and WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Joint Bookrunners and Joint Lead Arrangers

BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Co-Syndication Agents

HSBC BANK USA, NATIONAL ASSOCIATION,  
as Documentation Agent

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CREDIT AGREEMENT dated as of July 1, 2015, among URBAN OUTFITTERS, INC., a Pennsylvania corporation (the “Company”), each of the Subsidiary Borrowers from time to time party hereto, the other Loan Parties party hereto, the Lenders party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bear interest at a rate determined by reference to the Alternate Base Rate.

“Account” has the meaning assigned to such term in the Security Agreement.

“Account Debtor” means any Person obligated to any Borrower under, with respect to or on account of an Account or Credit Card Account.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the Effective Date, by which any Loan Party or Restricted Subsidiary (a) acquires any going business or all or substantially all of the assets of any Person, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the Equity Interests of a Person which has ordinary voting power for the election of directors or other similar management personnel of a Person (other than Equity Interests having such power only by reason of the happening of a contingency) or a majority of the outstanding Equity Interests of a Person.

“Adjusted Leverage Ratio” means, at any date, the ratio of (a) the sum of (i) Total Funded Indebtedness on such date *plus* (ii) Rent Liability as of such date, *minus* (iii) the aggregate amount of unrestricted cash and Cash Equivalents of the Company and its Subsidiaries that would be reflected on a consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP on such date (other than the cash proceeds of any Indebtedness being incurred on such date) in excess of \$50,000,000, to (b) EBITDAR for the period of four (4) consecutive fiscal quarters ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter most recently ended prior to such date).

“Adjusted LIBO Rate” means, with respect to any LIBOR Borrowing for any Interest Period or for any ABR Borrowing, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMCB, in its capacity as administrative agent hereunder and under the other Loan Documents, and including any of its Affiliates (including, without limitation, J.P. Morgan Europe Limited) performing any of the functions of the Administrative Agent at any time, and their successors in such capacity as provided in Article VIII.

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“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied 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 specified Person.

“Aggregate Commitments” means, at any time, the aggregate Commitments of all Lenders, as increased or reduced from time to time pursuant to the terms and conditions hereof. As of the Effective Date, the Aggregate Commitment is \$400,000,000.

“Aggregate Credit Exposure” means, at any time, the aggregate Revolving Exposure of all the Lenders at such time.

“Agreement” means this Credit Agreement.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, the Adjusted LIBO Rate for any day shall be based on the LIBO Rate at approximately 11:00 a.m. London time on such day, subject to the interest rate floor set forth in the definition thereof (if any). Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 hereof, then the Alternate Base Rate shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above.

“Alternative Currency” means any currency other than U.S. Dollars, Sterling, Euros or Canadian Dollars.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to any Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Percentage” means, with respect to any Lender, a percentage equal to a fraction the numerator of which is such Lender’s Commitment and the denominator of which is the Aggregate Commitments provided that, if the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon such Lender’s share of the Aggregate Credit Exposure at that time; provided that, in accordance with Section 2.20, so long as any Lender shall be a Defaulting Lender, such Defaulting Lender’s Commitment shall be disregarded in the calculations in this definition.

“Applicable Rate” means, for any day, with respect to any Loan, or with respect to the commitment fees payable hereunder, the applicable rate per annum set forth below under the caption “ABR Margin,” “LIBOR/CDOR/EURIBOR Margin” or “Commitment Fee”, as the case may be, based upon the daily average Availability (the “Average Quarterly Availability”) for the fiscal quarter of the Company ending on the most recent Determination Date (as defined below) and the Adjusted Leverage Ratio as of the most recent Determination Date, provided that until the delivery to the Administrative Agent, pursuant to Section 5.01, of the Company’s consolidated financial information for the Company’s

first fiscal quarter ending after the Effective Date, the “Applicable Rate” shall be the applicable rate per annum set forth below in Tier I, Level II:

<b>Tier I</b>				
<b>Adjusted Leverage Ratio &lt; 4.5 to 1.0</b>				
<u>Level</u>	<u>Average Quarterly Availability</u>	<u>LIBOR / CDOR / EURIBOR Margin</u>	<u>ABR Margin</u>	<u>Commitment Fee</u>
I	≥ 66% of the Aggregate Commitments	1.125%	0.125%	0.20%
II	< 66% of the Aggregate Commitments but ≥ 33% of the Aggregate Commitments	1.25%	0.25%	0.20%
III	< 33% of the Aggregate Commitments	1.375%	0.375%	0.20%

<b>Tier II</b>				
<b>Adjusted Leverage Ratio ≥ 4.5 to 1.0</b>				
<u>Level</u>	<u>Average Quarterly Availability</u>	<u>LIBOR / CDOR / EURIBOR Margin</u>	<u>ABR Margin</u>	<u>Commitment Fee</u>
I	≥ 66% of the Aggregate Commitments	1.375%	0.375%	0.25%
II	< 66% of the Aggregate Commitments but ≥ 33% of the Aggregate Commitments	1.50%	0.50%	0.25%
III	< 33% of the Aggregate Commitments	1.625%	0.625%	0.25%

; provided further that for any day during the Elective Pricing Period the “Applicable Rate” with respect to any Elective Pricing Loan shall be 1.00% per annum, and following the Elective Pricing Period, as otherwise set forth in this definition.

For purposes of the foregoing, (a) the Applicable Rate shall be determined as of the end of each fiscal quarter of the Company (each a “Determination Date”) based upon the Borrowing Base Certificate delivered with respect to such Determination Date and the Company’s annual or quarterly consolidated financial statements delivered pursuant to Section 5.01 with respect to the fiscal quarter ending on such Determination Date and (b) each change in the Applicable Rate resulting from a change in the Average Quarterly Availability or the Adjusted Leverage Ratio shall be effective during the period commencing on and including the date that is the first day of the immediately succeeding calendar month after the delivery to the Administrative Agent of the consolidated financial statements for the most recent Determination Date and ending on the date immediately preceding the effective date of the next such change; provided that (x) if the Borrowers shall fail to deliver any Borrowing Base Certificate with

respect to any Determination Date as and when due, at the option of the Administrative Agent or at the request of the Required Lenders, Average Quarterly Availability shall be deemed to be in Level III during the period from the expiration of the time for delivery thereof until the date five (5) days after such Borrowing Base Certificate is delivered, and (y) if the Borrowers shall fail to deliver the annual or quarterly consolidated financial statements required to be delivered by it pursuant to Section 5.01 with respect to any Determination Date as and when due, at the option of the Administrative Agent or at the request of the Required Lenders, the Adjusted Leverage Ratio shall be deemed to be in Tier II during the period from the expiration of the time for delivery thereof until the date five (5) days after such consolidated financial statements are delivered.

If any financial statements or Borrowing Base Certificate shall prove to have been inaccurate (regardless of whether any Commitments are in effect or any amounts are outstanding hereunder when such inaccuracy is discovered), and such inaccuracy shall have resulted in the payment or accrual of any interest or fees at rates lower than those that would have been paid or accrued for any period, then the Borrowers shall be required to pay within three (3) Business Days after notice any additional amount that Borrowers would have been required to pay if such financial statements had been accurate at the time they were delivered.

“Applicable Trigger Amount” means, with respect to any test of Availability hereunder by reference to the Applicable Trigger Amount at a specified Level, the following:

<u>Level</u>		<u>Maximum Credit Amount</u>	<u>Floor</u>
I	Greatest of:	10.0% of the Maximum Credit Amount	\$32,000,000
II	Greatest of:	12.5% of the Maximum Credit Amount	\$40,000,000
III	Greatest of:	15.0% of the Maximum Credit Amount	\$48,000,000
IV	Greatest of:	17.5% of the Maximum Credit Amount	\$56,000,000
V	Greatest of:	20.0% of the Maximum Credit Amount	\$64,000,000

“Approved Fund” has the meaning assigned to such term in Section 9.04.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Availability” means, at any time, an amount equal to the lesser of (a) the Aggregate Commitments minus the Aggregate Credit Exposure, and (b) the Borrowing Base minus the Aggregate Credit Exposure.

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“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“Available Commitment” means, at any time, the Aggregate Commitments *minus* the Aggregate Credit Exposure (calculated, with respect to any Defaulting Lender, as if such Defaulting Lender had funded its Applicable Percentage of all outstanding Borrowings).

“Average Quarterly Availability” has the meaning assigned to such term in the definition of “Applicable Rate”.

“Banking Services” means (a) each and any of the following bank services provided to any Loan Party or its Subsidiaries by any Lender or any of its Affiliates: (i) credit cards for commercial customers (including, without limitation, “commercial credit cards” and purchasing cards), (ii) stored value cards, (iii) merchant processing services, (iv) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, any direct debit arrangement, overdrafts and interstate depository network services), and (v) foreign exchange and currency management services, and (b) letters of credit issued under any Specified L/C Facility so long as the issuer thereof is a Qualified Counterparty.

“Banking Services Obligations” means any and all obligations of the Loan Parties and their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

“Banking Services/Swap Reserves” means, in respect of a specified Banking Service Obligation or Swap Agreement Obligation, all reserves, if any, that the Borrower Representative and the applicable provider of such Banking Service Obligation or Swap Agreement Obligation agree shall be established with respect thereto, to the extent the Administrative Agent receives a written notice of such Banking Service Obligations or Swap Agreement Obligations in accordance with Section 2.22 specifying the amount of such agreed reserves.

“Bankruptcy Code” means title 11 of the United States Code, as amended.

“Bankruptcy Event” means, with respect to any Person, when such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, interim receiver, monitor, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business, appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the U.S. or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality), to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Beneficial Owner” means, with respect to any U.S. Federal withholding Tax, the beneficial owner, for U.S. Federal income tax purposes, to whom such Tax relates.

“Board” means the Board of Governors of the Federal Reserve System of the U.S.

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“Borrower Representative” has the meaning assigned to such term in Section 11.01.

“Borrowers” means, individually and collectively as the context may require, the Company and each Subsidiary Borrower.

“Borrowing” means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of LIBOR Loans, CDOR Loans and EURIBOR Loans, as to which a single Interest Period is in effect, (b) a Swingline Loan, (c) a Protective Advance and (d) an Overadvance.

“Borrowing Base” means, at any time, the sum of:

(a) the product of (i) 85% *multiplied by* (ii) the Eligible Trade Accounts of the Borrowers at such time, *plus*

(b) the product of (i) 90% *multiplied by* (ii) the Eligible Credit Card Accounts of the Borrowers at such time, *plus*

(c) the product of the Inventory Advance Percentage *multiplied by* the Net Orderly Liquidation Value percentage identified in the most recent inventory appraisal ordered and received by the Administrative Agent *multiplied by* the Borrowers’ Eligible Inventory at such time, valued at the lower of cost or market value, determined utilizing the retail method or such other method approved in writing by the Administrative Agent (the amount resulting from the foregoing calculation, the “Inventory Availability”), *plus*

(d) the product of the Inventory Advance Percentage *multiplied by* the Net Orderly Liquidation Value percentage identified in the most recent inventory appraisal ordered and received by the Administrative Agent *multiplied by* the Borrowers’ Eligible In-Transit Inventory at such time, valued at the lower of cost or market value, determined utilizing the retail method or such other method approved in writing by the Administrative Agent provided that the dollar amount included under this clause (d) shall not at any time exceed an amount equal to ten percent (10%) of Inventory Availability, *minus*

(e) Reserves.

Subject to the provisions set forth in this Agreement expressly permitting the Administrative Agent to adjust Reserves, the Borrowing Base at any time shall be determined by reference to the most recent Borrowing Base Certificate delivered to the Administrative Agent pursuant to Section 5.01(g) (or, prior to the first such delivery, delivered to the Administrative Agent pursuant to Section 4.01(m)). After an Event of Default, the Administrative Agent may, in its Permitted Discretion, reduce the advance rates set forth above or reduce one or more of the other elements used in computing the Borrowing Base.

“Borrowing Base Certificate” means a certificate, signed and certified as accurate and complete by a Financial Officer of the Borrower Representative, in substantially the form of Exhibit B (with such changes thereto as may be required by the Administrative Agent in its Permitted Discretion from time to time to reflect the components of the Borrowing Base and Reserves as provided for hereunder) or another form that is acceptable to the Administrative Agent in its Permitted Discretion.

“Borrowing Base Reporting Date” means (a) during any period other than a period set forth in clause (b) below, on the twentieth day (or the next Business Day if the twentieth day is not a Business Day) after each of (i) the end of each fiscal quarter of the Company and (ii) the end of each fiscal month in which any Revolving Loans were outstanding or the LC Exposure was at any time \$40,000,000 or more, and (b) during any period (i) commencing on the date when Availability is less than the Applicable

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Trigger Amount (Level II) and (ii) ending on the date when Availability shall have been equal to or greater than the Applicable Trigger Amount (Level II) for a period of 60 consecutive days, four (4) Business Days after the end of each week.

“Borrowing Request” means a request by the Borrower Representative for a Borrowing in accordance with Section 2.03, which shall be, in the case of any such written request, in a form approved by the Administrative Agent.

“Burdensome Restrictions” means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 6.10.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that (a) when used in connection with a LIBOR Loan in any currency, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in such currency in the London interbank market, (b) when used in connection with a EURIBOR Loan, the term “Business Day” shall also exclude any day on which the TARGET payment system is not open for the settlement of payments in Euros and (c) when used in connection with a CDOR Loan, the term “Business Day” shall also exclude any day on which banks are not open for business in Toronto or London.

“Canadian Dollars” and “Cdn\$” means dollars in the lawful currency of Canada.

“Capital Expenditures” means, without duplication, any expenditure or commitment to expend money for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with GAAP.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Collateralize” has the meaning assigned to such term in Section 2.06(j). Derivatives of such term have corresponding meanings.

“Cash Equivalents” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the U.S. (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the U.S.), in each case maturing within two years from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, a rating of at least A-2 or P-2 from S&P or Moody’s (or, if at any time neither S&P nor Moody’s shall be rating such obligations, then the highest rating from such other nationally recognized rating services acceptable to the Administrative Agent);

(c) investments in certificates of deposit, bankers’ acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the U.S. or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000;

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(d) in the case of any Foreign Subsidiary, obligations and securities of any foreign Governmental Authority or financial institution meeting substantially similar criteria as set forth above;

(e) repurchase agreements maturing within 365 days from the date of acquisition thereof for securities described in clause (a) above and entered into with any Lender or any commercial bank satisfying the criteria described in clause (c) above;

(f) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least \$5,000,000,000;

(g) marketable direct obligations issued by any state of the U.S., or by the Canadian federal government, or any province, commonwealth or territory of Canada, or any political subdivision of any such state, province, commonwealth or territory or any public instrumentality thereof, in each case maturing within two years after the date of acquisition thereof and, at the time of acquisition, in each case having the highest rate obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then the highest rating from such other nationally recognized rating services acceptable to the Administrative Agent), and in the case of any Foreign Subsidiary, other short-term investments that are (i) analogous to the foregoing, (ii) comparable credit quality and (iii) customarily used by companies in the jurisdiction of such Foreign Subsidiary for cash management purposes;

(h) overnight investments with any Lender or any commercial bank satisfying the criteria described in clause (c) above; and

(i) other instruments as readily marketable as the investments (and as limited in duration if time instruments) as described in clause (c) above issued or sold by any Lender or any commercial bank satisfying the criteria described in clause (c) above.

“CDOR Loan” or “CDOR Borrowing” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the CDOR Rate.

“CDOR Rate” means, with respect to any CDOR Borrowing for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“CFC” means each Person that is a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

“CFC Holdco” means a Domestic Subsidiary with no material assets other than equity interests of one or more Foreign Subsidiaries that are CFCs.

“Change in Control” means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the date hereof) but excluding the Control Group, of Equity Interests representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Company; (b) the Company shall cease to own, directly or indirectly, at least 100% of the outstanding voting Equity Interests of the other Loan Parties on a fully diluted basis, or (c) any “change of control” or similar concept occurs under any agreement governing Material Indebtedness.

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“Change in Law” means the occurrence after the date of this Agreement (or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement) of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender’s or the Issuing Bank’s holding company, if any) with any request, guideline, requirement or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements 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, issued or implemented.

“Charges” has the meaning assigned to such term in Section 9.17.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means any and all property owned, leased or operated by a Person covered by the Collateral Documents and any and all other property of any Loan Party, now existing or hereafter acquired, that may at any time be, become or be intended (pursuant to and in accordance with the terms of any Collateral Document) to be, subject to a security interest or Lien in favor of the Administrative Agent, on behalf of itself and the Lenders and other Secured Parties, to secure the Secured Obligations.

“Collateral Access Agreement” has the meaning assigned to such term in the Security Agreement.

“Collateral and Guaranty Requirement” means, at any time, the requirement that:

(a) the Administrative Agent shall have received from the Company and each Designated Subsidiary either (i) in the case of the Company and each Designated Subsidiary that is a Domestic Subsidiary, a counterpart of this Agreement and the Security Agreement, duly executed and delivered on behalf of such Person, or (ii) in the case of any Person that becomes a Designated Subsidiary after the Effective Date, (A) a Joinder Agreement, duly executed and delivered on behalf of such Person, and (B) instruments in the form or forms specified in the Security Agreement under which such Person becomes a party to the Security Agreement, duly executed and delivered on behalf of such Person, together with such certificates, documents and opinions with respect to such Designated Subsidiary as may reasonably be requested by the Administrative Agent;

(b) The Administrative Agent shall have received all Collateral Access Agreements, Control Agreements and other Collateral Documents required to be provided to it hereunder or under the applicable Security Agreement;

(c) all Equity Interests owned by or on behalf of any Loan Party shall have been pledged pursuant to, and to the extent required by, the Security Agreement and, in the case of Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in any CFC or CFC Holdco owned by a Loan Party, the Loan Party shall not be required to pledge more than 65% of such Equity

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Interests entitled to vote of any such CFC or CFC Holdco to the extent a pledge of a greater percentage could reasonably be expected to result in adverse tax consequences to the Company, and the Administrative Agent shall, to the extent required by the Security Agreement, have received certificates or other instruments representing all such certificated Equity Interests, together with undated stock powers or other instruments of transfer with respect thereto endorsed in blank;

(d) all documents and instruments, including UCC financing statements required by the Collateral Documents or this Agreement with the priority required by the Collateral Documents shall have been filed, registered or recorded or delivered to the Administrative Agent for filing, registration or recording; and

(e) each Loan Party shall have obtained all material consents and approvals required in connection with the execution and delivery of all Collateral Documents to which it is a party and the performance of its obligations thereunder.

Notwithstanding the foregoing, any Designated Subsidiary formed or acquired after the Effective Date shall not be required to comply with the foregoing requirements prior to the time specified in Section 5.14. The foregoing definition shall not require the creation or perfection of pledges of or security interests in, or legal opinions or other deliverables with respect to, particular assets of the Loan Parties, or the provision of Guarantees by any Subsidiary, if and for so long as the Administrative Agent, in consultation with the Company, determines that the cost of creating or perfecting such pledges or security interests in such assets, or obtaining legal opinions or other deliverables in respect of such assets, or providing such Guarantees, shall be excessive in view of the benefits to be obtained by the Lenders therefrom. The Administrative Agent may in its sole discretion grant extensions of time for the creation and perfection of security interests in, or the delivery of legal opinions or other deliverables with respect to, particular assets or the provision of any Guarantee by any Subsidiary (including extensions beyond the Effective Date or in connection with assets acquired, or Subsidiaries formed or acquired, after the Effective Date) where it determines that such action cannot be accomplished without unreasonable effort or expense by the time or times at which it would otherwise be required to be accomplished by this Agreement or the Collateral Documents. Notwithstanding the foregoing, no action required to be taken by any Person to effect compliance by the Administrative Agent and the Lenders with any applicable Requirement of Law shall be deemed to cause unreasonable effort or expense hereunder.

“Collateral Documents” means, collectively, the Security Agreements, any Intercreditor Agreement, any Control Agreement, any Collateral Access Agreement, and any other agreements, instruments and documents executed in connection with this Agreement that are intended to create, perfect or evidence Liens to secure the Secured Obligations, including, without limitation, all other security agreements, pledge agreements, loan agreements, notes, guarantees, subordination agreements, pledges and assignments, whether theretofore, now or hereafter executed by any Loan Party and delivered to the Administrative Agent.

“Collateral-Related Property” has the meaning assigned to such term in Section 2.23.

“Commercial LC Exposure” means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding commercial Letters of Credit *plus* (b) the aggregate Dollar Amount of all LC Disbursements relating to commercial Letters of Credit that have not yet been reimbursed by or on behalf of the Borrowers. The Commercial LC Exposure of an Issuing Bank (in its capacity as such) shall be the Commercial LC Exposure in respect of commercial Letters of Credit issued by such Issuing Bank. The Commercial LC Exposure of any Lender at any time shall be its Applicable Percentage of the aggregate Commercial LC Exposure at such time. Commercial letters of credit issued under a Specified L/C Facility shall not constitute Letters of Credit, and amounts thereunder (whether undrawn or drawn but unreimbursed) shall not constitute Commercial LC Exposure.

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“Commitment” means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit, Overadvances, Protective Advances and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate permitted amount of such Lender’s Revolving Exposure hereunder, as such commitment may be reduced or increased from time to time pursuant to (a) Section 2.09 and (b) assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender’s Commitment is set forth on the Commitment Schedule, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

“Commitment Schedule” means the Schedule attached hereto identified as such.

“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.

“Communications” has the meaning assigned to such term in Section 9.01(d).

“Company” means Urban Outfitters, Inc., a Pennsylvania corporation.

“Compliance Certificate” means a certificate executed by a Financial Officer of the Borrower Representative in substantially the form of Exhibit D.

“Concentration Account” has the meaning assigned to such term in the Security Agreement.

“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.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Control Agreement” means, with respect to any deposit account, securities account, commodity account, securities entitlement or commodity contract, an agreement, in form and substance reasonably satisfactory to Administrative Agent, among Administrative Agent, the financial institution or other Person at which such account is maintained or with which such entitlement or contract is carried and the applicable Loan Party (by virtue of such Loan Party maintaining such account or owning such entitlement or contract), effective to grant “control” (within the meanings of Articles 8 and 9 under the applicable UCC) over such account to Administrative Agent.

“Control Group” means Richard A. Hayne and Margaret A. Hayne and any lineal descendant thereof and any trust created for the benefit of Mr. Hayne, Mrs. Hayne or any lineal descendant.

“Controlled Disbursement Account” means any account of any Borrower maintained with the Lender as a zero balance, cash management account pursuant to and under any agreement between a Borrower and the Lender, as modified and amended from time to time, and through which all disbursements of a Borrower, any Loan Party and any Designated Subsidiary of a Borrower are made and settled on a daily basis with no uninvested balance remaining overnight.

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“Credit Card Accounts” means any “payment intangibles”, as defined in the UCC, or receivables due to any Borrower from a credit card issuer or a credit card processor in connection with purchases of Inventory of such Borrower in the ordinary course of business on (a) credit cards issued by Visa, MasterCard, American Express, Discover, PayPal, each of their respective Affiliates, and any other credit card issuers that are reasonably acceptable to the Administrative Agent, (b) private label credit cards of any Borrower issued under non-recourse arrangements substantially similar to those in effect on the Effective Date or (c) debit cards and mall cards issued by issuers or providers that are reasonably acceptable to the Administrative Agent, in each case under this definition, which have been earned by performance by such Borrower but not yet paid to such Borrower by such credit card issuer or credit card processor.

“Credit Card Agreement” means any agreement between a Borrower, on the one hand, and a credit card issuer or a credit card processor (including any credit card processor that processes purchases of Inventory from a Borrower through debit cards or mall cards), on the other hand relating to any Credit Card Account included or intended to be included in the Borrowing Base.

“Credit Card Notifications” means each credit card notification, in form and substance reasonably satisfactory to the Administrative Agent, executed by one or more Borrowers and delivered by such Borrowers to credit card issuers or credit card processors that are party to any Credit Card Agreement.

“Credit Party” means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular Default, if any) has not been satisfied; (b) has notified any Borrower or any Credit Party in writing, or has made a public statement, to the effect that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular Default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party’s receipt of such certification, or (d) has become the subject of a Bankruptcy Event.

“Deposit Account” has the meaning assigned to such term in the Security Agreement.

“Designated Currency” means, in relation to any Loan or Borrowing, any currency (a) that is freely transferable and convertible into U.S. Dollars in the London interbank market, (b) for which LIBO Rates can be determined by reference to the applicable Reuters screen as provided in the definition of “LIBO Rate” and (c) that has been designated by the Administrative Agent as a Designated Currency at the request of the Borrower Representative and with the consent of each Lender.

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“Designated Subsidiary” means each Subsidiary other than any Excluded Subsidiary.

“Disclosed Matters” means the actions, suits, proceedings and environmental matters disclosed in Schedule 3.06.

“Disqualified Stock” means any Equity Interests which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, or requires the payment of any cash dividend or any other scheduled payment constituting a return of capital, in each case at any time on or prior to the first anniversary of the Maturity Date, or (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) cash, (ii) debt securities or (iii) any Equity Interests referred to in (a) above, in each case at any time prior to the first anniversary of the Maturity Date. Notwithstanding the foregoing, any Equity Interests that would constitute Disqualified Stock solely because holders of the Equity Interests have the right to require the issuer of such Equity Interests to repurchase such Equity Interests upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Equity Interests provide that the issuer may not repurchase or redeem any such Equity Interests pursuant to such provisions unless such repurchase or redemption is permitted under the terms of this Agreement.

“Document” has the meaning assigned to such term in the Security Agreement.

“Dollar Amount” means (a) with regard to any Obligation or calculation denominated in U.S. Dollars, the amount thereof, and (b) with regard to any Obligation or calculation denominated in any other currency, the amount of U.S. Dollars which is equivalent to the amount so expressed in such currency at the Spot Rate on the relevant date of determination.

“Domestic Subsidiary” means a Subsidiary organized under the laws of a jurisdiction located in the U.S. (which, subject to the other provisions of this Agreement, shall be deemed to include URBN Puerto Rico Retail LLC).

“Dominion Period” means (a) any period during which any Event of Default has occurred and is continuing or (b) any period (i) commencing at any time when Availability shall be less than the Applicable Trigger Amount (Level I), and (ii) ending when Availability shall have been greater than the Applicable Trigger Amount (Level I) for a period of 30 consecutive days; provided that no more than two (2) Dominion Periods may end in any consecutive twelve (12) month period.

“EBITDA” means, for any period, for the Company and its Subsidiaries on a consolidated basis, an amount equal to Net Income for such period, plus

(a) the following without duplication and to the extent deducted in calculating such Net Income:

- (i) Interest Expense for such period;

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(ii) the provision for Federal, state, local and foreign income taxes (excluding Federal, state, local and foreign income tax credits of the Company) payable by the Company and its Subsidiaries for such period;

(iii) depreciation and amortization expense;

(iv) non-cash compensation expenses;

(v) non-recurring non-cash charges (including asset impairment charges, unrealized foreign currency losses or other unrealized hedge agreement losses, but for avoidance of doubt, excluding recurring non-cash charges, such as non-cash charges that relate to the write-down or write-off of inventory) for such period;

(vi) other non-recurring losses, costs, charges, or cash expenses (including without limitation restructuring, business optimization costs, charges or reserves (including any unusual or non-recurring operating expenses directly attributable to the implementation of cost savings initiatives), and non-recurring severance, relocation, consolidation, transition, integration or other similar charges and expenses in an amount not to exceed \$25,000,000 in the aggregate for such period;

(vii) costs, fees, expenses, premiums or penalties incurred during such period in connection with Acquisitions (whether or not consummated) and permitted asset sales (whether or not consummated) in an amount not to exceed \$5,000,000 in the aggregate for such period, other than asset sales effected in the ordinary course of business;

(viii) costs, fees, and expenses incurred in connection with the Transactions; and *minus*

(b) the following without duplication and to the extent included in calculating such Net Income:

(i) Federal, state, local and foreign income tax credits of the Company and its Subsidiaries for such period;

(ii) all non-recurring non-cash items increasing Net Income for such period (including, without limitation, foreign currency gains, but excluding normal accruals in the ordinary course of business);

(iii) all non-recurring cash gains of the Company and its Subsidiaries increasing Net Income for such period;

(iv) interest income for such period; and

(v) any cash payments for such period that were deducted in determining Net Income and added back in determining EBITDA in such testing period or a previous testing period under clause (a)(v) above.

For purposes of calculating EBITDA (except for purposes of determining compliance with Section 6.12) for any period in connection with the determination of whether the Payment Conditions have been satisfied, if during any period the Company or any Subsidiary shall have consummated a Pro Forma Event since the first day of such period, EBITDA for such period shall be calculated on a Pro Forma Basis after giving effect thereto.

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“EBITDAR” means, for any period, for the Company and its Subsidiaries on a consolidated basis, the sum of EBITDA *plus* Rentals.

“ECP” means an “eligible contract participant” as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

“Elective Pricing Loan” means each Revolving Loan denominated in U.S. Dollars designated as an Elective Pricing Loan in writing by the Company to the Administrative Agent; provided that such designation shall be made prior to the nine month anniversary of the Effective Date, and the Company may only provide one such written notice of designation during the term of this Agreement (which written notice may designate multiple Revolving Loans each as an Elective Pricing Loan); provided further that the aggregate principal amount of Elective Pricing Loans shall not exceed \$100,000,000, and, for the avoidance of doubt, Elective Pricing Loans, once repaid, cannot be reborrowed as Elective Pricing Loans. Elective Pricing Loans shall constitute LIBOR Borrowings.

“Elective Pricing Period” means the period from the date on which one or more Revolving Loans are designated as Elective Pricing Loans until and including the eighteen month anniversary of the date of such designation.

“Electronic Signature” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and the Issuing Bank and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“Eligible Credit Card Accounts” means at the time of any determination thereof, each Credit Card Account of a Borrower that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Credit Card Account (i) has been earned by performance and represents the bona fide amounts due to a Borrower from a credit card issuer or credit card processor, and in each case is originated in the ordinary course of business of such Borrower, and (ii) in each case is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (p) below. Without limiting the foregoing, to qualify as an Eligible Credit Card Account, such Credit Card Account shall indicate no Person other than a Borrower as payee or remittance party. Any Credit Card Account included within any of the following categories shall not constitute an Eligible Credit Card Account:

(a) which is not earned or does not represent the bona fide amount due to a Borrower from a credit card processor or a credit card issuer that originated in the ordinary course of business of the applicable Borrower;

(b) which is not owned by a Borrower or to which a Borrower does not have good or marketable title;

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- (c) in which the payee of such Credit Card Account is a Person other than a Borrower;
- (d) which does not constitute an “Account” (as defined in the UCC) or a “Payment Intangible” (as defined in the UCC);
- (e) which has been outstanding for more than five (5) Business Days (or, in the case of American Express, ten (10) calendar days) from the date of sale;
- (f) with respect to which the applicable credit card issuer, credit card processor or debit card or mall card issuer or provider has (i) applied for, suffered, or consented to the appointment of any receiver, interim receiver, custodian, trustee, monitor, administrator, sequestrator or liquidator of its assets, (ii) has had possession of all or a material part of its property taken by any receiver, interim receiver, custodian, trustee, monitor, administrator, sequestrator or liquidator, (iii) filed, or had filed against it (but only so long as any such involuntary filing has not been stayed or vacated), any request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as bankrupt, winding-up, or voluntary or involuntary case under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (iv) has admitted in writing its inability, or is generally unable to, pay its debts as they become due, (v) become insolvent or (vi) ceased operation of its business;
- (g) which is not a valid, legally enforceable obligation of the applicable credit card issuer or credit card processor with respect thereto;
- (h) which is not subject to a duly perfected first priority security interest in favor of the Administrative Agent (for the benefit of the Secured Parties);
- (i) which is subject to any Lien, other than (i) a Lien in favor of the Administrative Agent (for the benefit of the Secured Parties), (ii) any Permitted Encumbrances contemplated by the applicable processor agreements and for which appropriate Reserves (as determined by the Administrative Agent in its Permitted Discretion) have been established and (iii) Liens securing Permitted Term Loan Indebtedness that are subject to an Intercreditor Agreement and which do not have priority over the Lien in favor of the Administrative Agent;
- (j) with respect to which (i) (x) any covenant has been breached or (y) any other representation or warranty is not true in all material respects to the extent contained in this Agreement or the Security Agreement, it being acknowledged that any representation or warranty as to eligibility under this definition shall not be deemed qualified by materiality except as and to the extent expressly so stated in another provision of this definition, or (ii) (x) any covenant has been breached or (y) any representation or warranty is not true in all material respects to the extent contained in the Credit Card Agreements relating to such Credit Card Account, provided that each such representation and warranty shall be true and correct in all respects to the extent already qualified by a materiality standard;
- (k) which is subject to risk of set-off, recoupment, non-collection or not being processed due to unpaid and/or accrued credit card processor fee balances, to the extent of the lesser of the balance of the applicable Credit Card Account or the unpaid credit card processor fees;
- (l) which is evidenced by “chattel paper” or an “instrument” of any kind unless such “chattel paper” or “instrument” is in the possession of the Administrative Agent, and to the extent necessary or appropriate, endorsed to the Administrative Agent;

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(m) which the Administrative Agent in its Permitted Discretion determines may not be paid by reason of the applicable credit card processor's, credit card issuer's or debit card or mall card issuer's or provider's inability to pay;

(n) which represents a deposit or partial payment in connection with the purchase of Inventory of such Borrower;

(o) which is not subject to a Credit Card Notification; or

(p) which does not meet such other eligibility criteria for Credit Card Accounts as the Administrative Agent in its Permitted Discretion may determine from time to time; provided, however, that the Administrative Agent shall not add any additional eligibility criteria (or amend any then-existing eligibility criteria to make the same more restrictive) without giving at least four (4) Business Days' prior notice to the Borrower Representative; provided further that, if after the delivery of such notice the Borrower Representative notifies the Administrative Agent that it desires to discuss the changes described therein, then the Administrative Agent will discuss such changes with the Borrower Representative, provided that nothing in this proviso shall obligate the Administrative Agent to eliminate, reduce, or delay any such changes.

In determining the amount of an Eligible Credit Card Account of a Borrower, the face amount of a Credit Card Account may, in the Administrative Agent's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual fees, expenses and charges due to the credit card issuer or credit card processor by any Borrower, discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Borrower may be obligated to rebate to a customer, a credit card issuer or credit card processor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Credit Card Account but not yet applied by the Borrowers to reduce the amount of such Credit Card Account.

"Eligible In-Transit Inventory" means, as of the date of determination thereof, without duplication, Inventory of a Borrower that, except as otherwise agreed by the Administrative Agent in its Permitted Discretion, meets each of the following criteria:

(a) the Administrative Agent shall have received, if requested, (1) a true and correct copy of the bill of lading and other shipping documents for such Inventory unless the Administrative Agent has entered into a duly executed Collateral Access Agreement, in form and substance satisfactory to the Administrative Agent, from the applicable freight forwarder for such Inventory and (2) evidence of satisfactory casualty insurance naming the Administrative Agent as lender loss payee and otherwise covering such risks as the Administrative Agent may reasonably request;

(b) if the bill of lading is non-negotiable, the Inventory must be in transit within the U.S. (or in transit from outside the U.S., if approved by the Administrative Agent in writing) and the Administrative Agent shall have entered into or delivered, if requested, a duly executed Collateral Access Agreement, in form and substance satisfactory to the Administrative Agent, with or to the applicable customs broker, freight forwarder or carrier for such Inventory;

(c) except as otherwise approved in writing by the Administrative Agent, (i) if the bill of lading is negotiable, the inventory must be in transit from outside the U.S., and (ii) whether the bill of lading is negotiable or non-negotiable, the Administrative Agent shall have received (1) confirmation that the bill is issued in the name of such Borrower and consigned to the order of the Administrative Agent (or any other agent designated by the Administrative Agent), (2) an acceptable agreement that has been

executed with such Borrower's customs broker, in which the customs broker agrees that it holds any negotiable bill as agent for the Administrative Agent and has granted the Administrative Agent access to the Inventory, (3) an estimate from such Borrower of the customs duties and customs fees associated with the Inventory in order to establish an appropriate Reserve, and (4) the Administrative Agent shall have received confirmation that title to such Inventory shall have passed to such Borrower and the Borrower shall be the sole owner of such Inventory, and if the goods were covered by a commercial letter of credit that such Borrower has paid for the goods;

- (d) the common carrier is not an Affiliate of the applicable vendor or supplier;
- (e) the customs broker is not an Affiliate of any Borrower;
- (f) such Inventory has not been in-transit for more than 45 days from the date such Inventory first became Eligible Inventory; and
- (g) such Inventory satisfies all of the criteria for Eligible Inventory (except the criteria in clauses (g) and (i)(ii) of the definition of "Eligible Inventory").

"Eligible Inventory" means, as of the date of determination thereof, without duplication, items of Inventory of a Borrower that are finished goods, merchantable and readily saleable in the ordinary course of such Borrower's business, in each case in this definition that is not excluded as ineligible by virtue of one or more of the criteria set forth below. Eligible Inventory shall not include any Inventory:

- (a) which is not subject to a first priority perfected Lien in favor of the Administrative Agent (for the benefit of the Secured Parties);
- (b) which is subject to any Lien other than (i) a Lien in favor of the Administrative Agent (for the benefit of the Secured Parties), (ii) a Permitted Encumbrance which does not have priority over the Lien in favor of the Administrative Agent (for the benefit of the Secured Parties) and (iii) Liens securing Permitted Term Loan Indebtedness that are subject to an Intercreditor Agreement and which do not have priority over the Lien in favor of the Administrative Agent;
- (c) which is slow moving (unless otherwise covered by a current appraisal acceptable to the Administrative Agent), obsolete, unmerchantable, defective, used, unfit for sale, unacceptable due to age, type, category and/or quantity or which was not able to be valued under any appraisal conducted from time to time;
- (d) (i) with respect to which any covenant, other representation or warranty contained in this Agreement or in the Security Agreement has been breached or is not true in any material respect (or with respect to any representation or warranty that is already qualified by materiality, such representation and warranty is untrue), it being acknowledged that any representation or warranty as to eligibility under this definition shall not be deemed qualified by materiality except as and to the extent expressly so stated in another provision of this definition, or (ii) which does not conform in all material respects to all standards imposed by any applicable Governmental Authority;
- (e) in which any Person other than such Borrower shall (i) have any direct or indirect ownership, interest or title or (ii) be indicated on any purchase order or invoice with respect to such Inventory as having or purporting to have an interest therein;
- (f) which is not finished goods or which constitutes work-in-progress, raw materials, spare or replacement parts, packaging and shipping material, manufacturing supplies, samples, prototypes,

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displays or display items, bill-and-hold or ship-in-place goods, goods that are returned or marked for return, repossessed goods, defective or damaged goods, goods held on consignment, or goods which are not of a type held for sale in the ordinary course of business (for the avoidance of doubt, sales in the ordinary course of business includes clearance sales);

(g) which (i) is not located in the U.S., or (ii) is In-Transit Inventory;

(h) which is located in any location leased by such Borrower (other than any retail store of such Borrower located in a jurisdiction that does not provide for a common law or statutory landlord's lien on the personal property of tenants that would be prior or superior to the Liens of the Administrative Agent) unless (i) the lessor has delivered to the Administrative Agent a Collateral Access Agreement or (ii) a Reserve has been established by the Administrative Agent in its Permitted Discretion;

(i) which is (i) located in any third party warehouse or is in the possession of a bailee (other than a third party processor) unless (A) such warehouseman or bailee has delivered to the Administrative Agent a Collateral Access Agreement and such other documentation as the Administrative Agent may require or (B) an appropriate Reserve has been established by the Administrative Agent in its Permitted Discretion, or (ii) evidenced by a negotiable Document;

(j) which is being processed offsite at a third party location or outside processor, or is in-transit to or from such third party location or outside processor;

(k) which is the subject of a consignment by such Borrower as consignor;

(l) which contains or bears any intellectual property rights licensed to such Borrower unless the Administrative Agent is satisfied that it may sell or otherwise dispose of such Inventory without (i) infringing the rights of such licensor, (ii) violating any contract with such licensor, or (iii) incurring any liability with respect to payment of royalties other than royalties incurred pursuant to sale of such Inventory under the current licensing agreement;

(m) which is not reflected in a current perpetual inventory report of such Borrower (unless such Inventory is reflected in a report to the Administrative Agent as "in transit" Inventory);

(n) for which reclamation rights have been asserted by the seller;

(o) which has been acquired from a Sanctioned Person;

(p) which has been designated or demanded to be returned to or retained by the applicable vendor or which has been recognized as damaged or off quality by the applicable Borrower; or

(q) which does not meet such other eligibility criteria for Inventory as the Administrative Agent in its Permitted Discretion may determine from time to time; provided, however, that the Administrative Agent shall not add any additional eligibility criteria (or amend any then-existing eligibility criteria to make the same more restrictive) without giving at least four (4) Business Days' prior notice to the Borrower Representative; provided further that, if after the delivery of such notice the Borrower Representative notifies the Administrative Agent that it desires to discuss the changes described therein, then the Administrative Agent will discuss such changes with the Borrower Representative, provided that nothing in this proviso shall obligate the Administrative Agent to eliminate, reduce, or delay any such changes;

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provided further that in determining the value of the Eligible Inventory, such value shall be reduced by, without duplication of amounts already accounted for in determining such value, any amounts representing (i) vendor rebates; (ii) costs included in Inventory relating to advertising; (iii) a shrink reserve; and (iv) the unreconciled discrepancy between the general inventory ledger and the perpetual inventory ledger, to the extent the general inventory ledger reflects less Inventory than the perpetual inventory ledger. In the event that Inventory of a Borrower which was previously Eligible Inventory ceases to be Eligible Inventory hereunder, such cessation shall be reflected in the next Borrowing Base Certificate.

“Eligible Trade Accounts” means, at any time, each Account (other than a Credit Card Account) of a Borrower that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Account (i) has been earned by performance and represents the bona fide amounts due to a Borrower and in each case is originated in the ordinary course of business of such Borrower, and (ii) in each case is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (y) below. Without limiting the foregoing, to qualify as an Eligible Trade Account, such Account shall indicate no Person other than a Borrower as payee or remittance party. Any Account included within any of the following categories shall not constitute an Eligible Trade Account:

- (a) which is not subject to a first priority perfected security interest in favor of the Administrative Agent (for the benefit of the Secured Parties);
- (b) which is subject to any Lien other than (i) a Lien in favor of the Administrative Agent, (ii) a Permitted Encumbrance which does not have priority over the Lien in favor of the Administrative Agent and (iii) Liens securing Permitted Term Loan Indebtedness that are subject to an Intercreditor Agreement and which do not have priority over the Lien in favor of the Administrative Agent;
- (c) (i) with respect to which the scheduled due date is more than 90 days after the date of the original invoice therefor, (ii) which is unpaid more than 90 days after the date of the original invoice therefor or more than 60 days after the original due date therefor (in determining the aggregate amount from the same Account Debtor that is unpaid hereunder there shall be excluded the amount of any net credit balances relating to Accounts due from such Account Debtor which are unpaid more than 90 days after the date of the original invoice therefor or more than 60 days after the original due date therefor) or (iii) which has been written off the books of such Borrower or otherwise designated as uncollectible;
- (d) which is owing by an Account Debtor for which more than 50% of the Accounts owing from such Account Debtor and its Affiliates are ineligible pursuant to clause (c) above;
- (e) which is owing by an Account Debtor to the extent the aggregate amount of Accounts owing from such Account Debtor and its Affiliates to all Borrowers exceeds 20% of the aggregate amount of Eligible Trade Accounts of all Borrowers; provided that with respect to an Account which is owing by (i) Nordstrom, Inc. or its Affiliates (a “Nordstrom Account”) to the extent the aggregate amount of Nordstrom Accounts owing to all Borrowers exceeds 35% of the aggregate amount of Eligible Trade Accounts of all Borrowers and (ii) Macy’s, Inc. or its Affiliates (a “Macy’s Account”) to the extent the aggregate amount of Macy’s Accounts owing to all Borrowers exceeds 35% of the aggregate amount of Eligible Trade Accounts of all Borrowers; provided further that, should (i) Nordstrom, Inc. fail to maintain a corporate credit rating from S&P of BBB- or higher, then the 35% concentration limit set forth above for Nordstrom Accounts shall be reduced to 20% and (ii) Macy’s, Inc. fail to maintain a corporate credit rating from S&P of BBB- or higher, then the 35% concentration limit set forth above for Macy’s Accounts shall be reduced to 20%;

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(f) with respect to which any covenant, other representation or warranty contained in this Agreement or in the Security Agreement has been breached or is not true in all material respects (or, to the extent qualified by materiality, in all respects), it being acknowledged that any representation or warranty as to eligibility under this definition shall not be deemed qualified by materiality except as and to the extent expressly so stated in another provision of this definition;

(g) which (i) does not arise from the sale of Inventory or performance of services in the ordinary course of business, (ii) is not evidenced by an invoice or other documentation satisfactory to the Administrative Agent which has been sent to the Account Debtor, (iii) represents a progress billing, (iv) is contingent upon such Borrower's completion of any further performance, (v) represents a sale on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, consignment, cash-on-delivery or any other repurchase or return basis or (vi) relates to payments of interest;

(h) for which the goods giving rise to such Account have not been shipped to the Account Debtor or for which the services giving rise to such Account have not been performed by such Borrower or if such Account was invoiced more than once;

(i) with respect to which any check or other instrument of payment has been returned uncollected for any reason;

(j) which is owed by an Account Debtor which has (i) applied for, suffered, or consented to the appointment of any receiver, custodian, trustee, or liquidator of its assets, (ii) had possession of all or a material part of its property taken by any receiver, custodian, trustee or liquidator, (iii) filed, or had filed against it, any request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as bankrupt, winding-up, or voluntary or involuntary case under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect (other than post-petition accounts payable of an Account Debtor that is a debtor-in-possession under the Bankruptcy Code and reasonably acceptable to the Administrative Agent), (iv) admitted in writing its inability, or is generally unable to, pay its debts as they become due, (v) become insolvent, or (vi) ceased operation of its business;

(k) which is owed by any Account Debtor which has sold all or substantially all of its assets;

(l) which is owed by an Account Debtor which (i) does not maintain its chief executive office in the U.S. (including any territory thereof) or Canada, or the European Union or (ii) is not organized under applicable law of the U.S., any state or territory of the U.S. or the District of Columbia, Canada, or any province or territory of Canada, or the European Union, or any country, province or territory of the European Union unless, in any such case, such Account is backed by a Letter of Credit acceptable to the Administrative Agent which is in the possession of, and is directly drawable by, the Administrative Agent; provided that in the case of Account Debtors that maintain their chief executive office in the European Union or are organized in the European Union, or any country, province or territory of the European Union, the aggregate amount of such Accounts shall not exceed \$2,500,000 at any time;

(m) which is owed in any currency other than U.S. Dollars, Canadian Dollars, Euros or Sterling;

(n) which is owed by (i) any Governmental Authority of any country other than the U.S. unless such Account is backed by a Letter of Credit acceptable to the Administrative Agent which is in the possession of, and is directly drawable by, the Administrative Agent, or (ii) any Governmental Authority of the U.S., or any department, agency, public corporation, or instrumentality thereof, unless the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.) and any other steps necessary to perfect the Lien of the Administrative Agent in such Account have been complied with to the Administrative Agent's satisfaction;

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- (o) which is owed by any Affiliate of any Loan Party or any employee, officer, director, agent or stockholder of any Loan Party or any of its Affiliates;
- (p) which is owed by an Account Debtor or any Affiliate of such Account Debtor to which any Loan Party or Subsidiary is indebted, but only to the extent of such indebtedness, or is subject to any security, deposit, progress payment, retainage or other similar advance made by or for the benefit of an Account Debtor, in each case to the extent thereof;
- (q) which is subject to any claim, counterclaim, deduction, defense, setoff or dispute but only to the extent of any such counterclaim, deduction, defense, setoff or dispute;
- (r) which is evidenced by any promissory note, chattel paper or instrument or judgment;
- (s) which is owed by an Account Debtor (i) located in any jurisdiction which requires filing of a "Notice of Business Activities Report" or other similar report in order to permit such Borrower to seek judicial enforcement in such jurisdiction of payment of such Account, unless such Borrower has filed such report or qualified to do business in such jurisdiction or (ii) that is a Sanctioned Person;
- (t) with respect to which such Borrower has made any agreement with the Account Debtor for any reduction thereof, for an extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release from liability therefor, or any deduction therefrom, other than discounts and adjustments given in the ordinary course of business but only to the extent of any such discount or adjustment, or any Account which was partially paid and such Borrower created a new receivable for the unpaid portion of such Account;
- (u) which does not comply in all material respects with the requirements of all applicable laws and regulations, whether Federal (U.S. or Canadian), state, provincial or local, including without limitation the Federal Consumer Credit Protection Act, the Federal Truth in Lending Act and Regulation Z of the Board;
- (v) which is for goods that have been sold under a purchase order or pursuant to the terms of a contract or other agreement or understanding (written or oral) that indicates or purports that any Person other than such Borrower has or has had an ownership interest in such goods, or which indicates any party other than such Borrower as payee or remittance party;
- (w) which was created on cash on delivery terms;
- (x) which the Administrative Agent determines in its Permitted Discretion may not be paid by reason of the Account Debtor's inability to pay; or
- (y) which does not meet such other eligibility criteria for Accounts as the Administrative Agent in its Permitted Discretion may determine from time to time; provided, however, that the Administrative Agent shall not add any additional eligibility criteria (or amend any then-existing eligibility criteria to make the same more restrictive) without giving at least four (4) Business Days' prior notice to the Borrower Representative; provided further that, if after the delivery of such notice the Borrower Representative notifies the Administrative Agent that it desires to discuss the changes described therein, then the Administrative Agent will discuss such changes with the Borrower Representative, provided that nothing in this proviso shall obligate the Administrative Agent to eliminate, reduce, or delay any such changes.

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In determining the amount of an Eligible Trade Account of a Borrower, the face amount of an Account may, in the Administrative Agent's Permitted Discretion, be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments or finance charges (including any amount that such Borrower may be obligated to rebate to an Account Debtor pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by such Borrower to reduce the amount of such Account. In the event that an Account of a Borrower which was previously an Eligible Trade Account ceases, to the actual knowledge of a Financial Officer of a Borrower, to be an Eligible Trade Account hereunder, such cessation shall be reflected in the next Borrowing Base Certificate.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances and all binding orders, decrees, judgments, injunctions, notices or agreements passed, adopted, issued, promulgated or entered into by any Governmental Authority, relating to protection of the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters to the extent related to exposure to Hazardous Materials.

“Environmental Liability” means any liability (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower or Subsidiary directly or indirectly resulting from or based upon (a) any violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) any exposure to any Hazardous Materials resulting in physical injury or property damage or a claim of such injury or property damage, (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 by or imposed upon any Borrower or Subsidiary with respect to any of the foregoing.

“Equipment” has the meaning assigned to such term in the applicable UCC.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with a Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the failure to timely make any required contribution to any Plan or Multiemployer Plan or to satisfy the “minimum funding standard” (as defined in Sections 412, 430 or 431 of the Code or Sections 302, 303 or 304 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Borrower or any ERISA Affiliate of any liability under

Title IV of ERISA with respect to the termination of any Plan or a cessation of operations under Section 4062(e) of ERISA; (e) the filing of a notice of intent to terminate a Plan or receipt by any Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal of any Borrower or any ERISA Affiliate from any Plan or Multiemployer Plan; (g) the receipt by any Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Borrower or any ERISA Affiliate of any notice, concerning the imposition upon any Borrower or any ERISA Affiliate of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or (h) the imposition of a Lien under Sections 412, 430(k) or 6321 of the Code or Sections 303 or 4068 of ERISA on any property of a Borrower or any ERISA Affiliate.

“EURIBO Rate” means, with respect to any EURIBOR Borrowing for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“EURIBOR Loan” or “EURIBOR Borrowing”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, is bearing interest at a rate determined by reference to the EURIBO Rate.

“Euro” or “€” means the single currency of the Participating Member States.

“European Union” means the region comprised of member states of the European Union pursuant to the Treaty on the European Union.

“Event of Default” has the meaning assigned to such term in Article VII.

“Excluded Account” has the meaning assigned to such term in the Security Agreement.

“Excluded Asset” has the meaning assigned to such term in the Security Agreement.

“Excluded Subsidiary” means each (a) Unrestricted Subsidiary, (b) Immaterial Subsidiary, (c) CFC or CFC Holdco; provided that (x) any Domestic Subsidiary of the Company that is a guarantor under any Permitted Term Loan Indebtedness or (y) any other Subsidiary of the Company that guarantees the obligations under any Permitted Term Loan Indebtedness shall become a Guarantor hereunder, and (d) any other Subsidiary with respect to which, in the reasonable judgment of the Administrative Agent (confirmed in writing by notice to the Company), the cost or other consequences of becoming a Guarantor shall be excessive in view of the benefits to be obtained by the Lenders therefrom.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an ECP at the time the Guarantee of such Guarantor or the grant of such security interest becomes or would become effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a 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 in this clause (a), (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 applicable 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 the Borrowers under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in a Loan or Commitment or to such Lender immediately before it changed its lending office; (c) Taxes attributable to such Recipient’s failure to comply with Section 2.17(f); and (d) any U.S. Federal withholding Taxes imposed under FATCA.

“Existing Letters of Credit” means each of the letters of credit identified in writing to the Administrative Agent on the Effective Date.

“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 agreement entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of a Borrower.

“Fixed Charge Coverage Ratio” means, at any date, the ratio of (a) the sum of (i) EBITDAR *minus* (ii) Unfinanced Capital Expenditures to (b) Fixed Charges, all calculated for the period of four (4) consecutive fiscal quarters ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter most recently ended prior to such date).

“Fixed Charges” means, for any period, without duplication, cash Interest Expense, *plus* Rentals, *plus* scheduled principal payments on Indebtedness actually made, *plus* expenses for taxes paid in cash, *plus* Restricted Payments paid in cash (other than Restricted Payments permitted to be made under Section 6.08(a)(ii)), *plus* Capital Lease Obligations paid in cash, all calculated on a consolidated basis for the Company and its Subsidiaries for such period in accordance with GAAP.

“Flood Laws” has the meaning assigned to such term in Section 8.10.

“Foreign Currency Sublimit” means an amount equal to \$25,000,000.

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“Foreign Lender” means (a) if a Borrower is a U.S. Person, a Lender, with respect to such Borrower, that is not a U.S. Person, and (b) if a Borrower is not a U.S. Person, a Lender, with respect to such Borrower, that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

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

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“Funding Accounts” means the deposit account(s) of the Borrowers to which the Administrative Agent or the Swingline Lender is authorized by the Borrowers (or by the Borrower Representative on their behalf) to transfer the proceeds of any Borrowings requested or authorized pursuant to this Agreement.

“GAAP” means generally accepted accounting principles in the U.S.

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

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include (i) customary warranties or indemnities made in trade contracts, asset sale agreements, acquisition agreements, commitment letters, engagement letters and brokerage and deposit agreements in the ordinary course of business, and customary warranties and indemnities to lenders in any documents evidencing Indebtedness permitted pursuant to Section 6.01 with respect to the guarantor, (ii) any indemnities made in connection with liability of a Person’s directors, officers and employees in their capacities as such as permitted by applicable law, and (iii) any contingent liability arising from the endorsement of negotiable or other instruments for deposit or collection in the ordinary course of business, and (iv) any continuing liability of the Company or its Subsidiaries as a lessee under a lease after such lease has been assigned or subleased by such Person.

“Guaranteed Obligations” has the meaning assigned to such term in Section 10.01.

“Guarantor” means each Domestic Subsidiary of a Borrower that is listed on the signature pages hereto as a Guarantor or that becomes a party hereto as a Guarantor pursuant to Section 5.14, in each case, until such Subsidiary’s Loan Guaranty is released in accordance herewith.

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“Guarantor Payment” has the meaning assigned to such term in Section 10.11.

“Hazardous Materials” means: (a) any substance, material, or waste that is included within the definitions of “hazardous substances,” “hazardous materials,” “hazardous waste,” “toxic substances,” “toxic materials,” “toxic waste,” or words of similar import in any Environmental Law; (b) those substances listed as hazardous substances by the United States Department of Transportation (or any successor agency) (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) (40 C.F.R. Part 302 and amendments thereto); and (c) any substance, material, or waste that is petroleum, petroleum-related, or a petroleum by-product, asbestos or asbestos-containing material, polychlorinated biphenyls, flammable, explosive, radioactive, freon gas, radon, or a pesticide, herbicide, or other substance regulated under the Federal Insecticide, Fungicide and Rodenticide Act (“FIFRA”), 7 U.S.C. § 136 et seq.

“Immaterial Subsidiary” shall mean any Subsidiary (other than a Borrower) designated by the Borrower Representative to the Administrative Agent as an “Immaterial Subsidiary” and that meets each of the following criteria as of the last day of the most recent fiscal quarter for which financial statements have been delivered to the Administrative Agent pursuant to Section 5.01(a) or Section 5.01(b): (a) such Subsidiary and its Subsidiaries accounted for less than (x) 2.5% of Total Assets at such date and (y) 2.5% of the consolidated revenues of the Company and its Restricted Subsidiaries for the most recent four fiscal quarter period ending on such date, and (b) all Immaterial Subsidiaries and their respective Subsidiaries accounted for less than (x) 5.0% of Total Assets at such date and (y) 5.0% of the consolidated revenues of the Company and its Restricted Subsidiaries for the most recent four fiscal quarter period ending on such date; provided, that no Subsidiary shall be or be designated as an “Immaterial Subsidiary” if such Subsidiary has provided a Loan Guaranty of, or pledged any Collateral as security for, any Permitted Term Loan Indebtedness.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (but only to the extent of the lesser of such Indebtedness and the fair market value of such secured property if such Indebtedness has not been assumed by such Person), (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, (k) obligations under any liquidated earn-out, (l) any other Off-Balance Sheet Liability, (m) obligations, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Swap Agreements, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Swap Agreement transaction and (n) obligations, contingent or otherwise, with respect to Disqualified Stock; provided, however, the term “Indebtedness” shall not include (1) current trade accounts or current accounts payable (which references to “current” include payment with trade payment terms as offered by the trade creditor (not in any event to exceed 180 days) and include disputed accounts), accrued expenses and liabilities incurred and customer deposits received, in each instance, in the ordinary course of business and not constituting indebtedness for borrowed money or evidenced by notes or other instruments, (2) capital stock (other than Disqualified Stock) and surplus earned, (3) deferred compensation payable to directors, officers or employees of the Company or any Subsidiary, and (4) any

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earn-out or any customary purchase price adjustment incurred in connection with an Acquisition, except to the extent that the amount payable pursuant to such purchase price adjustment or earn-out is, or becomes, reasonably determinable. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

“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 the foregoing clause (a) hereof, Other Taxes.

“Indemnitee” has the meaning assigned to such term in Section 9.03(b).

“Ineligible Institution” has the meaning assigned to such term in Section 9.04(b).

“Information” has the meaning assigned to such term in Section 9.12.

“Intercreditor Agreement” means any Permitted Term Loan Intercreditor Agreement or any Secured Inventory Intercreditor Agreement.

“Interest Election Request” means a request by the Borrower Representative to convert or continue a Borrowing in accordance with Section 2.08, which shall be, in the case of any such written request, in a form approved by the Administrative Agent.

“Interest Expense” means, for any period, total interest expense (including that attributable to Capital Lease Obligations) for such period with respect to all outstanding Indebtedness (including all commissions, discounts and other fees and charges owed by the Company or any Subsidiary with respect to letters of credit and bankers' acceptances and net costs under Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP), calculated on a consolidated basis for the Company and its Subsidiaries for such period in accordance with GAAP.

“Interest Payment Date” means (a) with respect to any ABR Loan (other than a Swingline Loan), the first Business Day of each calendar month and the Maturity Date, (b) with respect to any LIBOR Loan, CDOR Loan or EURIBOR Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, (c) with respect to any Swingline Loan, the day that such Swingline Loan is required to be repaid and (d) the Maturity Date.

“Interest Period” means, with respect to any LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower Representative may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

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“Interpolated Screen Rate” means, with respect to any LIBOR Borrowing denominated in any currency (other than U.S. Dollars), any EURIBOR Borrowing or any CDOR Borrowing, in each case for any Interest Period, a rate per annum which results from interpolating on a linear basis between (a) the applicable Screen Rate for the longest maturity for which a Screen Rate is available that is shorter than such Interest Period and (b) the applicable Screen Rate for the shortest maturity for which a Screen Rate is available that is longer than such Interest Period, in each case as of the Specified Time on the Quotation Day.

“In-Transit Inventory” means Inventory of a Borrower which is in transit with a common carrier from vendors or suppliers of such Borrower.

“Inventory” has the meaning assigned to such term in the Security Agreement.

“Inventory Advance Percentage” shall mean, (i) during all times other than the period from February 20 through June 20 of each year, 90%, and (ii) during the period from February 20 through June 20 of each year, 92.5%.

“Investment” has the meaning assigned to such term in Section 6.04.

“Investment Policy” means the investment policies of the Company as approved by the Company’s board of directors and in effect from time to time.

“IRS” means the United States Internal Revenue Service.

“Issuing Bank” means (a) JPMCB, in its capacity as an issuer of Letters of Credit hereunder, (b) Wells Fargo, in its capacity as an issuer of Letters of Credit hereunder, (c) Bank of America, N.A., in its capacity as an issuer of Letters of Credit hereunder and (d) any other Lender from time to time designated by the Borrower Representative as an Issuing Bank, with the consent of such Lender and upon notice to the Administrative Agent, in which case the term “Issuing Bank” shall mean JPMCB, Wells Fargo and each such Lender, individually or collectively as the context shall require and their respective successors in such capacity as provided in Section 2.06(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by its Affiliates, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate (it being agreed that such Issuing Bank shall, or shall cause such Affiliate to, comply with the requirements of Section 2.06 with respect to such Letters of Credit). At any time there is more than one Issuing Bank, all singular references to the Issuing Bank shall mean any Issuing Bank, either Issuing Bank, each Issuing Bank, the Issuing Bank that has issued the applicable Letter of Credit, or both (or all) Issuing Banks, as the context may require.

“Joinder Agreement” means a Joinder Agreement in substantially the form of Exhibit F.

“JPMCB” means JPMorgan Chase Bank, N.A., a national banking association, in its individual capacity, and shall include its branches, as applicable, and its successors.

“LC Collateral Account” has the meaning assigned to such term in Section 2.06(j).

“LC Designated Currency” means (a) Canadian Dollars, (b) Sterling, (c) Euros or (d) any other lawful currency (other than U.S. Dollars) acceptable to the Administrative Agent and the applicable Issuing Bank which are, in the case of this clause (d), freely transferable and convertible into U.S. Dollars and freely available to the applicable Issuing Bank.

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“LC Disbursement” means any payment made by an Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of the Commercial LC Exposure and the Standby LC Exposure at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the aggregate LC Exposure at such time.

“LC Individual Sublimit” means, with respect to any Issuing Bank, an amount equal to (a) with respect to Commercial Letters of Credit and Standby Letters of Credit issued by the Issuing Banks designated as such on the Effective Date, the amount set forth on the Commitment Schedule, and (b) with respect to Commercial Letters of Credit and Standby Letters of Credit issued by any other Issuing Bank designated as such by the Borrower Representative following the Effective Date, the amount agreed to by the Issuing Bank and the Borrower Representative with the approval of the Administrative Agent, in each case under this definition, as such amount may be increased for an Issuing Bank as agreed to by such Issuing Bank and the Borrower Representative with notice to the Administrative Agent.

“Lenders” means the Persons listed on the Commitment Schedule and any other Person that shall have become a Lender hereunder pursuant to Section 2.09 or an Assignment and Assumption, other than any such Person that ceases to be a Lender hereunder pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Swingline Lender and the Issuing Bank.

“Letters of Credit” means the letters of credit and guarantees issued pursuant to this Agreement, and the term “Letter of Credit” means any one of them or each of them singularly, as the context may require; for the avoidance of doubt, the Urban UK L/C shall constitute a Letter of Credit hereunder; further, for the avoidance of doubt, letters of credit issued under a Specified L/C Facility shall not constitute Letters of Credit.

“LIBO Rate” means, with respect to any LIBOR Borrowing denominated in any currency for any Interest Period, the applicable Screen Rate as of the Specified Time on the Quotation Day.

“LIBOR Loan” or “LIBOR Borrowing”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate or the LIBO Rate.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loan Documents” means, collectively, this Agreement, any promissory notes issued pursuant to this Agreement, any Letter of Credit applications, the Collateral Documents, the Loan Guaranty, each Compliance Certificate, each fee letter and all other agreements, instruments, documents and certificates identified in Section 4.01 and each certificate delivered from time to time in connection with the foregoing and all other documents identified therein as a Loan Document, in each case executed and delivered to, or in favor of, the Administrative Agent or any Lender and including all other pledges, powers of attorney, consents, assignments and letter of credit agreements, in each case whether heretofore, now or hereafter executed by or on behalf of any Loan Party and delivered to the

Administrative Agent or any Lender in connection with this Agreement or the transactions contemplated hereby (excluding any agreement entered into or in connection with any transaction arising out of any Specified L/C Facility, any other Banking Services or any Swap Obligations). Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

“Loan Guaranty” means Article X of this Agreement.

“Loan Parties” means, collectively, the Borrowers and the Guarantors and any other Person who becomes a party to this Agreement pursuant to a Joinder Agreement and their successors and assigns, and the term “Loan Party” shall mean any one of them or all of them individually, as the context may require; provided however, that URBN Puerto Rico Retail LLC, which is anticipated to become an active entity following the Effective Date, shall not be entitled to receive proceeds of any Borrowings or otherwise be entitled to the benefits of being a Borrower (or Guarantor) or Loan Party unless and until the Collateral and Guaranty Requirement and each other condition applicable to a Borrower shall have been satisfied to the extent required by the Administrative Agent as evidenced by the Administrative Agent’s written confirmation thereof to the Borrower Representative after the Effective Date.

“Loans” means the loans and advances made by the Lenders or the Administrative Agent pursuant to this Agreement, including Swingline Loans, Overadvances and Protective Advances.

“Local Time” means (a) with respect to a Loan or Borrowing denominated in U.S. Dollars or any Letter of Credit, New York City time and (b) with respect to a Loan or Borrowing denominated in Canadian Dollars, Sterling, Euros or an Alternative Currency, London time.

“Macy’s Account” has the meaning assigned to such term in the definition of “Eligible Trade Accounts”.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations or financial condition of the Company and its Restricted Subsidiaries taken as a whole, (b) the ability of the Loan Parties, taken as a whole, to perform any of their obligations under the Loan Documents, (c) the Collateral, or the Administrative Agent’s Liens (on behalf of itself and other Secured Parties) on the Collateral or the priority of such Liens, or (d) the rights or remedies available to the Administrative Agent, the Issuing Banks or the Lenders under any of the Loan Documents.

“Material Indebtedness” means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Company and its Subsidiaries in an aggregate principal amount exceeding \$50,000,000. For purposes of determining Material Indebtedness, the “principal amount” of the obligations of the Company or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

“Maturity Date” means July 1, 2020, or any earlier date on which the Commitments are reduced to zero or otherwise terminated pursuant to the terms hereof.

“Maximum Credit Amount” means the lesser of (a) the Aggregate Commitments and (b) the Borrowing Base.

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“Maximum Rate” has the meaning assigned to such term in Section 9.17.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Income” means, for any period, the consolidated net income (or loss) of the Company and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) extraordinary gains and extraordinary losses, (b) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Company or any of its Subsidiaries, (c) the income (or deficit) of any Person (other than a Subsidiary) in which the Company or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Company or such Subsidiary in the form of dividends or similar distributions, (d) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary and (e) any cancellation of Indebtedness income.

“Net Orderly Liquidation Value” means, with respect to Inventory of any Person, the orderly liquidation value thereof as determined in a manner acceptable to the Administrative Agent by an appraiser reasonably acceptable to the Administrative Agent, net of all costs of liquidation thereof.

“Net Proceeds” means, with respect to any casualty, condemnation, sale, transfer, disposition or similar event in respect of Collateral, (a) the cash proceeds received in respect of such event including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, minus (b) the sum of (i) all reasonable fees and out-of-pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Loans) that is secured by a Lien on such asset that is not Collateral or is senior to the Liens securing the Secured Obligations or, other than with respect to assets that are Collateral in which the Administrative Agent has a first priority Lien, otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer of the Borrower Representative).

“Non-Consenting Lender” has the meaning assigned to such term in Section 9.02(d).

“Nordstrom Account” has the meaning assigned to such term in the definition of “Eligible Trade Accounts”.

“Obligated Party” has the meaning assigned to such term in Section 10.02.

“Obligations” means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements (including pursuant to Section 2.06(a)), indemnities and other obligations and indebtedness (including interest and fees accruing during

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the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Loan Parties to any of the Lenders, the Administrative Agent, each Issuing Bank or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Loans made or reimbursement or other obligations incurred or any of the Letters of Credit or other instruments at any time evidencing any thereof.

“Off-Balance Sheet Liability” of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any indebtedness, liability or obligation under any so-called “synthetic lease” transaction entered into by such Person, or (c) any indebtedness, liability or obligation arising with respect to any transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person (other than operating leases).

“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 Taxes (other than a connection 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, Letter of Credit or any 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 2.19).

“Overadvance” has the meaning assigned to such term in Section 2.05(b).

“Parent” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“Participant” has the meaning assigned to such term in Section 9.04(c).

“Participant Register” has the meaning assigned to such term in Section 9.04(c).

“Participating Member State” means any member state of the European Communities that adopts or has adopted (and has not ceased to adopt) the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

“Payment Conditions” means, at any applicable time of determination with respect to a specified transaction, event, or payment, that (a) no Default or Event Default then exists or would immediately arise as a result of the entering into of such transaction, the occurrence of such event, or the making of such payment, and (b) (i) immediately prior to such transaction, the occurrence of such event, or such payment and (ii) on a Pro Forma Basis and, with respect to the calculation of Availability, at all times during the Pro Forma Period (Payment Conditions), after giving effect to such transaction, the occurrence

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of such event, or payment and any incurrence or repayment of Indebtedness in connection therewith, either clause (A) or (B) below is satisfied:

(A) Availability is greater than the Applicable Trigger Amount (Level V); provided that, with respect to any Permitted Acquisition, Availability is greater than the Applicable Trigger Amount (Level IV), or

(B) (I) Availability is greater than the Applicable Trigger Amount (Level III) (provided that, with respect to any Permitted Acquisition, Availability is greater than the Applicable Trigger Amount (Level II)), and (II) the Fixed Charge Coverage Ratio for the most recently ended four fiscal quarter period for which financial statements have been (or were required to be) delivered to the Administrative Agent pursuant to Section 5.01(a) or (b) is at least 1.1 to 1.0;

provided that, in each case, the Borrower Representative shall have delivered to the Administrative Agent an updated Borrowing Base Certificate, a reasonably detailed calculation of such Availability and projections for the Pro Forma Period (Payment Conditions) with respect thereto, and, if applicable, the Fixed Charge Coverage Ratio.

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means any Acquisition by the Company or any Restricted Subsidiary in a transaction that satisfies each of the following requirements:

(a) such Acquisition is not a hostile or contested acquisition;

(b) the business acquired in connection with such Acquisition is not engaged, directly or indirectly, in any line of business other than the businesses in which the Loan Parties are engaged on the Effective Date and any business activities that are reasonably similar, related, complementary or incidental thereto so long as the core business of the Loan Parties on the Effective Date, after giving effect to such Acquisition, does not change in any material way;

(c) both before and after giving effect to such Acquisition and the Loans (if any) requested to be made in connection therewith, each of the representations and warranties in the Loan Documents is true and correct in all material respects (except (i) that any representation or warranty which by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date, and any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects and (ii) to the extent the Administrative Agent has been notified in writing by the Loan Parties that any representation or warranty is not correct and the Administrative Agent has explicitly waived in writing compliance with such representation or warranty) and no Default exists, will exist, or would result therefrom;

(d) other than with respect to Immaterial Acquisitions (as defined in clause (m) below) as soon as available, but not less than 15 days prior to such Acquisition (or such shorter period as the Administrative Agent may agree), the Borrower Representative has provided the Administrative Agent (i) notice of such Acquisition and (ii) a copy of all business and financial information reasonably requested by the Administrative Agent;

(e) if the Accounts, Credit Card Accounts or Inventory acquired in connection with such Acquisition are proposed to be included in the determination of the Borrowing Base, the Administrative Agent shall have conducted an audit and field examination or appraisal of such Accounts, Credit Card Accounts and Inventory, the results of which shall be satisfactory to the Administrative Agent;

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(f) if such Acquisition is an acquisition of the Equity Interests of a Person organized under the laws of a jurisdiction in the U.S., such Acquisition is structured so that the acquired Person shall become a wholly-owned Restricted Subsidiary of a Borrower and a Loan Party pursuant to the terms of this Agreement, except to the extent such acquired Person shall be properly designated as an Unrestricted Subsidiary in accordance with Section 5.15 or except to the extent otherwise acceptable to the Administrative Agent;

(g) if such Acquisition is an acquisition of Equity Interests, such Acquisition will not result in any violation of Regulation U;

(h) if such Acquisition involves a merger or a consolidation involving a Borrower or any other Loan Party, such Borrower or such Loan Party, as applicable, shall be the surviving entity;

(i) neither any Loan Party nor any Restricted Subsidiary shall, as a result of or in connection with any such Acquisition, assume or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation, pension or other matters) that could be reasonably expected to cause a Material Adverse Effect other than those otherwise permitted to exist hereunder;

(j) in connection with an Acquisition of the Equity Interests of any Person organized under the laws of a jurisdiction of the U.S. or an Acquisition of the assets of any Person, all Liens on such assets shall be terminated, except to the extent otherwise permitted to exist pursuant to this Agreement;

(k) all actions required to be taken with respect to any newly acquired or formed wholly-owned Domestic Subsidiary of a Borrower or a Loan Party, as applicable, required under Section 5.14 shall have been taken;

(l) the Borrower Representative shall have delivered to the Administrative Agent the final executed material documentation relating to such Acquisition within 15 days following the consummation thereof; and

(m) either (i) the Loan Parties shall have satisfied the Payment Conditions before and immediately after giving effect to such Acquisition, or (ii) the total consideration paid or payable (including, without limitation, any earn-outs (calculated, for purposes of this definition only, at the time of incurrence as the aggregate amount reasonably expected to be paid by any Loan Party or its Subsidiaries in connection with such earn-out, as determined by such Loan Party in its reasonable business judgment)) with respect to, and all Indebtedness and other direct or contingent liabilities (whether relating to environmental, tax, litigation, pension or other matters) assumed in connection with, such Acquisition and series of related transactions shall not exceed with respect to any such Acquisition and series of related transactions, \$10,000,000 and \$20,000,000 with respect to all such Acquisitions and series of related transactions in the aggregate (Acquisitions described in this clause (m)(ii), "Immaterial Acquisitions"), and at least five (5) Business Days prior to the closing of any such Immaterial Acquisition, the Borrower Representative shall have delivered to the Administrative Agent a description of any Indebtedness and other direct or contingent liabilities to be assumed in connection with such Immaterial Acquisition.

"Permitted Discretion" means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

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“Permitted Encumbrances” means:

(a) (i) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.04 and (ii) Liens securing an aggregate amount not to exceed \$5,000,000 imposed by law for Taxes due and which are not being contested in compliance with Section 5.04; provided that, if the Administrative Agent delivers written notice of any such Lien to a Loan Party, the Loan Parties shall cause such underlying Tax obligations to be paid in full within 90 days of the delivery of such notice and shall use commercially reasonable efforts to cause such Lien to be released;

(b) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens imposed by law (other than any Lien for Taxes or imposed under ERISA), arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are being contested in compliance with Section 5.04;

(c) pledges and deposits made (i) in the ordinary course of business in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations (other than any Lien for Taxes or imposed under ERISA), and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Company or any Subsidiary in the ordinary course of business supporting obligations of the type set forth in clause (i) above;

(d) deposits and pledges to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case under this clause (d) in the ordinary course of business;

(e) judgment Liens (other than for the payment of Taxes) in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII and that remain at all times junior to Administrative Agent’s Liens;

(f) easements, zoning restrictions, rights-of-way, site plan agreements, development agreements, cross-easement or reciprocal agreements, and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of any Borrower or any Subsidiary or the ordinary operation of such real property or (ii) title defects or irregularities with respect to Real Estate which are of a minor nature and which in the aggregate do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of any Borrower or any Subsidiary or the ordinary operation of such real property;

(g) Liens arising from precautionary UCC financing statement filings (or similar filings under applicable law) regarding “true” operating leases in the ordinary course of business or, to the extent permitted under the Loan Documents, the consignment of goods to a Loan Party;

(h) non-exclusive licenses or sublicenses of intellectual property granted to other Persons in the ordinary course of business which could not materially interfere with the business of any Loan Party, secure any Indebtedness for borrowed money (provided that the foregoing reference to Indebtedness for borrowed money shall not be applicable to the extent otherwise permitted hereunder in respect of non-U.S. Restricted Subsidiaries) or interfere in any respect with the Administrative Agent’s rights under any intellectual property rights use agreement;

(i) any interest or title of a lessor or sublessor under any lease or sublease of Real Estate entered into in the ordinary course of business, so long as such interest or title relate solely to the Real Estate subject thereto and without hindering or obstructing the effect of any lien waiver or access rights;

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(j) Liens arising in the ordinary course of business in favor of customs brokers, custom and forwarding agents and similar Persons in respect of imported goods and merchandise in the custody of such Persons;

(k) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(l) Liens or rights of setoff (other than as waived under any contractual agreement or Control Agreement with the Administrative Agent) against credit balances of the Company or any Restricted Subsidiary with credit card issuers or credit card processors to secure obligations of the Company or such Restricted Subsidiary, as the case may be, to any such credit card issuer or credit card processor incurred in the ordinary course of business as a result of fees and chargebacks;

(m) Bankers' liens, rights of setoff and other similar Liens in the ordinary course of business in favor of a bank or institution with which accounts or deposits are maintained, liens in favor of collecting banks arising under the UCC (or similar statutes or equivalents thereof under foreign jurisdictions) in the ordinary course of business, and other Liens that are contractual rights of set-off (other than as waived under any contractual agreement or Control Agreement with the Administrative Agent);

(n) possessory Liens in favor of brokers and dealers arising in connection with the acquisition or disposition of Investments owned as of the Effective Date and Cash Equivalents (other than as waived under any contractual agreement or Control Agreement with the Administrative Agent), provided that such liens (i) attach only to such Investments and (ii) secure only obligations incurred in the ordinary course and arising in connection with the acquisition or disposition of such Investments and not any obligation in connection with margin financing;

(o) statutory Liens of landlords and lessors in respect of rent not past due more than 60 days unless being contested in good faith pursuant to the provisions of Section 5.04 hereof, and customary restrictions on subletting and assignments thereof; and

(p) deposits in connection with sweepstakes offerings conducted in the ordinary course of business and consistent with past practice;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Term Loan Indebtedness" means Indebtedness in the form of term loans; provided that (a) immediately before and after the issuance or incurrence thereof, no Default or Event of Default shall have occurred and be continuing; (b) if guaranteed, such Indebtedness shall not be guaranteed by any Person other than the Loan Parties; (c) if such Indebtedness is secured, the Administrative Agent and a representative acting on behalf of the holders of such Indebtedness shall have entered into a Permitted Term Loan Intercreditor Agreement; (d) the Collateral hereunder and the collateral securing such Indebtedness shall be substantially identical, with the priorities therefor set forth in the Permitted Term Loan Intercreditor Agreement; (e) such Indebtedness does not have a scheduled maturity date prior to the date that is six (6) months after the final Maturity Date and does not contain scheduled payments (other than customary excess cash flow payments) in any year in excess of 5% of the original principal amount of such Indebtedness; (f) the Secured Leverage Ratio before and, on a Pro Forma Basis, after giving effect to the incurrence of such Indebtedness does not exceed 1.50 to 1.00; (g) the Borrowers will be in compliance, on a Pro Forma Basis, with the covenant contained in Section 6.12 after giving effect to the incurrence of such Indebtedness (whether or not such financial covenant is required to be tested in accordance with the terms of Section 6.12); (h) the Payment Conditions are satisfied before and after

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giving effect to the incurrence of such Indebtedness; and (i) the Company shall have delivered to the Administrative Agent a certificate of a Financial Officer, including reasonably detailed calculations, demonstrating compliance with the conditions above.

“Permitted Term Loan Intercreditor Agreement” means any intercreditor agreement, by and among the Administrative Agent and the collateral agents or other representatives for the holders of Permitted Term Loan Indebtedness, and acknowledged by the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent.

“Person” means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

“Prepayment Event” means:

(a) any sale, transfer or other disposition (including pursuant to a sale and leaseback transaction) of any Collateral by any Loan Party, other than dispositions described in Section 6.05(a) or (c); or

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any Collateral with a fair value immediately prior to such event equal to or greater than \$5,000,000

, unless the proceeds therefrom are required by the terms of any Intercreditor Agreement to be paid to the holder of a Lien on such property or asset having priority over the Lien of the Administrative Agent.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMCB as its prime rate in effect at its principal offices in New York City. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Pro Forma Basis” means, with respect to any computation hereunder expressly required to be made on a pro forma basis, computation thereof after giving pro forma effect to adjustments in connection with such Pro Forma Events in accordance with Section 1.05, in each case, using, for purposes of making such computation, the consolidated financial statements of the Company and its Subsidiaries (and, to the extent applicable, the historical financial statements of any entities or assets so acquired or to be acquired, or so disposed or to be disposed), which shall be reformulated as if such Pro Forma Event (and, in the case of any pro forma computations made hereunder to determine whether such Pro Forma Event is permitted to be consummated hereunder, to any other Pro Forma Event consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation), and any Indebtedness or other liabilities incurred in connection with any such Pro Forma Event, had been consummated and incurred at the beginning of such period. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Swap Agreement applicable to such Indebtedness if such Swap Agreement has a remaining term in excess of 12 months).

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“Pro Forma Event” means any event that requires satisfaction of the Payment Conditions for such event to be permitted under this Agreement.

“Pro Forma Period (Payment Conditions)” means the 90-day period immediately prior to the date of the applicable transaction, event, or payment made or occurring in reliance on the satisfaction of the Payment Conditions.

“Projections” has the meaning assigned to such term in Section 5.01(f).

“Protective Advance” has the meaning assigned to such term in Section 2.04.

“Public-Sider” means a Lender whose representatives may trade in securities of the Company or its controlling Person or any of its Subsidiaries while in possession of the financial statements provided by the Company under the terms of this Agreement.

“Qualified Counterparties” means the Administrative Agent, each Lender and each Affiliate of a Lender (provided that any issuer under a Specified L/C Facility who was a Lender or an Affiliate of a Lender shall continue to be a “Qualified Counterparty” for a period of 90 days following the termination of their capacity under this Agreement as a Lender or an Affiliate of a Lender solely in respect of Specified L/C Obligations outstanding on the date such capacity hereunder ceased).

“Qualified ECP Guarantor” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Loan Guaranty or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Quotation Day” means (a) with respect to any currency (other than Sterling or Canadian Dollars) for any Interest Period, the day two (2) Business Days prior to the first day of such Interest Period and (b) with respect to Sterling or Canadian Dollars for any Interest Period, the first day of such Interest Period, in each case unless market practice differs for loans such as the applicable Loans priced by reference to rates quoted in the Relevant Interbank Market, in which case the Quotation Day for such currency shall be determined by the Administrative Agent in accordance with market practice for such loans priced by reference to rates quoted in the Relevant Interbank Market (and if quotations would normally be given by leading banks for such loans priced by reference to rates quoted in the Relevant Interbank Market on more than one day, the Quotation Day shall be the last of those days).

“Real Estate” shall mean all real property owned or leased by the Company and its Restricted Subsidiaries.

“Recipient” means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, or any combination thereof (as the context requires).

“Refinance Indebtedness” has the meaning assigned to such term in Section 6.01(f).

“Register” has the meaning assigned to such term in Section 9.04.

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

“Release” means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, disposing or dumping of any Hazardous Material into the environment.

“Relevant Interbank Market” means (a) with respect to any currency (other than Euros or Canadian Dollars), the London interbank market, (b) with respect to Euros, the European interbank market and (c) with respect to Canadian Dollars, the Toronto interbank market.

“Rent Liability” means, as of any date, the result of eight (8) multiplied by the aggregate Rentals for the most recently ended 12 consecutive month period, calculated on a consolidated basis for the Company and its Subsidiaries for such period in accordance with GAAP.

“Rentals” means, for any period, the aggregate fixed amounts payable under any operating leases, calculated on a consolidated basis for the Company and its Subsidiaries for such period in accordance with GAAP.

“Report” means reports prepared by the Administrative Agent or another Person showing the results of appraisals, field examinations or audits pertaining to the assets of the Loan Parties from information furnished by or on behalf of the Borrowers, after the Administrative Agent has exercised its rights of inspection pursuant to this Agreement, which Reports may be distributed to the Lenders by the Administrative Agent.

“Required Lenders” means, at any time, Lenders (other than Defaulting Lenders) having Revolving Exposures and unused Commitments representing more than 50% of the sum of the Aggregate Credit Exposure and unused Commitments at such time.

“Requirement of Law” means, with respect to any Person, (a) the charter, articles or certificate of organization or incorporation and bylaws or other organizational or governing documents of such Person and (b) any statute, law (including common law), treaty, rule, regulation, code, ordinance, order, decree, writ, judgment, injunction or determination of any arbitrator or court or other Governmental Authority (including Environmental Laws), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Reserves” means (a) without duplication of any other Reserves or items that are otherwise addressed through eligibility criteria, any reserves which the Administrative Agent deems necessary, in its Permitted Discretion, to maintain (including, without limitation, (i) to reflect impediments to the Administrative Agent’s ability to realize upon the Collateral, (ii) to reflect claims and liabilities that the Administrative Agent determines will need to be satisfied in connection with the realization upon the Collateral or (iii) to reflect criteria, events, conditions, contingencies or risks which adversely affect any component of the Borrowing Base, or the assets, business, financial performance or financial condition of any Loan Party, including, for example, reserves for accrued and unpaid interest on the Obligations, gift card reserves, reserves for rent at locations leased by any Borrower, reserves for loyalty programs, reserves for consignee’s, warehousemen’s, mortgagee’s and bailee’s charges, reserves for dilution of Accounts or Credit Card Accounts, reserves for Inventory shrinkage, reserves for layaway deposits, reserves for customs charges and shipping charges and other foreign landing costs related to any Inventory in transit, reserves for expenses associated with merchandise repurpose processing, reserves for contingent liabilities of any Loan Party, reserves for uninsured losses of any Loan Party, reserves for

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uninsured, underinsured, un-indemnified or under-indemnified liabilities or potential liabilities with respect to any litigation and reserves for taxes, fees, assessments, and other governmental charges) with respect to the Collateral or any Loan Party and (b) Banking Services/Swap Reserves. The Administrative Agent may, in its Permitted Discretion and with no less than four (4) Business Days' prior written notice to the Borrower Representative (other than during a Dominion Period in which case notice shall not be required), adjust Reserves, provided that, if after the delivery of such notice the Borrower Representative notifies the Administrative Agent that it desires to discuss the Reserves described therein, then the Administrative Agent will discuss such Reserves with the Borrower Representative, provided that nothing in this proviso shall obligate the Administrative Agent to eliminate, reduce, or delay any such Reserves.

“Responsible Officer” means the chief executive officer, president, any vice president, any Financial Officer, or any corporate secretary. 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 in their capacity as an officer of such Loan Party and not in any individual capacity.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Company or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Company or Restricted Subsidiary or any option, warrant or other right to acquire any such Equity Interests in the Company or Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“Revaluation Date” means (a) with respect to any Loan denominated in Canadian Dollars, Sterling, Euros or any Alternative Currency, each of the following: (i) each date of a Borrowing, (ii) each date of a continuation of such Loan pursuant to Section 2.08, (iii) the date any Borrowing Base Certificate is delivered, and (iv) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require, and (b) with respect to any Letter of Credit denominated in any LC Designated Currency, each of the following: (i) each date of issuance of such Letter of Credit, (ii) each date of an amendment of such Letter of Credit having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the applicable Issuing Bank under such Letter of Credit, (iv) the date any Borrowing Base Certificate is delivered and (v) such additional dates as the Administrative Agent or the applicable Issuing Bank shall determine or the Required Lenders shall require.

“Revolving Exposure” means, with respect to any Lender at any time, the sum of (a) the outstanding principal amount of such Lender's Revolving Loans, LC Exposure and Swingline Exposure at such time, *plus* (b) an amount equal to its Applicable Percentage of the aggregate principal amount of Overadvances and Protective Advances outstanding at such time.

“Revolving Exposure Limitations” has the meaning assigned to such term in Section 2.01.

“Revolving Loan” means a Loan made pursuant to Section 2.01.

“S&P” means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

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“Sale and Leaseback Transaction” has the meaning assigned to such term in Section 6.06.

“Sanctioned Country” means, at any time, a country or territory which is itself, or whose government is, the subject or target of any Sanctions (at the time of this Agreement, Cuba, Iran, North Korea, Sudan, Syria or the Crimea region of Ukraine).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union or any European Union member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such person or Person described in the foregoing clauses (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time (a) by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State or (b) the United Nations Security Council, the European Union or any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“Screen Rate” means (a) in respect of the LIBO Rate for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for deposits in the applicable currency (for delivery on the first day of such Interest Period) for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen page that displays such rate (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate from time to time as shall be selected by the Administrative Agent in its reasonable discretion), (b) in respect of the EURIBO Rate for any Interest Period, the percentage per annum determined by the Banking Federation of the European Union for such Interest Period as set forth on the Reuters screen page that displays such rate (currently EURIBOR01) (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate from time to time as shall be selected by the Administrative Agent in its reasonable discretion) and (c) in respect of the CDOR Rate for any Interest Period, the average rate for bankers’ acceptances as administered by the Investment Industry Regulatory Organization of Canada (or any other Person that takes over the administration of that rate) with a tenor equal to such Interest Period, displayed on the CDOR page of the Reuters screen (or, in the event such rate does not appear on a page of the Reuters screen, on the appropriate page of such other information service that publishes such rate from time to time as shall be selected by the Administrative Agent in its reasonable discretion); provided that if any Screen Rate, determined as provided above, would be less than zero, the Screen Rate shall for all purposes of this Agreement be zero. If, as to any currency, no Screen Rate shall be available for a particular Interest Period but Screen Rates shall be available for maturities both longer and shorter than such Interest Period, then the Screen Rate for such Interest Period shall be the Interpolated Screen Rate.

“SEC” means the Securities and Exchange Commission of the U.S.

“Secured Inventory Intercreditor Agreement” has the meaning assigned to such term in the definition of Secured Inventory Liens.

“Secured Inventory Liens” means Liens in favor of consignors of inventory and proceeds (other than Accounts or Credit Card Accounts) thereof consigned by such consignors to a Borrower or a Subsidiary of a Borrower, in each case granted in the ordinary course of business and with prior written

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consent of the Administrative Agent, which consent may, to the extent such Secured Inventory Liens encumber Collateral with a value in excess of \$2,500,000 individually or in the aggregate, at the Administrative Agent's sole discretion, be conditioned upon the execution of an intercreditor agreement between the consignor and the Administrative Agent (such an intercreditor agreement, a "Secured Inventory Intercreditor Agreement").

"Secured Leverage Ratio" means, at any date, the ratio of (a) Total Funded Indebtedness on such date that is secured by a Lien on the assets of the Company or any of its Subsidiaries to (b) EBITDA for the period of four (4) consecutive fiscal quarters ended on such date (or, if such date is not the last day of a fiscal quarter, ended on the last day of the fiscal quarter most recently ended prior to such date).

"Secured Obligations" means all Obligations, together with all (a) Banking Services Obligations of the Borrowers or any Subsidiary of a Borrower; and (b) Swap Agreement Obligations of a Borrower or any Subsidiary of a Borrower; provided that Excluded Swap Obligations with respect to any Loan Party shall not be Secured Obligations of such Loan Party; provided further that, notwithstanding anything to the contrary in this Agreement or any other Loan Document, Specified L/C Obligations constituting Banking Services Obligations shall not constitute Secured Obligations following such time as the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document (other than contingent or indemnity obligations for which no claim has been made) shall have been paid in full and all Letters of Credit shall have expired or have been Cash Collateralized pursuant to the terms hereof or terminated, in each case without any pending draw, and all LC Disbursements shall have been reimbursed.

"Secured Parties" means (a) the Administrative Agent, (b) the Lenders, (c) each Issuing Bank, (d) Qualified Counterparties to whom any Banking Services Obligations are owing, (e) Qualified Counterparties to whom Swap Agreement Obligations constituting Secured Obligations hereunder are owing, (f) the beneficiaries of each indemnification obligation undertaken by any Loan Party under any Loan Document, and (g) the successors and assigns of each of the foregoing.

"Security Agreement" means that certain Pledge and Security Agreement, dated as of the Effective Date, among the Loan Parties and the Administrative Agent, and, as the context requires, any other pledge or security agreement entered into, after the Effective Date by any other Loan Party (as required by this Agreement or any other Loan Document), or any other Person, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

"Settlement" has the meaning assigned to such term in Section 2.05(d).

"Settlement Date" has the meaning assigned to such term in Section 2.05(d).

"Specified L/C Facility" means (a) that certain Master Commercial Letter of Credit Agreement dated as of June 29, 2015 issued by the Company in favor of Bank of America, N.A. (as amended restated, supplemented or otherwise modified from time to time as permitted hereunder) and (b) that certain Commercial Letter of Credit Agreement dated as of July 1, 2015 among the Company and Wells Fargo Bank, National Association (as amended restated, supplemented or otherwise modified from time to time as permitted hereunder), in each case, so long as the issuing bank thereunder is a Lender or an Affiliate of a Lender hereunder (and, if such issuer ceases to be a Lender or an Affiliate of a Lender hereunder, for a period of 90 days following the termination of its capacity under this Agreement as a Lender or an Affiliate of a Lender).

“Specified L/C Obligations” means all obligations and liabilities of any Loan Party or any Subsidiary under any Specified L/C Facility with respect to commercial letters of credit issued thereunder.

“Specified Time” means (a) with respect to the LIBO Rate, 11:00 a.m., London time, (b) with respect to the EURIBO Rate, 11:00 a.m., Brussels time and (c) with respect to the CDOR Rate, 11:00 a.m., Toronto time.

“Spot Rate” means, on any date, as determined by the Administrative Agent, the spot selling rate posted by Reuters on its website for the sale of the applicable currency for U.S. Dollars at approximately 11:00 a.m., New York City time, on such date (the “Applicable Quotation Date”); provided, that if, for any reason, no such spot rate is being quoted, the spot selling rate shall be determined by reference to such publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent, or, in the event no such service is selected, such spot selling rate shall instead be the rate reasonably determined by the Administrative Agent as the spot rate of exchange in the market where its foreign currency exchange operations in respect of the applicable currency are then being conducted, at or about 11:00 a.m., New York City time, on the Applicable Quotation Date for the purchase of the relevant currency for delivery two Business Days later.

“Standby LC Exposure” means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all standby Letters of Credit outstanding at such time plus (b) the aggregate Dollar Amount of all LC Disbursements relating to standby Letters of Credit that have not yet been reimbursed by or on behalf of the Borrowers at such time. The Standby LC Exposure of an Issuing Bank (in its capacity as such) shall be the Standby Exposure in respect of standby Letters of Credit issued by such Issuing Bank. The Standby LC Exposure of any Lender at any time shall be its Applicable Percentage of the aggregate Standby LC Exposure at such time.

“Statements” has the meaning assigned to such term in Section 2.18(g).

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D of the Board. LIBOR Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D of the Board or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Sterling” or “£” means the lawful currency of the United Kingdom.

“Subordinated Indebtedness” of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Secured Obligations to the written satisfaction of the Administrative Agent.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation,

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limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any direct or indirect subsidiary of the Company or a Loan Party, as applicable.

“Subsidiary Borrowers” means, collectively (i) each Domestic Subsidiary of the Company that is a party to this Agreement as a “Borrower” on the Effective Date and (ii) each Domestic Subsidiary of the Company that becomes a party to this Agreement as a “Borrower” following the Effective Date pursuant to Section 5.14, in each case, until such time as such Domestic Subsidiary is released from its obligations under the Loan Documents in accordance with this Agreement.

“Swap Agreement” means any agreement with respect to any swap, forward, spot, future, credit default or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrowers or the Subsidiaries shall be a Swap Agreement.

“Swap Agreement Obligations” means any and all obligations of the Loan Parties and their Subsidiaries, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions thereof), under (a) any and all Swap Agreements permitted hereunder with a Lender or an Affiliate of a Lender, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any such Swap Agreement transaction.

“Swap Obligation” 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 or any rules or regulations promulgated thereunder.

“Swingline Exposure” means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the aggregate Swingline Exposure at such time.

“Swingline Lender” means JPMCB, in its capacity as lender of Swingline Loans hereunder. Any consent required of the Administrative Agent or the Issuing Bank shall be deemed to be required of the Swingline Lender and any consent given by JPMCB in its capacity as Administrative Agent or Issuing Bank shall be deemed given by JPMCB in its capacity as Swingline Lender.

“Swingline Loan” has the meaning assigned to such term in Section 2.05(a).

“Taxes” means any and 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.

“Total Assets” means, at any date of determination, the consolidated total assets of the Company and its Restricted Subsidiaries as of the last day of the most recent fiscal quarter of the Company for which financial statements have been delivered pursuant to Section 5.01(a) or (b) as adjusted to give effect to any Pro Forma Event occurring since such date.

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“Total Funded Indebtedness” means, as of any date, with respect to the Company and its Subsidiaries, determined on a consolidated basis, without duplication (a) all obligations of such Persons for borrowed money, (b) all obligations of such Persons evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Persons upon which interest charges are customarily paid, (d) the aggregate amount of Capital Lease Obligations and Off-Balance Sheet Liability of such Persons outstanding as of such date, (e) the aggregate obligations of such Persons as an account party in respect of letters of credit or letters of guaranty, other than contingent obligations in respect of any letter of credit or letter of guaranty to the extent such letter of credit or letter of guaranty does not support Indebtedness, (f) all obligations of such Persons with respect to Disqualified Stock and (g) without duplication, all Guarantees of any of the foregoing. For purposes of this definition, interest paid-in-kind or capitalized (including accreted amounts thereon) shall be deemed Total Funded Indebtedness.

“Transactions” means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, the borrowing of Loans and other credit extensions, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

“Treaty on the European Union” means the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (signed February 7, 1992), as amended from time to time.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate, the LIBO Rate, the CDOR Rate, the EURIBO Rate or the Alternate Base Rate.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York or in any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

“Unfinanced Capital Expenditures” means, for any period, Capital Expenditures made during such period (excluding replacement Capital Expenditures made (x) with the proceeds of insurance or (y) in anticipation of the receipt of insurance proceeds based on the good faith reasonable belief of the Company as confirmed in writing to the Administrative Agent in advance of inclusion or exclusion of capital expenditures in any calculation provided for herein (an “Insurance Anticipation Capital Expenditure”), to the extent that the anticipated insurance proceeds are actually received within 270 days after the date of such Insurance Anticipation Capital Expenditure, and otherwise the amount of such Insurance Anticipation Capital Expenditure (if no insurance proceeds are timely received) or the excess of such Insurance Anticipation Capital Expenditure (if insurance proceeds are timely received but in an amount less than such Insurance Anticipation Capital Expenditure) over the related insurance proceeds received shall be deemed to be part of the unfinanced portion of Capital Expenditures in the fiscal quarter in which such 270-day period expires) which are not financed from the proceeds of any Indebtedness (other than the Revolving Loans; it being understood and agreed that, to the extent any Capital Expenditures are financed with Revolving Loans, such Capital Expenditures shall be deemed Unfinanced Capital Expenditures).

“Unliquidated Obligations” means, at any time, any Secured Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Secured Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

“Unrestricted Subsidiary” means any Subsidiary of the Company that is identified as an Unrestricted Subsidiary on Schedule 3.15 as of the Effective Date and any other Subsidiary designated by the Company as an Unrestricted Subsidiary pursuant to Section 5.15 subsequent to the Effective Date; provided that no Subsidiary may be, or may be designated as, an Unrestricted Subsidiary unless (a) it is a CFC or CFC Holdco or (b) it does not have any material liabilities, does not own any assets with a book value of more than \$5,000,000 in the aggregate (and the aggregate book value of the assets of all Unrestricted Subsidiaries shall not exceed \$10,000,000), it is not obligated or liable, directly or indirectly, contingently or otherwise, in respect of any Indebtedness in any material amount, and none of its assets are included in the calculation of the Borrowing Base immediately prior to such Subsidiary’s being designated as an Unrestricted Subsidiary.

“Urban UK L/C” means that certain HM Revenues and Customs Deferment Guarantee commencing on January 5, 1998, with the approval number of 8823295, issued by Wells Fargo or any Affiliate thereof or successor thereto, as Guarantor, in favor of Urban Outfitters UK Ltd., as Applicant, in the amount of, as of Effective Date, £2,000,000, as such amount may be reduced or increased from time to time after the Effective Date.

“U.S.” means the United States of America.

“U.S. Dollar” or “£” means the lawful money of the United States of America.

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

“USA PATRIOT Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

“Wells Fargo” means Wells Fargo Bank, National Association, and Wells Fargo Bank NA, London Branch, as applicable.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified and referred to Type (e.g., a “LIBOR Loan” or a “LIBOR Borrowing”).

SECTION 1.03 Terms Generally. 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 “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply) and all applicable judgments, orders and decrees of all Governmental Authorities. The word

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“will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on assignments set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (f) any reference in any definition to the phrase “at any time” or “for any period” shall refer to the same time or period for all calculations or determinations within such definition, (g) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (h) the phrase “ordinary course of business” shall refer to the ordinary course of the Company’s business.

SECTION 1.04 Accounting Terms: GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if after the date hereof there occurs any change in GAAP or in the application thereof on the operation of any provision hereof and the Borrower Representative notifies the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of such change in GAAP or in the application thereof (or if the Administrative Agent notifies the Borrower Representative that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith, and the Borrower Representative, the Administrative Agent and the Lenders agree to negotiate in good faith with respect to any proposed amendment to eliminate or adjust for the effect of any such change. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Financial Accounting Standards Board Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein, (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof, and (iii) without giving effect to any change in GAAP occurring after the Effective Date as a result of the adoption of any proposals set forth in the Proposed Accounting Standards Update, Leases (Topic 840), issued by the Financial Accounting Standards Board on August 17, 2010, or any other proposals issued by the Financial Accounting Standards Board in connection therewith, in each case if such change would require treating any lease (or similar arrangement conveying the right to use) as a capital lease where such lease (or similar arrangement) was not required to be so treated under GAAP as in effect on the Effective Date.

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SECTION 1.05 Pro Forma Adjustments for Acquisitions and Dispositions. To the extent any Borrower or any Subsidiary makes any Acquisition permitted pursuant to Section 6.04 or disposition of assets outside the ordinary course of business permitted by Section 6.05 during the period of four (4) fiscal quarters of the Borrowers most recently ended, each of Adjusted Leverage Ratio, the Secured Leverage Ratio, and the Fixed Charge Coverage Ratio, if required to be calculated herein, shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to such Acquisition or disposition, are factually supportable and are expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the SEC, and as certified by a Financial Officer of the Company), as if such Acquisition or such disposition (and any related incurrence, repayment or assumption of Indebtedness) had occurred in the first day of such four-quarter period.

SECTION 1.06 Status of Obligations. In the event that any Borrower or any other Loan Party shall at any time issue or have outstanding any Subordinated Indebtedness, such Borrower shall take or cause such other Loan Party to take all such actions as shall be necessary to cause the Secured Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Administrative Agent and the Lenders to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Secured Obligations are hereby designated as “senior indebtedness” and as “designated senior indebtedness” and words of similar import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness.

SECTION 1.07 Exchange Rates; Currency Equivalents.

(a) Without limiting the other terms of this Agreement, the calculations and determinations under this Agreement of any amount in any currency other than U.S. Dollars shall be deemed to refer to the Dollar Amount thereof, as the case may be, and all Borrowing Base Certificates delivered under this Agreement shall express such calculations or determinations in U.S. Dollars or the Dollar Amount thereof, as the case may be. Each requisite currency translation shall be based on the Spot Rate.

(b) For purposes of this Agreement and the other Loan Documents, the Dollar Amount of any Borrowings, Loans, Letters of Credit and other Obligations shall be determined in accordance with the terms of this Agreement in respect of the most recent Revaluation Date. Such Dollar Amount shall become effective as of such Revaluation Date for such Borrowings, Loans, Letters of Credit and other Obligations and shall be the Dollar Amount employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur for such Borrowings, Loans, Letters of Credit and other Obligations.

## ARTICLE II

### THE CREDITS

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, each Lender severally agrees, from time to time during the Availability Period, to make Revolving Loans to the Borrowers in an aggregate principal amount that will not result in:

- (i) such Lender's Revolving Exposure exceeding such Lender's Commitment;

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- (ii) the Aggregate Credit Exposure exceeding the Aggregate Commitments;
  - (iii) the Aggregate Credit Exposure exceeding the Borrowing Base; or
  - (iv) the Aggregate Credit Exposure denominated in currencies other than U.S. Dollars exceeding the Foreign Currency Sublimit;

subject to the Administrative Agent's authority, in its sole discretion, to make Protective Advances and Overadvances pursuant to the terms of Section 2.04 and Section 2.05. The limitations on Borrowings referred to in clauses (i) through (iv) are referred to collectively as the "Revolving Exposure Limitations." Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Loans.

SECTION 2.02 Loans and Borrowings. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Protective Advance, any Overadvance and any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.04 and Section 2.05.

(b) Subject to the Foreign Currency Sublimit, all Borrowings shall be denominated in U.S. Dollars, Sterling, Euros, Canadian Dollars or other Designated Currencies. Subject to Section 2.14, (i) each Borrowing that is denominated in U.S. Dollars shall be comprised entirely of ABR Loans (other than Revolving Loans designated as Elective Pricing Loans at the time of Borrowing) or LIBOR Loans as the Borrower Representative may request in accordance herewith, provided that any Borrowings made on the Effective Date must be made as ABR Borrowings but may be converted into LIBOR Borrowings in accordance with Section 2.08, (ii) each Borrowing of Elective Pricing Loans (if so designated at the time of Borrowing) shall be comprised entirely of LIBOR Loans, (iii) each Borrowing denominated in Canadian Dollars shall be comprised entirely of CDOR Loans, (iv) each Borrowing denominated in Sterling or any Alternative Currency shall be comprised entirely of LIBOR Loans and (v) each Borrowing denominated in Euros shall be comprised entirely of EURIBOR Loans. Each Swingline Loan shall be denominated in U.S. Dollars and shall be an ABR Loan. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Section 2.14, Section 2.15, Section 2.16 and Section 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided, however, (i) the exercise of such option shall be recorded in the Register in accordance with Section 9.04(b)(iv) and such Affiliate shall have provided the tax forms required by Section 2.17(f) to the Administrative Agent, and (ii) any that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of 1,000,000 U.S. Dollars, Sterling, Euros, Canadian Dollars or other Designated Currency, as applicable and not less than 1,000,000 U.S. Dollars, Sterling, Euros, Canadian Dollars or other Designated Currency, as applicable. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$500,000 or Cdn\$500,000, as applicable and not less than \$1,000,000 or Cdn\$1,000,000, as applicable; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of \$500,000 and not less than

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\$1,000,000. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be, collectively, more than a total of 10 LIBOR, CDOR and EURIBOR Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower Representative shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03 Requests for Borrowings. To request a Borrowing, the Borrower Representative shall notify the Administrative Agent of such request either in writing (delivered by hand, facsimile or emailed in pdf format) in a form approved by the Administrative Agent and signed by the Borrower Representative or by telephone not later than (a) in the case of a CDOR Borrowing, 11:00 a.m., Local Time, four (4) Business Days before the date of the proposed Borrowing, (b) in the case of a LIBOR Borrowing or EURIBOR Borrowing, 11:00 a.m., Local Time, three (3) Business Days before the date of the proposed Borrowing or (c) in the case of an ABR Borrowing (other than a Swingline Borrowing), noon, Local Time, on the date of the proposed Borrowing; provided that any such notice of an ABR Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 10:00 a.m., New York time, on the date of such proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery, facsimile or emailed in pdf format to the Administrative Agent of a written Borrowing Request signed by the Borrower Representative. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the name of the applicable Borrower(s);

(ii) the currency and aggregate amount of the requested Borrowing and a breakdown of the separate wires comprising such Borrowing;

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) the Type of such Borrowing; and

(v) in the case of a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period."

Any Borrowing Request that shall fail to specify any of the information required by the preceding provisions of this paragraph may be rejected by the Administrative Agent if such failure is not corrected promptly after the Administrative Agent shall give written or telephonic notice thereof to the Borrower Representative and, if so rejected, will be of no force or effect. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 Protective Advances. (a) Subject to the limitations set forth below, the Administrative Agent is authorized by the Borrowers and the Lenders, from time to time in the Administrative Agent's sole discretion (but shall have absolutely no obligation to), to make Loans to the Borrowers, on behalf of all Lenders, which the Administrative Agent, in its Permitted Discretion, deems necessary or desirable (i) to preserve or protect the Collateral, or any portion thereof, (ii) to enhance the likelihood of, or maximize the amount of, repayment of the Loans and other Obligations, or (iii) to pay any other amount chargeable to or required to be paid by the Borrowers pursuant to the terms of this

Agreement, including payments of reimbursable expenses (including costs, fees, and expenses as described in Section 9.03) and other sums payable under the Loan Documents (any of such Loans are herein referred to as “Protective Advances”); provided that (i) the aggregate principal amount of outstanding Protective Advances shall not, at any time, exceed (x) 5% of the Aggregate Commitments then in effect or (y) when aggregated with the aggregate outstanding principal amount of Overadvances, 10% of the Aggregate Commitments then in effect; provided further that no Protective Advance shall be made if after giving effect thereto, any Lender’s Revolving Exposure shall exceed such Lender’s Commitment. Protective Advances may be made even if the conditions precedent set forth in Section 4.02 have not been satisfied. The Protective Advances shall be secured by the Liens in favor of the Administrative Agent in and to the Collateral and shall constitute Obligations hereunder. All Protective Advances shall be ABR Borrowings. The Administrative Agent’s authorization to make Protective Advances may be revoked at any time by the Required Lenders. Any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent’s receipt thereof. At any time the making of such Revolving Loan would not violate the Revolving Exposure Limitations and the conditions precedent set forth in Section 4.02 have been satisfied, the Administrative Agent may request the Lenders to make a Revolving Loan to repay a Protective Advance. At any other time the Administrative Agent may require the Lenders to fund their risk participations described in Section 2.04(b).

(b) Upon the making of a Protective Advance by the Administrative Agent (whether before or after the occurrence of a Default), each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Administrative Agent, without recourse or warranty, an undivided interest and participation in such Protective Advance in proportion to its Applicable Percentage. From and after the date, if any, on which any Lender is required to fund its participation in any Protective Advance purchased hereunder, the Administrative Agent shall promptly distribute to such Lender, such Lender’s Applicable Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Protective Advance.

#### SECTION 2.05 Swingline Loans and Overadvances.

(a) The Administrative Agent, the Swingline Lender and the Lenders agree that in order to facilitate the administration of this Agreement and the other Loan Documents, promptly after the Borrower Representative requests an ABR Borrowing in U.S. Dollars, the Swingline Lender may elect to have the terms of this Section 2.05(a) apply to such Borrowing Request by advancing, on behalf of the Lenders and in the amount requested, same day funds to the applicable Borrowers, on the date of the applicable Borrowing to the applicable Funding Account(s) (each such Loan made solely by the Swingline Lender pursuant to this Section 2.05(a) is referred to in this Agreement as a “Swingline Loan”), with settlement among them as to the Swingline Loans to take place on a periodic basis as set forth in Section 2.05(d). Each Swingline Loan shall be subject to all the terms and conditions applicable to other ABR Loans funded by the Lenders, except that all payments thereon shall be payable to the Swingline Lender solely for its own account. In addition, the Borrowers hereby authorize the Swingline Lender to, and the Swingline Lender shall, subject to the terms and conditions set forth herein (but without any further written notice required), not later than 2:00 p.m., New York time, on each Business Day, make available to the Borrowers by means of a credit to the Funding Account(s), the proceeds of a Swingline Loan to the extent necessary to pay items to be drawn on any Controlled Disbursement Account that Business Day; provided that, if on any Business Day there is insufficient borrowing capacity to permit the Swingline Lender to make available to the Borrowers a Swingline Loan in the amount necessary to pay all items to be so drawn on any such Controlled Disbursement Account on such Business Day, then the Borrower Representative shall be deemed to have requested an ABR Borrowing in U.S. Dollars pursuant to Section 2.03 in the amount of such deficiency to be made on such Business Day. The aggregate

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amount of Swingline Loans outstanding at any time shall not exceed \$25,000,000. The Swingline Lender shall not make any Swingline Loan if, after giving effect thereto, the Borrowers would not be in compliance with the Revolving Exposure Limitations. All Swingline Loans shall be ABR Borrowings.

(b) Any provision of this Agreement to the contrary notwithstanding, at the request of the Borrower Representative, the Administrative Agent may in its sole discretion (but with absolutely no obligation), make Revolving Loans in U.S. Dollars to the Borrowers, on behalf of the Lenders, in amounts that exceed Availability (any such excess Revolving Loans are herein referred to collectively as “Overadvances”); provided that, no Overadvance shall result in a Default due to Borrowers’ failure to comply with Section 2.01 for so long as such Overadvance remains outstanding in accordance with the terms of this paragraph, but solely with respect to the amount of such Overadvance; provided, further that the aggregate amount of outstanding Overadvances shall not, at any time, exceed (x) 5% of the Aggregate Commitments then in effect or (y) when aggregated with the aggregate outstanding amount of Protective Advances then outstanding, 10% of the Aggregate Commitments then in effect; provided further that no Overadvance shall be made if after giving effect thereto, any Lender’s Revolving Exposure shall exceed such Lender’s Commitment. Overadvances may be made even if the condition precedent set forth in Section 4.02(c) has not been satisfied. All Overadvances shall be ABR Borrowings. The applicable Borrowers shall be required to repay each Overadvance no later than the 30th day after the date of the making thereof. The Administrative Agent’s authorization to make Overadvances may be revoked at any time by the Required Lenders. Any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent’s receipt thereof.

(c) Upon the making of a Swingline Loan or an Overadvance (whether before or after the occurrence of a Default and regardless of whether a Settlement has been requested with respect to such Swingline Loan or Overadvance), each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Swingline Lender or the Administrative Agent, as the case may be, without recourse or warranty, an undivided interest and participation in such Swingline Loan or Overadvance in proportion to its Applicable Percentage of the Commitment. The Swingline Lender or the Administrative Agent may, at any time, require the Lenders to fund their participations. From and after the date, if any, on which any Lender is required to fund its participation in any Swingline Loan or Overadvance purchased hereunder, the Administrative Agent shall promptly distribute to such Lender, such Lender’s Applicable Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Loan.

(d) The Administrative Agent, on behalf of the Swingline Lender, shall request settlement (a “Settlement”) with the Lenders on at least a weekly basis or on any date that the Administrative Agent elects, by notifying the Lenders of such requested Settlement by facsimile, telephone, or e-mail no later than 1:00 p.m. New York time on the date of such requested Settlement (the “Settlement Date”). Each Lender (other than the Swingline Lender, in the case of the Swingline Loans) shall transfer the amount of such Lender’s Applicable Percentage of the outstanding principal amount of the applicable Loan with respect to which Settlement is requested to the Administrative Agent, to such account of the Administrative Agent as the Administrative Agent may designate, not later than 3:00 p.m., New York time, on such Settlement Date. Settlements may occur during the existence of a Default and whether or not the applicable conditions precedent set forth in Section 4.02 have then been satisfied. Such amounts transferred to the Administrative Agent shall be applied against the amounts of the Swingline Lender’s Swingline Loans and, together with Swingline Lender’s Applicable Percentage of such Swingline Loan, shall constitute Revolving Loans of such Lenders, respectively. If any such amount is not transferred to the Administrative Agent by any Lender on such Settlement Date, the Swingline Lender shall be entitled to recover from such Lender on demand such amount, together with interest thereon, as specified in Section 2.07.

**SECTION 2.06 Letters of Credit. (a) General.** Subject to the terms and conditions set forth herein, the Borrower Representative may request the issuance of Letters of Credit denominated in U.S. Dollars or an LC Designated Currency for its own account or for the account of another Borrower as the applicant thereof for the support of its or any Subsidiary's obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period; provided that, for the avoidance of doubt, notwithstanding that the Urban UK L/C has been issued for the account of a Subsidiary of the Company, the Borrowers hereby acknowledge and agree that the Borrowers shall be deemed to have requested that Wells Fargo, as an Issuing Bank hereunder, issue the Urban UK L/C, and the Borrowers are and shall be obligated for all reimbursement obligations under the Urban UK L/C, including, without limitation, as if an application for such Urban UK L/C shall have been executed by the Company. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrowers to, or entered into by the Borrowers with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Each Borrower unconditionally and irrevocably agrees that, in connection with any Letter of Credit issued for the support of any Subsidiary's obligations as provided in the first sentence of this paragraph, such Borrower will be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.12(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (such Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such Subsidiary that is an account party in respect of any such Letter of Credit). Notwithstanding anything herein to the contrary, the Issuing Bank shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit (i) the proceeds of which would be made available to any Person (A) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (B) in any manner that would result in a violation of any Sanctions by any party to this Agreement, (ii) if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit, or any Requirement of Law relating to the Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Effective Date and which the Issuing Bank in good faith deems material to it, or (iii) if the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements or directives thereunder or issued in connection therewith or in the implementation thereof, and (y) all requests, rules, guidelines, requirements 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 not to be in effect on the Effective Date for purposes of clause (ii) above, regardless of the date enacted, adopted, issued or implemented.

**(b) Notice of Issuance, Amendment, Renewal, Extension: Certain Conditions.** To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower Representative shall deliver by hand or facsimile (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank and the Administrative Agent) to the Issuing Bank and the Administrative Agent (reasonably in advance of, but in any event no less than three (3) Business Days prior to the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment,

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renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (if applicable) (which shall comply with paragraph (c) of this Section), the amount and currency of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower Representative also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrowers shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the aggregate LC Exposure shall not exceed \$25,000,000, (ii) the aggregate Standby LC Exposure shall not exceed \$25,000,000, (iii) the aggregate Commercial LC Exposure shall not exceed \$5,000,000, (iv) the LC Exposure of any Issuing Bank shall not exceed such Issuing Bank's LC Individual Sublimit, and (v) the Borrowers will be in compliance with the Revolving Exposure Limitations.

(c) Expiration Date. Each Letter of Credit (other than the Urban UK L/C) shall expire (or be subject to termination or non-renewal by notice from the applicable Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, including, without limitation, any automatic renewal provision, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Maturity Date (or such later date as to which the Administrative Agent may agree) unless in the case of this subclause (ii) such Letter of Credit is Cash Collateralized on or prior to the date of issuance thereof. Any Letter of Credit may provide by its terms that it may be automatically extended for additional successive one year periods on terms reasonably acceptable to the applicable Issuing Bank. Any Letter of Credit providing for automatic extension shall be extended upon the then current expiration date without any further action by any Person unless the applicable Issuing Bank shall have given notice to the applicable beneficiary (with a copy to the Borrower Representative) of the election by such Issuing Bank not to extend such Letter of Credit, such notice to be given not fewer than 30 days prior to the then current expiration date of such Letter of Credit; provided that no Letter of Credit may be extended automatically or otherwise beyond the date that is five (5) Business Days prior to the Maturity Date unless such Letter of Credit is Cash Collateralized on or prior to the date of such extension. Notwithstanding the foregoing, for the avoidance of doubt, the Urban UK L/C shall not be required to comply with the foregoing requirements.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrowers on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrowers for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

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(e) Reimbursement. If an Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrowers shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement (i) not later than 1:00 p.m., New York time, on the date that such LC Disbursement is made, if the Borrower Representative shall have received notice of such LC Disbursement prior to 10:00 a.m., New York time, on such date, or, (ii) if such notice has not been received by the Borrower Representative prior to such time on such date, then not later than 12:00 noon, New York time, on (A) the Business Day that the Borrower Representative receives such notice, if such notice is received prior to 10:00 a.m., New York time, on the day of receipt, or (B) the Business Day immediately following the day that the Borrower Representative receives such notice, if such notice is not received prior to such time on the day of receipt; provided that the Borrower Representative may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or Section 2.05 that such payment be financed with an ABR Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrowers' obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing or Swingline Loan. If the Borrowers fail to make such payment when due, such amount, if denominated in Canadian Dollars or other Designated Currencies, shall be converted to U.S. Dollars and shall bear interest at the Alternate Base Rate and the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrowers in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrowers, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrowers pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of Revolving Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrowers of their obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrowers' joint and several obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) any payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. None of the Administrative Agent, the Lenders, any Issuing Bank or any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank; provided that the foregoing shall not be construed to excuse an Issuing Bank from liability to the Borrowers to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which

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are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by any Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. Each Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Each Issuing Bank shall promptly notify the Administrative Agent and the applicable Borrower by telephone (confirmed by facsimile) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Borrowers shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrowers reimburse such LC Disbursement, at the rate per annum then applicable to ABR Loans and such interest shall be payable on the date when such reimbursement is due; provided that, if the Borrowers fail to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(f) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of an Issuing Bank. Any Issuing Bank may be replaced at any time by written agreement among the Borrower Representative, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower Representative receives notice from the Administrative Agent or the Required Lenders demanding the deposit of cash collateral pursuant to this paragraph, the Borrowers shall Cash Collateralize all Letters of Credit; provided that the obligation to Cash Collateralize all Letters of Credit shall become effective immediately, without demand or other notice of any kind, upon the

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occurrence of any Event of Default with respect to any Borrower described in clause (h) or (i) of Article VII. For the purposes of this Agreement, “Cash Collateralize” shall mean, (x) with respect to any Letter of Credit other than the Urban UK L/C, the deposit in U.S. Dollars in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the “LC Collateral Account”), an amount in cash equal to (i) 103% of the amount of the LC Exposure in respect of such Letter of Credit issued and outstanding on such date plus accrued and unpaid interest thereon, plus (ii) 115% of the amount of the LC Exposure in respect of Letters of Credit issued and outstanding in any LC Designated Currency on such date, plus accrued and unpaid interest thereon, and (y) with respect to the Urban UK L/C, the deposit in Sterling in an account with Wells Fargo, in the name of Wells Fargo and for the benefit of the Lenders (the “Urban UK L/C Collateral Account”), an amount in cash equal to 115% of the amount of the LC Exposure in respect of such Urban UK L/C outstanding on such date, and such additional amounts as may be required by Wells Fargo from time to time thereafter, plus accrued and unpaid interest thereon. Such deposit in the LC Collateral Account shall be held by the Administrative Agent as collateral for the payment and performance of the Secured Obligations. Such deposit in the Urban UK L/C Collateral Account shall be held by Wells Fargo as collateral for the payment and performance of the Urban UK L/C and all other Secured Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the LC Collateral Account and the Borrowers hereby grant the Administrative Agent a security interest in the LC Collateral Account and all money or other assets on deposit therein or credited thereto. Wells Fargo shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Urban UK L/C Collateral Account and the Borrowers hereby grant Wells Fargo and the other Secured Parties a security interest in and charge over the Urban UK L/C Collateral Account and all money or other assets on deposit therein or credited thereto. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrowers’ risk and expense, such deposits in the LC Collateral Account shall not bear interest. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of Wells Fargo and at the Borrowers’ risk and expense, such deposits in the Urban UK L/C Collateral Account shall not bear interest. Interest or profits, if any, on such investments shall accumulate in the LC Collateral Account or the Urban UK L/C Collateral Account, as applicable. Moneys in the LC Collateral Account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of the Required Lenders), be applied to satisfy other Secured Obligations. Moneys in the Urban UK L/C Collateral Account shall be applied by Wells Fargo first to reimburse Wells Fargo, as Issuing Bank, for LC Disbursements with respect to the Urban UK L/C for which it has not been reimbursed, and, to the extent of any excess following such reimbursement in full, shall be applied as set forth in the immediately preceding sentence. If the Borrowers are required to Cash Collateralize Letters of Credit solely as a result of the occurrence of an Event of Default, the cash collateral (to the extent not applied as aforesaid) shall be returned to the Borrowers within three (3) Business Days after all such Events of Default have been waived as confirmed in writing by the Administrative Agent. Not later than concurrently with payoff or refinancing of the Obligations arising under the Loan Documents (other than in respect of the Urban UK L/C), Wells Fargo and the Borrowers shall take such actions and execute such agreements as the Administrative Agent shall reasonably request in order to release the Lenders (other than Wells Fargo) and the Administrative Agent from any liability or continuing obligations in respect of the Urban UK L/C.

(k) Issuing Bank Reports to the Administrative Agent. Unless otherwise agreed by the Administrative Agent, each Issuing Bank shall, in addition to its notification obligations set forth elsewhere in this Section, report in writing to the Administrative Agent (i) periodic activity (for such period or recurrent periods as shall be requested by the Administrative Agent) in respect of Letters of

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Credit issued by such Issuing Bank, including all issuances, extensions, amendments and renewals, all expirations and cancelations and all disbursements and reimbursements, (ii) reasonably prior to the time that such Issuing Bank issues, amends, renews or extends any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the stated amount of the Letters of Credit issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and whether the amounts thereof shall have changed), (iii) on each Business Day on which such Issuing Bank makes any LC Disbursement, the date and amount of such LC Disbursement, (iv) on any Business Day on which any Borrower fails to reimburse an LC Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount of such LC Disbursement, and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the Letters of Credit issued by such Issuing Bank.

(l) LC Exposure Determination. For all purposes of this Agreement, the amount of a Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at the time of determination.

(m) Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrowers shall be obligated to reimburse the applicable Issuing Bank hereunder for any and all drawings under such Letter of Credit. Each Borrower hereby acknowledges that the issuance of Letters of Credit requested by such Borrower for the account of Subsidiaries inures to the benefit of such Borrower, and that such Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(n) Existing Letters of Credit. Each Existing Letter of Credit shall be deemed to be a Letter of Credit issued for the account of the Borrowers on the Effective Date for all purposes hereof and of the other Loan Documents (whether or not a Borrower was the applicant with respect thereto or otherwise responsible for reimbursement obligations with respect thereto prior to the Effective Date), and no issuance or similar fees (as distinguished from ongoing participation or fronting fees) will be required in connection with the deemed issuance of the Existing Letters of Credit on the Effective Date.

SECTION 2.07 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by such Lender hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 pm, Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders in an amount equal to such Lender's Applicable Percentage. The Administrative Agent will make such Loans available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to the applicable Funding Account; provided that ABR Loans made to finance the reimbursement of (i) an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank and (ii) a Protective Advance shall be retained by the Administrative Agent.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but

excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount or (ii) in the case of the Borrowers, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower Representative may elect to convert such Borrowing to a different Type (including, without limitation, the conversion of a Borrowing to a LIBOR Borrowing in connection with the designation of Revolving Loans as Elective Pricing Loans) or to continue such Borrowing and, in the case of a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower Representative may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, Overadvances or Protective Advances, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower Representative shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrowers were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or facsimile to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower Representative. Notwithstanding any other provision of this Section, a Borrower shall not be permitted to change the currency of any Borrowing.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the name of the applicable Borrower and the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) the Type of Borrowing;

(iv) if the resulting Borrowing is a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) if such Interest Election Request is the designation of one or more Revolving Loans as Elective Pricing Loans, the expiration date of the Elective Pricing Period (which shall be the eighteen month anniversary of the date of such designation) and the aggregate principal amount of such Elective Pricing Loans.

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If any such Interest Election Request requests a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, but does not specify an Interest Period, then the Borrowers shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower Representative fails to deliver a timely Interest Election Request with respect to a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) in the case of a LIBOR Borrowing denominated in U.S. Dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) in the case of any other LIBOR Borrowing, CDOR Borrowing or a EURIBOR Borrowing, such Borrowing shall become due and payable on the last day of such Interest Period.

(f) Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower Representative (provided that no such notice shall be required in the case of an Event of Default under clause (h) or (i) of Article VII), then, so long as an Event of Default is continuing (i) no outstanding Borrowing denominated in U.S. Dollars may be converted to or continued as a LIBOR Borrowing and no outstanding Borrowing may be converted to or continued as a CDOR Borrowing, and (ii) unless repaid (A) each LIBOR Borrowing denominated in U.S. Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto, and (B) each CDOR Borrowing shall be repaid at the end of the Interest Period applicable thereto.

SECTION 2.09 Termination and Reduction of Commitments; Increase in Commitments. (a) Unless previously terminated the Commitments shall terminate on the Maturity Date.

(b) The Borrowers may at any time terminate the Commitments upon (i) the payment in full of all outstanding Loans, together with accrued and unpaid interest thereon and on any LC Exposure, (ii) the cancellation and return of all outstanding Letters of Credit (or alternatively, with respect to each such Letter of Credit, the Cash Collateralization (or at the discretion of the Administrative Agent a backup standby letter of credit satisfactory to the Administrative Agent and the Issuing Bank) of all outstanding Letters of Credit), (iii) the payment in full of the accrued and unpaid fees, and (iv) the payment in full of all reimbursable expenses and other Obligations, together with accrued and unpaid interest thereon.

(c) The Borrowers may from time to time reduce the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$5,000,000 and (ii) the Borrowers shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.11, the Borrowers would not be in compliance with the Revolving Exposure Limitations.

(d) The Borrower Representative shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) or (c) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower Representative pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower Representative may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower Representative (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

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(e) The Borrowers shall have the right to increase the Commitments by obtaining additional Commitments, either from one or more of the Lenders or another lending institution provided that (i) any such request for an increase shall be in a minimum amount of \$10,000,000, (ii) the aggregate amount of all additional Commitments obtained under this clause (e) shall not exceed \$150,000,000, (iii) the Administrative Agent and the Issuing Bank have approved the identity of any such new Lender, such approvals not to be unreasonably withheld, (iv) any such new Lender assumes all of the rights and obligations of a "Lender" hereunder, (v) the procedure described in Section 2.09(f) has been satisfied and (vi) the terms and provisions of all additional Commitments and loans made thereunder shall be identical (including yield and maturity date) to the then existing Commitments and Revolving Loans, respectively. Nothing contained in this Section 2.09 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitment hereunder at any time.

(f) Any amendment hereto for such an increase or addition shall be in form and substance satisfactory to the Administrative Agent and shall only require the written signatures of the Administrative Agent, the Borrowers and each Lender being added or increasing its Commitment, subject only to the approval of the Required Lenders if any such increase or addition would cause the Commitments to exceed \$550,000,000. As a condition precedent to such an increase or addition, the Borrowers shall deliver to the Administrative Agent (i) a certificate of each Loan Party signed by an authorized officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (B) in the case of the Borrowers, certifying that, before and after giving effect to such increase or addition, (1) the representations and warranties contained in Article III and the other Loan Documents are true and correct in all material respects (except that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects) and (2) no Default or Event of Default exists, and (ii) legal opinions and documents consistent with those delivered on the Effective Date, to the extent reasonably requested by the Administrative Agent.

(g) On the effective date of any such increase or addition, (i) any Lender increasing (or, in the case of any newly added Lender, extending) its Commitment shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase or addition and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its revised Applicable Percentage of such outstanding Revolving Loans, and the Administrative Agent shall make such other adjustments among the Lenders with respect to the Revolving Loans then outstanding and amounts of principal, interest, commitment fees and other amounts paid or payable with respect thereto as shall be necessary, in the opinion of the Administrative Agent, in order to effect such reallocation and (ii) the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase (or addition) in the Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the Borrower Representative, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each LIBOR Loan, CDOR Loan and EURIBOR Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods. Within a reasonable time after the effective date of any increase or addition, the Administrative Agent

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shall, and is hereby authorized and directed to, revise the Commitment Schedule to reflect such increase or addition and shall distribute such revised Commitment Schedule to each of the Lenders and the Borrower Representative, whereupon such revised Commitment Schedule shall replace the old Commitment Schedule and become part of this Agreement.

SECTION 2.10 Repayment and Amortization of Loans; Evidence of Debt. (a) The Borrowers hereby unconditionally promise to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date, (ii) to the Administrative Agent the then unpaid amount of each Protective Advance on the earlier of the Maturity Date and demand by the Administrative Agent, and (iii) to the Administrative Agent the then unpaid principal amount of each Overadvance on the earlier of the Maturity Date and the 30<sup>th</sup> day after such Overadvance is made.

(b) On each Business Day during any Dominion Period, the Administrative Agent shall apply all funds credited to a Concentration Account of the Borrowers on such Business Day or the immediately preceding Business Day (at the discretion of the Administrative Agent, whether or not immediately available), first, to prepay any Protective Advances and Overadvance that may be outstanding, second, to prepay the Revolving Loans and Swingline Loans, third to Cash Collateralize outstanding LC Exposure, and fourth, as the Borrower Representative may direct.

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(e) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(f) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11 Prepayment of Loans. (a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (e) of this Section and, if applicable, payment of any break funding expenses under Section 2.16.

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(b) Except for Overadvances permitted under Section 2.05, in the event and on each occasion that the Borrowers are not in compliance with the Revolving Exposure Limitations (including following any Revaluation Date), the Borrowers shall severally prepay the Revolving Loans and/or Swingline Loans (or, if no such Loans are outstanding, Cash Collateralize outstanding Letters of Credit) of such Borrower(s) in an aggregate amount that, after giving effect to such prepayments or Cash Collateralization the Borrowers shall be in compliance with the Revolving Exposure Limitations.

(c) During any Dominion Period or during any time when an Event of Default shall have occurred and be continuing, subject to the Permitted Term Loan Intercreditor Agreement, if any, in the event and on each occasion that any Net Proceeds are received by or on behalf of any Loan Party or any Restricted Subsidiary in respect of any Prepayment Event, the Borrowers shall, immediately after such Net Proceeds are received by any Loan Party or any Restricted Subsidiary, prepay the Obligations and cash collateralize the LC Exposure as set forth in Section 2.11(d) below in an aggregate amount equal to 100% of such Net Proceeds;

provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", if the Borrower Representative shall deliver to the Administrative Agent a certificate of a Financial Officer to the effect that the Loan Parties intend to apply the Net Proceeds from such event (or a portion thereof specified in such certificate), within 180 days after receipt of such Net Proceeds, to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) to be used in the business of the Loan Parties, and certifying that no Default has occurred and is continuing, then either (i) so long as full cash dominion is not in effect, no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds specified in such certificate or (ii) if full cash dominion is in effect, then, if the Net Proceeds specified in such certificate are to be applied to acquire, replace or rebuild such assets by (A) the Borrowers, such Net Proceeds shall be applied by the Administrative Agent to reduce the outstanding principal balance of the Revolving Loans (without a permanent reduction of the Revolving Commitment) and upon such application, the Administrative Agent shall establish a Reserve against the Borrowing Base in an amount equal to the amount of such proceeds so applied and (B) any Loan Party that is not a Borrower, such Net Proceeds shall be deposited in a cash collateral account, and in the case of either (A) or (B), thereafter, such funds shall be made available to the applicable Loan Party as follows:

(1) the Borrower Representative shall request a Borrowing of Revolving Loans (specifying that the request is to use Net Proceeds pursuant to this Section) or the applicable Loan Party shall request a release from the cash collateral account be made in the amount needed;

(2) so long as the conditions set forth in Section 4.02 have been met, the Revolving Lenders shall make such Borrowing of Revolving Loans or the Administrative Agent shall release funds from the cash collateral account; and

(3) the Reserve established with respect to such insurance proceeds shall be reduced by the amount of such Borrowing of Revolving Loans;

provided that to the extent of any such Net Proceeds therefrom that have not been so applied by the end of such 180 day period, a prepayment shall be required at such time in an amount equal to such Net Proceeds that have not been so applied; provided, further that the Borrowers shall not be permitted to make elections to use Net Proceeds to acquire (or replace or rebuild) real property, equipment or other tangible assets (excluding inventory) with respect to Net Proceeds in any fiscal year in an aggregate amount in excess of \$25,000,000.

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(d) Subject to the Permitted Term Loan Intercreditor Agreement, if any, all such amounts pursuant to Section 2.11(c) shall be applied, first to prepay any Protective Advances and Overadvances that may be outstanding, pro rata, and second to prepay the Revolving Loans (including Swingline Loans) without a corresponding reduction in the Revolving Commitments and to cash collateralize outstanding LC Exposure.

(e) The Borrower Representative shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by facsimile) of any prepayment hereunder not later than (i) 11:00 a.m., New York time, (A) in the case of prepayment of a LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing, three (3) Business Days before the date of prepayment, or (B) in the case of prepayment of an ABR Borrowing, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Borrowing of Revolving Loans, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing of Revolving Loans shall be in an amount that would be permitted in the case of an advance of a Borrowing of Revolving Loans of the same Type as provided in Section 2.02 and shall be the same currency as the Borrowing of Revolving Loans being repaid. Each prepayment of a Borrowing of Revolving Loans shall be applied ratably to the Revolving Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments, if any, pursuant to Section 2.16.

#### SECTION 2.12 Fees.

(a) The Borrowers agree to pay to the Administrative Agent for the ratable account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily amount of the Available Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which the Commitments terminate. Accrued commitment fees shall be payable in arrears on the first Business Day of each January, April, July and October and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed, (including the first day but excluding the last day).

(b) The Borrowers agree to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, at a per annum rate equal to (A) with respect to Standby LC Exposure, the same Applicable Rate used to determine the interest rate applicable to LIBOR Loans on the average daily amount of such Lender's Standby LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements), and (B) with respect to Commercial LC Exposure, 50% less than the Applicable Rate used to determine the interest rate applicable to LIBOR Loans on the average daily amount of such Lender's Commercial LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements), in each case during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by the Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment,

renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of each calendar quarter shall be payable on the first Business Day of each January, April, July and October following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 30 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrowers agree to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrowers and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due and shall be paid in U.S. Dollars, in immediately available funds, to the Administrative Agent (or to an Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Fees paid shall not be refundable under any circumstances.

#### SECTION 2.13 Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan denominated in U.S. Dollars) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Revolving Loans comprising each LIBOR Borrowing shall bear interest at (i) in the case of a Borrowing denominated in U.S. Dollars, the Adjusted LIBO Rate and (ii) in the case of a Borrowing denominated in a currency other than U.S. Dollars, the LIBO Rate, in each case for the Interest Period in effect for such Borrowing, plus the Applicable Rate.

(c) The Revolving Loans comprising each CDOR Borrowing shall bear interest at the CDOR Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(d) The Revolving Loans comprising each EURIBOR Borrowing shall bear interest at the EURIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(e) Each Protective Advance and each Overadvance shall bear interest at the Alternate Base Rate plus the Applicable Rate plus 2%.

(f) Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent or the Required Lenders may, at their option, by notice to the Borrower Representative, declare that (i) all Loans shall bear interest at 2% plus the rate otherwise applicable to such Loans as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount outstanding hereunder, such amount shall accrue at 2% plus the rate applicable to such fee or other obligation as provided hereunder; provided, that (x) the default rate of interest set forth in this clause (g) shall apply automatically and without notice to the Borrower Representative upon the occurrence and during the continuance of any Event of Default under clauses (a), (h) or (i) of Article VII and (y) application of the default rate of interest pursuant to this clause (g) may be revoked at the option of the Required Lenders notwithstanding any provision of Section 9.02 requiring the consent of "each Lender affected thereby" for reductions in interest rates.

(g) Accrued interest on each Loan (for ABR Loans, accrued through the last day of the prior calendar month) shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (g) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any LIBOR Loan, CDOR Loan or EURIBOR Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(h) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and interest computed by reference to Sterling shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Adjusted LIBO Rate, LIBO Rate, CDOR Rate, EURIBO Rate or Alternate Base Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. For the purposes of the *Interest Act* (Canada), the yearly rate of interest to which any rate calculated on the basis of a period of time different from the actual number of days in the year (360 days, for example) is equivalent is the stated rate multiplied by the actual number of days in the year (365 or 366, as applicable) and divided by the number of days in the shorter period (360 days, in the example).

SECTION 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a LIBOR Borrowing, a CDOR Borrowing or a EURIBOR Borrowing in any currency:

(a) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate, LIBO Rate, CDOR Rate or EURIBO Rate, as the case may be, for such currency or in respect of a Loan in such currency for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate, LIBO Rate, CDOR Rate or EURIBO Rate, as the case may be, for such currency or in respect of a Loan in such currency for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining the Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower Representative and the Lenders by electronic communication as provided in Section 9.01 as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower Representative and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, an affected LIBOR Borrowing, CDOR Borrowing or a EURIBOR Borrowing, as the case may be, shall be ineffective, (ii) any affected LIBOR Borrowing, CDOR Borrowing or EURIBOR Borrowing that is requested to be continued shall (A) if denominated in U.S. Dollars, be continued as an ABR Borrowing or (B) otherwise, be repaid on the last day of the then current Interest Period applicable thereto and (iii) any Borrowing Request for an affected LIBOR Borrowing, CDOR Borrowing or a EURIBOR Borrowing shall (A) if denominated in U.S. Dollars, be deemed a request for an ABR Borrowing or (B) otherwise, be ineffective.

SECTION 2.15 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank;

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(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) 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;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, the Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or such other Recipient hereunder (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender, the Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement, the Commitment of, or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the Borrowers will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower Representative accompanied by a certificate setting forth in reasonable detail any amount or amounts and upon such delivery of such items shall be conclusive absent manifest error. The Borrowers shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within 30 days after receipt thereof.

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

SECTION 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any LIBOR Loan, CDOR Loan or EURIBOR Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any LIBOR Loan, CDOR Loan or EURIBOR Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any LIBOR Loan, CDOR Loan or EURIBOR Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.09(d) and is revoked in accordance therewith), or (d) the assignment of any LIBOR Loan, CDOR Loan or EURIBOR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower Representative pursuant to Section 2.19 or Section 9.02(d), then, in any such event, the Borrowers shall compensate each Lender for the loss, cost and expense (excluding any loss of margin or profit therefrom) attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) with respect to a LIBOR Loan, CDOR Loan or EURIBOR Loan, the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate, the CDOR Rate or the EURIBO Rate, as the case may be, that would have been applicable to such Loan (but not including the Applicable Rate, margin or profit applicable thereto), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the London, European or Canadian interbank market. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

SECTION 2.17 Withholding of Taxes: Gross-Up. (a) Payments Free of 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 law. If any applicable law (as determined in the good faith discretion of an applicable withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrowers. 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, Other Taxes.

(c) Evidence of Payment. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.17, such Loan Party 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 the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

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(d) Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the amount of such payment or liability delivered to any Loan Party 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.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) 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), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case under this Section 2.17(e), that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such 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 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 any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders. (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 Borrower Representative and the Administrative Agent, at the time or times reasonably requested by the Borrower Representative or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower Representative 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 Borrower Representative or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower Representative 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 2.17(f)(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, in the event that any Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Borrower Representative 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 Borrower Representative or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

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(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative 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 Borrower Representative 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 originals of IRS Form W-8BEN or W-8BEN-E, as applicable (or successor form), 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 or W-8BEN-E, as applicable (or successor form), 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) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, 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 G-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 a Borrower 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 originals of IRS Form W-8BEN or W-8BEN-E, as applicable (or successor form); or

(4) to the extent a Foreign Lender is not the Beneficial Owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, as applicable (or successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-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 G-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 Borrower Representative 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 Borrower Representative or the

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Administrative Agent), executed originals 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 Borrower Representative and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower Representative 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 Borrower Representative 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.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower Representative and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the 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 giving rise to such refund had never been paid. This paragraph (g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

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(i) Defined Terms. For purposes of this Section 2.17, the term “Lender” includes any Issuing Bank and the term “applicable law” includes FATCA.

SECTION 2.18 Payments Generally; Allocation of Proceeds; Sharing of Set-offs. (a) The Borrowers shall make each payment required to be made by them hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, Section 2.16 or Section 2.17, or otherwise) prior to 3:00 p.m., New York time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 10 South Dearborn Street, 22<sup>nd</sup> Floor, Chicago, Illinois, or as otherwise directed by the Administrative Agent, except payments to be made directly to an Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Section 2.15, Section 2.16, Section 2.17 and Section 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder of principal or interest in respect of any Loan shall, except as otherwise expressly provided herein, be made in the currency of such Loan, all payments in respect of LC Disbursements shall, except as otherwise expressly provided herein, be made in the currency applicable to such Letter of Credit and all other payments hereunder and under each other Loan Document shall be made in U.S. Dollars.

(b) Any proceeds of Collateral received by the Administrative Agent (i) not constituting either (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents (which prior to the occurrence of an Event of Default shall be applied as specified by the Borrowers) or (B) amounts to be applied from a Concentration Account during a Dominion Period (which shall be applied in accordance with Section 2.10(b)) or (ii) after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, shall be applied ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent and the Issuing Banks from the Borrowers (other than in connection with Banking Services Obligations or Swap Agreement Obligations), second, to pay any fees or expense reimbursements then due to the Lenders from the Borrowers (other than in connection with Banking Services Obligations or Swap Agreement Obligations), third, to pay interest due in respect of the Overadvances and Protective Advances, fourth, to pay the principal of the Overadvances and Protective Advances, fifth, to pay interest then due and payable on the Loans (other than the Overadvances and Protective Advances) ratably, sixth, to prepay principal on the Loans (other than the Overadvances and Protective Advances) and unreimbursed LC Disbursements ratably, seventh, to Cash Collateralize all outstanding Letters of Credit, eighth, ratably to the payment of any amounts owing with respect to Banking Services Obligations (other than Specified L/C Obligations) and Swap Agreement Obligations for which Banking Services/Swap Reserves have been established but only up to the amount of such Banking Services/Swap Reserves, ninth, to payment of any amounts owing with respect to Banking Services Obligations (other than Specified L/C Obligations) and Swap Agreement Obligations not paid pursuant to clause eighth above up to and including the amount most recently provided to the Administrative Agent pursuant to Section 2.22, tenth, to the payment of any other Secured Obligation (other than Specified L/C Obligations), and eleventh, to payment or cash collateralization of all Specified L/C Obligations, by deposit in U.S. Dollars in an account with the Administrative Agent for the benefit of the holders of the Specified L/C Obligations, up to and including the amount most recently provided to the Administrative Agent pursuant to Section 2.22. Notwithstanding the foregoing, amounts received from any Loan Party shall not be applied to any Excluded Swap Obligation of such Loan Party.

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Notwithstanding anything to the contrary contained in this Agreement, unless so directed by the Borrower Representative, or unless an Event of Default (or a Default under any of clauses (a), (b), (h), (i) or (j) of Article VII) is in existence, neither the Administrative Agent nor any Lender shall apply any payment which it receives to any LIBOR Loan, except (a) on the expiration date of the Interest Period applicable thereto or (b) in the event, and only to the extent, that there are no outstanding ABR Loans, and, in any such event, the Borrowers shall pay the break funding payment required in accordance with Section 2.16. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Secured Obligations.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reasonable and documented reimbursable expenses (including, without limitation, all reimbursement for fees, costs and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by the Borrower Representative pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from the specific deposit account of the Borrower Representative maintained with the Administrative Agent and previously identified in writing to the Administrative Agent; provided that, in the case of any deemed request (other than a payment of principal, interest, LC Disbursements, and fees due under this Agreement), the Administrative Agent shall have provided the Borrower Representative prior written notice that such sums are due and payable, the amount thereof and the date payment is requested to be made. Each Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment referred to in the preceding sentence on or after the date such payment is due and payable and agrees that all such amounts charged shall constitute Loans (including Swingline Loans and Overadvances, but such a Borrowing may only constitute a Protective Advance if it is to reimburse costs, fees and expenses as described in Section 9.03) and that all such Borrowings shall be deemed to have been requested pursuant to Section 2.03, Section 2.04 or Section 2.05, as applicable, and (ii) the Administrative Agent to charge the specific deposit account of the Borrower Representative previously identified in writing to the Administrative Agent (other than, so long as no Dominion Period is in effect or no Event of Default shall have occurred or be continuing, any deposit account, including any Excluded Account) maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If, except as otherwise expressly provided herein, any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other similarly situated Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements or Swingline Loans to any assignee or participant, other than to the Borrowers or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower 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 Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

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(e) Unless the Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank 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 a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(f) If any Lender shall fail to make any payment required to be made by it hereunder, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations hereunder until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender hereunder. Application of amounts pursuant to (i) and (ii) above shall be made in any order determined by the Administrative Agent in its discretion.

(g) The Administrative Agent may from time to time provide the Borrowers with account statements or invoices with respect to any of the Secured Obligations (the "Statements"). The Administrative Agent is under no duty or obligation to provide Statements, which, if provided, will be solely for the Borrowers' convenience. The Statements may contain estimates of the amounts owed during the relevant billing period, whether of principal, interest, fees or other Secured Obligations. If the Borrowers pay the full amount indicated on a Statement on or before the due date indicated on such Statement, the Borrowers shall not be in default; provided, that acceptance by the Administrative Agent, on behalf of the Lenders, of any payment that is less than the total amount actually due at that time (including but not limited to any past due amounts) shall not constitute a waiver of the Administrative Agent's or the Lenders' right to receive payment in full at another time.

#### SECTION 2.19 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.15, 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 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or Section 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender.

(b) If any Lender requests compensation under Section 2.15, 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 2.17, or if any Lender becomes a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to

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payments pursuant to Section 2.15 or Section 2.17) and obligations under this Agreement and other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) if the assignee is not already a Lender or an Affiliate of a Lender, the Borrowers shall have received the prior written consent of the Administrative Agent (and in circumstances where its consent would be required under Section 9.04, the Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld or delayed, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, 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) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and 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.

SECTION 2.20 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b) such Defaulting Lender shall not have the right to vote on any issue on which voting is required (other than to the extent expressly provided in Section 9.02(b)) and the Commitment and Revolving Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02) or under any other Loan Document; provided, that, except as otherwise provided in Section 9.02, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time a Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrower Representative shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) to the extent that such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Exposure to exceed its Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, then within one (1) Business Day following notice by the Administrative Agent (x) first, the Borrowers shall prepay such Swingline Exposure, and (y) second, the Borrowers shall Cash Collateralize, for the benefit of the Issuing Bank, the Borrowers' obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) for so long as such LC Exposure is outstanding;

(iii) if the Borrowers Cash Collateralize any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrowers shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is Cash Collateralized;

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(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor Cash Collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or Cash Collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, amend, renew, extend or increase any Letter of Credit, unless it is satisfied that the related exposure and such Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrowers in accordance with Section 2.20(c), and participating interests in any such newly made Swingline Loan or newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to the Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrowers or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that each of the Administrative Agent, the Borrowers, the Issuing Bank and the Swingline Lender agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on the date of such readjustment such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

**SECTION 2.21 Returned Payments.** If after receipt of any payment which is applied to the payment of all or any part of the Obligations (including a payment effected through exercise of a right of setoff), the Administrative Agent or any Lender is for any reason compelled to surrender such payment or proceeds to any Person because such payment or application of proceeds is invalidated, declared fraudulent, set aside, determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion), then the Obligations or part thereof intended to be satisfied shall be revived and continued and this Agreement shall continue in full force as if such payment or proceeds had not been received by the Administrative Agent or such Lender. The provisions of this Section 2.21 shall be and remain effective notwithstanding any contrary action which may have been taken by the Administrative Agent or any Lender in reliance upon such payment or application of proceeds. The provisions of this Section 2.21 shall survive the termination of this Agreement.

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SECTION 2.22 Banking Services and Swap Agreements. Each Lender or Affiliate thereof providing Banking Services for, or having Swap Agreements with, any Loan Party or any Subsidiary of a Loan Party shall deliver to the Administrative Agent, promptly after entering into such Banking Services or Swap Agreements, written notice setting forth the aggregate amount of all Banking Services Obligations and Swap Agreement Obligations of such Loan Party or Subsidiary thereof to such Lender or Affiliate (whether matured or unmatured, absolute or contingent). In addition, each such Lender or Affiliate thereof shall deliver to the Administrative Agent, from time to time after a significant change therein or upon a request therefor, a summary of the amounts due or to become due in respect of such Banking Services Obligations and Swap Agreement Obligations. The most recent information provided to the Administrative Agent shall be used in determining the amounts to be applied in respect of such Banking Services Obligations and/or Swap Agreement Obligations pursuant to Section 2.18(b).

SECTION 2.23 Access Rights. Each Loan Party shall provide the Administrative Agent, on behalf of itself and the Lenders and other Secured Parties, such access rights, after the occurrence and during the continuance of an Event of Default, to any parcel or item or other property of such Loan Party and each Subsidiary which is reasonably necessary to enable the Administrative Agent during normal business hours to: (i) in the event a Borrower manufactures inventory, convert Collateral consisting of raw materials and work-in-process into saleable finished goods and/or to transport such Collateral to a point where such conversion can occur (to the extent applicable), (ii) otherwise prepare Collateral for sale and/or to arrange or effect the sale of Collateral, all in accordance with the manner in which such matters are completed in the ordinary course of business (such Property, the "Collateral-Related Property"); provided however that, to the extent any such Collateral-Related Property consists of leasehold interests or other items or property which are not owned by a Loan Party, Loan Parties shall only be required herein to use commercially reasonable efforts to obtain such access rights. Subject to applicable law and/or the applicable Collateral Access Agreements, Administrative Agent and its agents, representatives and designees shall have an irrevocable, non-exclusive right to have access to, and a rent-free right to use, the relevant Collateral-Related Property of the Loan Parties for the purposes described above. The Administrative Agent shall take proper and reasonable care under the circumstances of any Collateral-Related Property that is used by the Administrative Agent and repair and replace any damage (ordinary wear-and-tear excepted) caused by the Administrative Agent or its agents, representatives or designees and the Administrative Agent shall comply in all material respects with all applicable laws and applicable Collateral Access Agreements in connection with its use or occupancy or possession of the Collateral-Related Property. The Administrative Agent shall indemnify and hold harmless the Loan Parties for any injury or damage to Persons or property (ordinary wear-and-tear excepted) caused by the acts or omissions of Persons under its control; provided, however, that the Administrative Agent, the Lenders and the other Secured Parties will not be liable for any diminution in the value of Collateral-Related Property caused by the absence of the Collateral therefrom. The Loan Parties shall not, and shall not permit any Subsidiary to, sell, remove or dispose of any of the Collateral-Related Property if such Collateral-Related Property is reasonably necessary to enable the Administrative Agent to convert, transport or arrange to sell the Collateral as described above, unless the Administrative Agent shall have approved satisfactory replacement arrangements in relation to the rights and remedies of the Lenders and the Administrative Agent in respect of Collateral affected by any proposed sale, removal or disposition as evidenced by the prior written confirmation thereof by the Administrative Agent delivered to the Borrower Representative. Notwithstanding the foregoing, the Borrowers shall not be required to comply with the terms and conditions of this Section 2.23 in respect of the Trenton, South Carolina facility so long as such facility shall have been closed on or before August 31, 2015 (or as such time may be extended by the Administrative Agent in its sole discretion in writing).

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## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to the Lenders that:

SECTION 3.01 Organization; Powers. Each Loan Party and each Restricted Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business, and is in good standing, in every jurisdiction where such qualification is required.

SECTION 3.02 Authorization; Enforceability. The Transactions are within each Loan Party's organizational powers and have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. Each Loan Document to which each Loan Party is a party has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except for filings necessary to perfect Liens created pursuant to the Loan Documents, (b) will not violate any Requirement of Law applicable to any Loan Party or any Subsidiary, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or any Subsidiary or the assets of any Loan Party or any Subsidiary, or give rise to a right thereunder to require any payment to be made by any Loan Party or any of its Subsidiaries, except to the extent such violation, default, or payment, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party or any Subsidiary, except Liens created pursuant to the Loan Documents.

SECTION 3.04 Financial Condition; No Material Adverse Change. (a) The Company has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended January 31, 2015, reported on by Deloitte & Touche, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended April 30, 2015, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Company and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) No event, change or condition has occurred that has had, or could reasonably be expected to have, a Material Adverse Effect, since January 31, 2015.

SECTION 3.05 Properties. (a) As of the Effective Date, Exhibit A of the Security Agreement sets forth the address of each parcel of real property that is owned or leased by any Loan Party. Each of such leases and subleases is valid and enforceable in accordance with its terms and is in full force and effect, and no default by any party to any such lease or sublease exists, except to the extent the failure of the foregoing to be true could not reasonably be expected, individually or in the aggregate,

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to result in a Material Adverse Effect. Each of the Loan Parties and each of its Restricted Subsidiaries has good and indefeasible title to, or valid leasehold interests in, all of its material real and personal property, free of all Liens other than those permitted by Section 6.02.

(b) (i) Each Loan Party and each Restricted Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property necessary to its business as currently conducted, and, except to the extent such infringement would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, the use thereof by each Loan Party and each Restricted Subsidiary does not infringe in any respect upon the rights of any other Person; and (ii) each Loan Party's and each Restricted Subsidiary's rights thereto are not subject to any licensing agreement or similar arrangement (other than (A) restrictions relating to software licenses that may limit such Loan Party's ability to transfer or assign any such agreement to a third party and (B) licensing agreements or similar agreements that do not materially impair the ability of the Administrative Agent or the Lenders to avail themselves of their rights of disposal and other rights granted under the Collateral Documents in respect of Inventory), provided that the Company shall have delivered to the Administrative Agent a copy of each such agreement, at least ten (10) Business Days in advance of the effectiveness thereof, that may impair such ability of the Administrative Agent or the Lenders.

SECTION 3.06 Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Loan Party, pending or threatened against or affecting any Loan Party or any Subsidiary (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters) or (ii) that involve any Loan Document or the Transactions.

(b) Except for the Disclosed Matters and any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect (i) no Loan Party or any Subsidiary has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (B) has incurred any Environmental Liability, (C) has received notice of any claim with respect to any Environmental Liability or (D) has knowledge of any Environmental Liability.

SECTION 3.07 Compliance with Laws and Agreements: No Default. Except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, each Loan Party and each Restricted Subsidiary is in compliance with (i) all Requirement of Law applicable to it or its property and (ii) all indentures, agreements and other instruments binding upon it or its property. No Event of Default has occurred and is continuing.

SECTION 3.08 Investment Company Status. No Loan Party or any Subsidiary is or is required to register as an "investment company" as such term is defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09 Taxes. Each Loan Party and each Subsidiary has timely filed or caused to be filed all federal, state, local and foreign income and franchise and other material Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not be expected to result in a Material Adverse Effect. No Tax liens have been filed and no claims are being asserted with respect to any such Taxes in an aggregate amount in excess of \$5,000,000.

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### SECTION 3.10 ERISA.

(a) Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (i) no ERISA Event has occurred or is reasonably expected to occur, (ii) neither any Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA and (iii) on the Effective Date, the present value of all accumulated benefit obligations under each Plan that is subject to Title IV of ERISA (based on the assumptions used for purposes of Statement of Accounting Standards Topic No. 715) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans that are subject to Title IV of ERISA (based on the assumptions used for purposes of Statement of Accounting Standards Topic No. 715) did not, as of the date or dates of the most recent financial statements reflecting such amounts, exceed the fair value of the assets of all such underfunded Plans.

(b) Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, with respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is not less than 80% of the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities.

SECTION 3.11 Disclosure. The Loan Parties have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which any Loan Party or any Subsidiary is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. All reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document (as modified or supplemented by other information so furnished) other than projections, other forward-looking information and information of a general economic or industry specific nature, when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements were made; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time delivered and, if such projected financial information was delivered prior to the Effective Date, as of the Effective Date (it being understood that the projections are subject to inherent uncertainties and contingencies, which may be outside the control of any Loan Party and that no assurances can be given that such projected financial information will be realized).

### SECTION 3.12 Reserved.

SECTION 3.13 Solvency. (a) Immediately after the consummation of the Transactions to occur on the Effective Date, (i) the fair value of the assets of the Company and its Subsidiaries, on a consolidated basis, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of the Company and its Subsidiaries, on a consolidated basis, will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Company and its Subsidiaries, on a consolidated basis, will be able

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to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Company and its Subsidiaries, on a consolidated basis, will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted after the Effective Date.

(b) No Loan Party intends to, nor will permit any Subsidiary to, and no Loan Party believes that it or any Subsidiary will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by it or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

SECTION 3.14 Insurance. Exhibit E of the Security Agreement sets forth a description of all insurance maintained by or on behalf of the Loan Parties and their Restricted Subsidiaries as of the Effective Date. As of the Effective Date, all premiums in respect of such insurance have been paid. Each Borrower maintains, and has caused each Restricted Subsidiary to maintain, with insurance companies with an AM Best rating of A- or better, insurance on all their real and personal property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and risks as are adequate and customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 3.15 Capitalization and Subsidiaries. Schedule 3.15 sets forth (a) a correct and complete list of the name and relationship to the Company of each and all of the Company's Subsidiaries, (b) a true and complete listing of each class of authorized Equity Interests owned by the Company or any Subsidiary in each Subsidiary, all of which issued Equity Interests are validly issued, outstanding, fully paid and non-assessable, and owned beneficially and of record by the Persons identified on Schedule 3.15, (c) the type of entity of the Company and each of its Subsidiaries and (d) whether any such Subsidiary is a Restricted Subsidiary or an Unrestricted Subsidiary. All of the issued and outstanding Equity Interests owned by any Loan Party have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable. As of the Effective Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever, which are convertible into, exchangeable for or otherwise provide for or permit the issuance of capital stock of any Subsidiary of the Company.

SECTION 3.16 Security Interest in Collateral. The provisions of this Agreement and the other Loan Documents create legal and valid Liens on all of the Collateral granted by the Loan Parties in favor of the Administrative Agent (for the benefit of the Secured Parties), securing the Secured Obligations and, constitute perfected and continuing Liens on the Collateral (to the extent such Liens can be perfected by possession, by filing a UCC financing statement or equivalent under each applicable jurisdiction, or by a control agreement), securing the applicable Secured Obligations, enforceable against the applicable Loan Party, and having priority over all other Liens on the Collateral except in the case of (x) Liens permitted by Section 6.02, to the extent any such Liens would have priority over the Liens in favor of the Administrative Agent pursuant to any applicable law or an agreement permitted hereunder, (y) Liens perfected only by possession (including possession of any certificate of title) to the extent the Administrative Agent has not obtained or does not maintain possession of such Collateral and (z) Liens perfected only by control, filing or recording to the extent that Administrative Agent has not obtained control or has not recorded such lien.

SECTION 3.17 Employment Matters. Except as could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (i) there are no strikes, lockouts, slowdowns or any other labor disputes against the Company or any Restricted Subsidiary pending or, to the knowledge of the Company, threatened, (ii) the hours worked by and payments made to employees of

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the Company and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act of 1938 or any other applicable Federal, state, local or foreign law dealing with such matters and (iii) all payments due from the Company or any Restricted Subsidiary, or for which any claim may be made against the Company or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Company or such Subsidiary to the extent required under GAAP. The consummation of the Transactions do not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Company or any Restricted Subsidiary is bound.

SECTION 3.18 Federal Reserve Regulations. No part of the proceeds of any Loan or Letter of Credit has been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.19 Reserved.

SECTION 3.20 No Burdensome Restrictions. No Loan Party is subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 6.10.

SECTION 3.21 Anti-Corruption Laws and Sanctions. The Company has implemented and maintains in effect policies and procedures designed to ensure compliance by each Loan Party, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Loan Party, its Subsidiaries and their respective officers and, to the knowledge of the Company, its directors, employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Company, any Subsidiary or any of their respective officers, or (b) to the knowledge of any such Loan Party or Subsidiary, any of their respective directors, employees or agents of such Loan Party or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds, Transaction or other transaction contemplated by this Agreement or the other Loan Documents will violate Anti-Corruption Laws or applicable Sanctions.

SECTION 3.22 Common Enterprise. The successful operation and condition of each of the Loan Parties is dependent on the continued successful performance of the functions of the group of the Loan Parties as a whole and the successful operation of each of the Loan Parties is dependent on the successful performance and operation of each other Loan Party. Each Loan Party expects to derive benefit (and its board of directors or other governing body has determined that it may reasonably be expected to derive benefit), directly and indirectly, from (i) successful operations of each of the other Loan Parties and (ii) the credit extended by the Lenders to the Borrowers hereunder, both in their separate capacities and as members of the group of companies. Each Loan Party has determined that execution, delivery, and performance of this Agreement and any other Loan Documents to be executed by such Loan Party is within its purpose, in furtherance of its direct and/or indirect business interests, will be of direct and/or indirect benefit to such Loan Party, and is in its best interest.

SECTION 3.23 Credit Card Agreements. Schedule 3.23 (as updated from time to time as permitted by Section 5.17) sets forth a list of all Credit Card Agreements to which any Loan Party is a party. A true and complete copy of each Credit Card Agreement listed on Schedule 3.23 has been delivered to the Administrative Agent, together with all material amendments, waivers and other modifications thereto; provided that the Loan Parties shall deliver any such amendment, waiver or other modification to the Administrative Agent within thirty days after the effectiveness of such amendment, waiver or other modification (or as such time may be extended in writing in the Administrative Agent's sole discretion). All such Credit Card Agreements are in full force and effect, currently binding upon each Loan Party that is a party thereto and, to the knowledge of the Loan Parties, binding upon other parties thereto in accordance with their terms. The Loan Parties are in compliance in all material respects with each such Credit Card Agreement.

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## ARTICLE IV

### CONDITIONS

SECTION 4.01 Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) Credit Agreement and Other Loan Documents. The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include facsimile or other electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement, (ii) either (A) a counterpart of each other Loan Document signed on behalf of each party thereto or (B) written evidence satisfactory to the Administrative Agent (which may include facsimile or other electronic transmission of a signed signature page thereof) that each such party has signed a counterpart of such Loan Document and (iii) such other certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including any promissory notes requested by a Lender pursuant to Section 2.10 payable to each such requesting Lender, all in form and substance satisfactory to the Administrative Agent and its counsel.

(b) Opinions. The Administrative Agent shall have received a written opinion of Drinker Biddle & Reath LLP, counsel to the Loan Parties' (together with, where not covered by such opinion, opinions of local counsel where each Loan Party is organized), in each case addressed to the Administrative Agent, the Issuing Bank and the Lenders and in form and substance reasonably satisfactory to the Administrative Agent and its counsel (provided that delivery of a local counsel opinion in respect of the Loan Party organized in Puerto Rico may be delayed until such date as may be required by the Administrative Agent consistent with Section 5.14 hereof).

(c) Financial Statements and Projections. The Lenders shall have received (i) audited consolidated financial statements of the Company for the fiscal year ended January 31, 2015, (ii) unaudited interim consolidated financial statements of each fiscal quarter ended after the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and such financial statements shall not, in the reasonable judgment of the Administrative Agent, reflect any material adverse change in the consolidated financial condition of the Company and its Subsidiaries, as reflected in the audited consolidated financial statements described in clause (i) of this paragraph, (iii) the Company's most recent projected income statement, balance sheet and cash flows through the end of the Company's fiscal year ending January 2020, and (iv) the projected Borrowing Base on a quarterly basis through January 31, 2016.

(d) Closing Certificates; Certified Certificate of Incorporation; Good Standing Certificates. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the Effective Date and executed by its Secretary or Assistant Secretary, which shall (A) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of the Loan Documents to which it is a party, (B) identify by name and title and bear the signatures of the Responsible Officers of such Loan Party authorized to sign the Loan Documents to which it is a party and, in the case of the Company, its Financial Officer, and (C) contain appropriate attachments, including the certificate or articles of incorporation or organization of each Loan Party certified by the relevant

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authority of the jurisdiction of organization of such Loan Party and a true and correct copy of its by-laws or operating, management or partnership agreement, or other organizational or governing documents and (ii) a good standing certificate for each Loan Party from its jurisdiction of organization or the substantive equivalent available in the jurisdiction of organization for each Loan Party from the appropriate governmental officer in such jurisdiction.

(e) Collateral and Guaranty Requirement. Subject to Section 5.18, the Collateral and Guaranty Requirement shall have been satisfied with respect to all Designated Subsidiaries as of the Effective Date.

(f) No Default Certificate. The Administrative Agent shall have received a certificate, signed by a Financial Officer of the Borrower Representative, dated as of the Effective Date (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in Article III are true and correct as of such date (or if qualified by “materiality” and “Material Adverse Effect” or similar language, in all respects (after giving effect to such qualification)) and (iii) certifying as to any other factual matters as may be reasonably requested by the Administrative Agent.

(g) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Effective Date.

(h) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in each jurisdiction where the Loan Parties are organized and where a material portion of the assets of the Loan Parties are located, and such search shall reveal no Liens on any of the assets of the Loan Parties except for Liens permitted by Section 6.02 or to be discharged on or prior to the Effective Date pursuant to a pay-off letter or other documentation satisfactory to the Administrative Agent.

(i) Pay-Off Letter. The Administrative Agent shall have received satisfactory pay-off letters for all existing Indebtedness to be repaid on the Effective Date, confirming that all Liens upon any of the property of the Loan Parties constituting Collateral will be terminated concurrently with such payment and all letters of credit issued or guaranteed as part of such Indebtedness shall have been cash collateralized, supported by a Letter of Credit, become Existing Letters of Credit or letters of credit under a Specified L/C Facility.

(j) Funding Account. The Administrative Agent shall have received a notice setting forth the Funding Accounts to which the Administrative Agent is authorized by the Borrowers to transfer the proceeds of any Borrowings requested or authorized pursuant to this Agreement.

(k) Customer List. The Administrative Agent shall have received a true and complete customer list for each Borrower and its Subsidiaries with respect to each Eligible Trade Account, which list shall state the customer’s name, mailing address and phone number and shall be certified as true and correct by a Financial Officer of the Borrower Representative.

(l) Control Agreements. Subject to Section 5.18, the Administrative Agent shall have received each Control Agreement required to be provided pursuant to the Security Agreement.

(m) Credit Card Notifications. The Administrative Agent shall have received copies of duly executed Credit Card Notifications with respect to all Eligible Credit Card Accounts.

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(n) Solvency. The Administrative Agent shall have received a solvency certificate, in form and substance satisfactory to the Administrative Agent, from a Financial Officer of the Company dated the Effective Date.

(o) Borrowing Base Certificate. The Administrative Agent shall have received a Borrowing Base Certificate which calculates the Borrowing Base as of the end of the fiscal quarter immediately preceding the Effective Date.

(p) Closing Availability. After giving effect to all Borrowings to be made on the Effective Date, the issuance of any Letters of Credit on the Effective Date, including the deemed issuance of Existing Letters of Credit, and the payment of all fees and expenses due hereunder, and with all of the Loan Parties' Indebtedness (other than Specified L/C Obligations), liabilities, and obligations current (excluding, in each case, current accounts payable to the extent excluded from Indebtedness), Availability shall not be less than \$125,000,000.

(q) Pledged Equity Interests; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the Equity Interests pledged pursuant to the Security Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Security Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(r) Filings, Registrations and Recordings. Each document (including any UCC financing statement) required by the Collateral Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of itself, the Lenders and the other Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 6.02), shall be in proper form for filing, registration or recordation.

(s) Insurance. The Administrative Agent shall have received evidence of insurance coverage in form, scope, and substance reasonably satisfactory to the Administrative Agent and otherwise in compliance with the terms of Section 5.10 hereof.

(t) Letter of Credit Application. If a Letter of Credit is requested to be issued on the Effective Date, the applicable Issuing Bank shall have received a properly completed letter of credit application (whether standalone or pursuant to a master agreement, as applicable). The Borrowers shall have executed the Issuing Bank's master agreement for the issuance of commercial Letters of Credit.

(u) Tax Withholding. The Administrative Agent shall have received a properly completed and signed IRS Form W-8 or W-9, as applicable, for each Loan Party.

(v) Corporate Structure. The corporate structure, capital structure and other material debt instruments, material accounts and governing documents of the Borrowers and their Subsidiaries shall be acceptable to the Administrative Agent.

(w) Field Examination. The Administrative Agent or its designee shall have conducted a field examination of the Borrowers' Accounts, Credit Card Accounts, Inventory and related working capital matters and of the Borrowers' related data processing and other systems, the results of which shall be satisfactory to the Administrative Agent.

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(x) Legal Due Diligence. The Administrative Agent and its counsel shall have completed all legal due diligence, the results of which shall be satisfactory to Administrative Agent.

(y) Inventory Appraisal(s). The Administrative Agent shall have received an appraisal of the Borrowers' Inventory from one or more firms reasonably satisfactory to the Administrative Agent, which appraisal shall be satisfactory to the Administrative Agent.

(z) USA PATRIOT Act, Etc. The Administrative Agent and the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, for each Loan Party.

The Administrative Agent shall notify the Borrowers, the Lenders and the Issuing Bank of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects (provided that such materiality qualifications shall not apply in respect of any Borrowing and issuance or deemed issuance of a Letter of Credit under this Agreement on the Effective Date) with the same effect as though made on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (it being understood and agreed that (i) any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, (ii) any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects, (iii) any representation or warranty which is no longer true and correct to the extent resulting from changes after the Effective Date from any actions, sales, mergers, acquisitions, dispositions or other transactions permitted under this Agreement shall have been updated by delivery by the Company to the Administrative Agent of updated disclosure schedules reflecting such changes upon the request of the Administrative Agent, not more frequently than quarterly and (iv) any representation or warranty in Section 3.15 which is no longer true and correct to the extent resulting from changes after the Effective Date from any actions, sales, mergers, acquisitions, dispositions or other transactions permitted under this Agreement shall have been updated by delivery by the Company to the Administrative Agent of an updated Schedule 3.15 reflecting such changes);

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing; and

(c) After giving effect to any Borrowing or the issuance, amendment, renewal or extension of any Letter of Credit, the Borrowers shall be in compliance with the Revolving Exposure Limitations.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in paragraphs (a), (b), and (c) of this Section.

Notwithstanding the failure to satisfy the conditions precedent set forth in paragraphs (a) or (b) of this Section, unless otherwise directed by the Required Lenders, the Administrative Agent may, but shall have no obligation to, continue to make Loans and an Issuing Bank may, but shall have no obligation to, issue,

amend, renew or extend, or cause to be issued, amended, renewed or extended, any Letter of Credit for the ratable account and risk of the Lenders from time to time if the Administrative Agent believes that making such Loans or issuing, amending, renewing or extending, or causing the issuance, amendment, renewal or extension of, any such Letter of Credit is in the best interests of the Lenders.

## ARTICLE V

### AFFIRMATIVE COVENANTS

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document (other than contingent or indemnity obligations for which no claim has been made) shall have been paid in full and all Letters of Credit shall have expired or have been Cash Collateralized pursuant to the terms hereof or terminated, in each case without any pending draw, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 5.01 Financial Statements; Borrowing Base and Other Information. The Borrower Representative will furnish to the Administrative Agent for distribution to each Lender:

(a) within 90 days after the end of each fiscal year of the Company, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, accompanied by any management letter prepared by said accountants;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of such fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Company as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) during any period (i) commencing on the date when Availability is less than the Applicable Trigger Amount (Level II) and (ii) ending on the date when Availability shall have been equal to or greater than the Applicable Trigger Amount (Level II) for a period of 60 consecutive days, within 30 days after the end of each fiscal month of the Company, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal month and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Company as presenting fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

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(d) concurrently with any delivery of financial statements under clause (a), (b) or (c) above, a Compliance Certificate, which shall (i) when delivered concurrently with the delivery of the financial statements delivered under clause (b) or (c), certify that such financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) certify as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (iii) set forth reasonably detailed calculations of the Fixed Charge Coverage Ratio (whether or not required to be tested pursuant to Section 6.12) and, if applicable, demonstrating compliance with Section 6.12, and (iv) state whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate, (v) set forth the full legal name of each Loan Party and its jurisdiction of organization, and describe whether, since the later of the Effective Date and the date of the last Compliance Certificate, any such Loan Party shall have (A) changed its name as it appears in official filings in the state of incorporation or organization, (B) changed its chief executive office, (C) changed the type of entity that it is, (D) change its organization identification number, if any, issued by its state of incorporation or other organization, or (E) changed its state of incorporation or organization;

(e) Reserved;

(f) no later than the end of each fiscal year of the Company, a copy of the plan and forecast (including a projected consolidated balance sheet, income statement and funds flow statement) of the Company for each quarter (or each month, if requested by the Administrative Agent) of the upcoming fiscal year (the "Projections") in form reasonably satisfactory to the Administrative Agent;

(g) on or before each Borrowing Base Reporting Date, a Borrowing Base Certificate setting forth a computation of the Borrowing Base as of the most recently ended fiscal quarter, fiscal month or week, as applicable, to which such Borrowing Base Reporting Date relates, together with supporting information and any additional reports with respect to the Borrowing Base that the Administrative Agent may reasonably request (including, in respect of any Borrowing Base Certificate delivered for a month which is also the end of any fiscal quarter of the Company, a calculation of Average Quarterly Availability for such quarter then ended and an indication of what the Applicable Rate is as a result of such Average Quarterly Availability);

(h) on or before each Borrowing Base Reporting Date, the following information as of the most recently ended fiscal quarter, fiscal month or week, as applicable, to which such Borrowing Base Reporting Date relates, all delivered electronically in a text formatted file in form reasonably acceptable to the Administrative Agent:

(i) (A) a detailed aging of the Borrowers' Accounts, including all invoices aged by invoice date and due date (with an explanation of the terms offered), prepared in a manner reasonably acceptable to the Administrative Agent, together with a summary specifying the name, address, and balance due for each Account Debtor and (B) a detailed aging of the Borrowers' Credit Card Accounts (1) including aging by each credit card issuer and credit card processor and (2) reconciled to the Borrowing Base Certificate delivered as of such date, in a form reasonably acceptable to the Administrative Agent, together with a summary specifying the balance due from each credit card issuer or credit card processor;

(ii) a schedule detailing the Borrowers' Inventory, in form reasonably satisfactory to the Administrative Agent, (1) by location (showing Inventory in transit, any Inventory located

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with a third party under any consignment, bailee arrangement, or warehouse agreement), by class (raw material, work-in-process and finished goods) and by volume on hand, which Inventory shall be valued at the lower of average cost or market, determined utilizing the retail method as appropriate, and adjusted for Reserves as the Administrative Agent has previously indicated to the Borrower Representative are deemed by the Administrative Agent to be appropriate in its Permitted Discretion, and (2) including a report of any variances or other results of Inventory counts performed by the Borrowers since the last Inventory schedule (including information regarding sales or other reductions, additions, returns, credits issued by Borrowers and complaints and claims made against the Borrowers);

(iii) a worksheet of calculations prepared by the Borrowers to determine Eligible Credit Card Accounts, Eligible Trade Accounts and Eligible Inventory, such worksheets detailing the Credit Card Accounts, Accounts and Inventory excluded from Eligible Credit Card Accounts, Eligible Trade Accounts and Eligible Inventory and the reason for such exclusion;

(iv) a reconciliation of the Borrowers' Credit Card Accounts, Accounts and Inventory between (A) the amounts shown in the Borrowers' general ledger and financial statements and the reports delivered pursuant to clauses (i) and (ii) above and (B) the amounts and dates shown in the reports delivered pursuant to clauses (i) and (ii) above and the Borrowing Base Certificate delivered pursuant to clause (g) above as of such date; and

(v) a schedule and aging of the Loan Parties' accounts payable as of the quarter then ended, delivered electronically in a text formatted file in a form reasonably acceptable to the Administrative Agent;

(i) within 30 days (as such time period may be extended in writing by the Administrative Agent in its sole discretion) of each March 31 and September 30, an updated customer list for each Borrower with respect to each Eligible Trade Account, which list shall state the customer's name, mailing address and phone number, delivered electronically in a text formatted file acceptable to the Administrative Agent and certified as true and correct by a Financial Officer of the Borrower Representative;

(j) promptly upon the Administrative Agent's request:

(i) a schedule detailing the balance of all intercompany accounts of the Loan Parties; and

(ii) such other information as the Administrative Agent may from time to time reasonably request;

(k) concurrent with any field exam permitted under Section 5.06 (or at such other times as agreed upon by the Administrative Agent and the Company), the Borrower Representative shall provide notice to the Administrative Agent of any removal or addition of any credit card issuer or credit card processor to the extent that (i) in the case of a removal, Credit Card Accounts of such credit card issuer or credit card processor were included in any previous Borrowing Base or (ii) in the case of an addition, the Borrower Representative desires to include the Credit Card Accounts of such credit card issuer or credit card processor in the Borrowing Base, and concurrently with any such notice of an addition, the Company shall provide to the Administrative Agent (A) evidence reasonably satisfactory to the Administrative Agent that a Credit Card Notification shall have been delivered to such credit card issuer or credit card processor, (B) a true and complete copy of each Credit Card Agreement with respect thereto, together with all material amendments, waivers and other modifications thereto, and (C) such

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other information with respect thereto as may be reasonably requested by the Administrative Agent; for the avoidance of doubt, unless otherwise agreed by the Administrative Agent, no Credit Card Accounts of an added credit card issuer or credit card processor may be included in the Borrowing Base until a field exam with respect thereto has been completed;

(l) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any Subsidiary with the SEC, or with any national securities exchange, or distributed by the Company to its shareholders generally, as the case may be;

(m) promptly after any request therefor by the Administrative Agent or any Lender, copies of (i) any documents described in Section 101(k)(1) of ERISA that any Borrower or any ERISA Affiliate may request with respect to any Multiemployer Plan, (ii) any notices described in Section 101(l)(1) of ERISA that any Borrower or any ERISA Affiliate may request with respect to any Multiemployer Plan and (iii) the annual funding notice, as described in Section 101(f) of ERISA; provided that, with respect to the notices described in (i) or (ii), if a Borrower or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, the applicable Borrower or the applicable ERISA Affiliate shall promptly make a request for such documents and notices from such administrator or sponsor and shall provide copies of such documents and notices promptly after receipt thereof;

(n) within five (5) Business Days after a Responsible Officer of the Borrower Representative has knowledge of the production or the receipt by a Loan Party thereof, copies of any material environmental reports produced by or on behalf of any Loan Party or Restricted Subsidiary; and

(o) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Loan Party or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

The Borrower Representative shall be deemed to have furnished to the Administrative Agent the financial statements and certificates required to be delivered pursuant to Sections 5.01(a) and (b) and the reports and other material required by Section 5.01(l) upon the filing of such financial statements or material by the Company through the SEC's EDGAR system (or any successor electronic gathering system) or the publication by the Company of such financial statements on its website, so long as such system or website is publicly available; provided that, at the request of the Administrative Agent or any Lender, the Borrower Representative shall promptly deliver electronic or paper copies of such filings together with all accompanying exhibits, attachments, calculations, or other supporting documentation included with such filing.

**SECTION 5.02 Notices of Material Events.** The Borrower Representative will furnish to the Administrative Agent prompt (but in any event within any time period after such Responsible Officer has such knowledge that may be specified below) written notice of the following:

(a) within two (2) Business Days after knowledge by a Responsible Officer of the Borrower Representative or any other Borrower of the occurrence of any Default or Event of Default;

(b) within two (2) Business Days after knowledge by a Responsible Officer of the Borrower Representative or any other Borrower of the receipt by any Loan Party or any Subsidiary of any notice of any investigation by a Governmental Authority or any litigation or proceeding commenced or threatened against any Loan Party or any Subsidiary that, individually or in the aggregate could reasonably be expected to have a Material Adverse Effect;

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(c) within two (2) Business Days after knowledge by a Responsible Officer of the Borrower Representative or any other Borrower of the receipt by any Loan Party or Subsidiary of any Lien or claim made or asserted against any of the Collateral having an aggregate value in excess of \$5,000,000, excluding from the scope of this clause (c) Permitted Encumbrances other than income tax Liens of the type referred to in clause (a)(ii) of Permitted Encumbrances to the extent exceeding \$1,000,000 individually or in the aggregate;

(d) within five (5) Business Days after knowledge by a Responsible Officer of the Borrower Representative or any other Borrower of the occurrence of any loss, damage, or destruction to the Collateral having a value in the amount of \$7,500,000 or more, whether or not covered by insurance;

(e) within ten (10) Business Days after knowledge by a Responsible Officer of the Borrower Representative or any other Borrower of the receipt by any Loan Party or Restricted Subsidiary thereof, any default notices received under or with respect to any leased location or public warehouse where Collateral in the amount of \$7,500,000 or more is located;

(f) promptly after knowledge by a Responsible Officer of the Borrower Representative of the occurrence of any ERISA Event or breach of any representation made in Section 3.10;

(g) within five (5) Business Days after knowledge by a Responsible Officer of the Borrower Representative of the occurrence of any default or event of default under a Specified L/C Facility or any other event that requires, or enables any issuing bank under the Specified L/C Facility to require, the Company or any of its Subsidiaries to provide cash collateral for all or any portion of any Specified L/C Obligations;

(h) within two (2) Business Days after the occurrence thereof, the occurrence of any default or event of default under any Permitted Term Loan Indebtedness or receipt of any notice asserting a default or event of default thereunder (together with a copy of such notice);

(i) (A) within five (5) Business Days after knowledge by a Responsible Officer of the Borrower Representative (1) of the occurrence of any default or event of default by any Person under any Credit Card Agreement relating to Credit Cards Accounts contained in the Borrowing Base, (2) the establishment of, or receipt by any Borrower of a notice of any proposed establishment of, a reserve or reserve account (or similar concept), whether in the form of an actual deposit account, book entry or otherwise, in connection with any Credit Card Agreement for the purposes of securing all or any portion of any Borrower's existing or potential obligations to the applicable credit card issuer or processor under such Credit Card Agreement, or (3) that any credit card issuer, credit card processor or debit card or mall card issuer or provider with respect to Credit Card Accounts ceases to meet the requirements of clause (f) of the definition of "Eligible Credit Card Accounts" and (B) on and at the time of submission to the Administrative Agent of the Borrowing Base Certificate after a Responsible Officer of the Borrower Representative has knowledge that any Borrower has entered into a material amendment, waiver or other modification of a Credit Card Agreement applicable to any Credit Card Account included in the Borrowing Base;

(j) within five (5) Business Days after knowledge by a Responsible Officer of the Borrower Representative of the filing of any Lien with respect to any delinquent Taxes in excess of \$2,500,000; and

(k) promptly after knowledge by a Responsible Officer of the Borrower Representative or any other Borrower of any other development that results, or could reasonably be expected to result in, a Material Adverse Effect.

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Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Borrower Representative setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Existence; Conduct of Business. Each Loan Party will, and will cause each Restricted Subsidiary to, (a) do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect (i) its legal existence and (ii) except to the extent failure to do so could not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, the rights, qualifications, licenses, permits, franchises, governmental authorizations, intellectual property rights, licenses and permits with respect to the conduct of its business, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted, provided that the foregoing shall not prohibit any merger, consolidation, liquidation, dissolution, disposition or other transaction permitted under Section 6.03, and (b) carry on and conduct its business in substantially the same manner and in fields of enterprise consistent with the provisions of Section 6.03(b).

SECTION 5.04 Payment of Obligations. Each Loan Party will, and will cause each Subsidiary to, pay or discharge all Material Indebtedness and all other material liabilities and obligations, including Taxes, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party or Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect (it being acknowledged that if any of the Collateral in an aggregate amount of \$5,000,000 or more would become subject to forfeiture or loss as a result of the contest, then such failure to make payment would be expected to result in a Material Adverse Effect).

SECTION 5.05 Maintenance of Properties. Each Loan Party will, and will cause each Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted and except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Books and Records; Inspection Rights. Each Loan Party will, and will cause each Subsidiary to, (a) keep proper books of record and account in which full, true and correct (in all material respects) entries are made of all dealings and transactions in relation to its business and activities and (b) permit any representatives designated by the Administrative Agent or any Lender (including employees of the Administrative Agent, any Lender or any consultants, accountants and agents retained by the Administrative Agent), as and when determined by the Administrative Agent, upon reasonable prior notice and during normal business hours, to visit and inspect its properties, to conduct at such Loan Party's premises field examinations of such Loan Party's assets, liabilities, books and records, including examining and making extracts from its books and records, environmental assessment reports and Phase I or Phase II studies, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided, however, that, (i) so long as at all times during any calendar year no Revolving Loans are outstanding and the LC Exposure is less than \$40,000,000, the Loan Parties shall not be required to pay the fees and expenses of the Administrative Agent and such professionals with respect to any such examinations and evaluations conducted during such calendar year and (ii) otherwise, unless an Event of Default has occurred and is continuing, only one such field examination per calendar year shall be at the expense of the Loan Parties; provided further that one additional field examination per calendar year may be done at the expense of the Loan Parties if Availability is at any time during such calendar year less than the Applicable Trigger Amount (Level V). For the avoidance of doubt, all such examinations and evaluations conducted after the occurrence and during the continuance of an Event of Default shall be at the expense of the Loan Parties, and it is understood that the election to conduct or not conduct any examinations and evaluations is in the

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discretion of the Administrative Agent. Each Loan Party acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain Reports pertaining to such Loan Party's assets for internal use by the Administrative Agent and the Lenders.

SECTION 5.07 Compliance with Laws and Material Contractual Obligations. Each Loan Party will, and will cause each Restricted Subsidiary to, (i) comply with each Requirement of Law applicable to it or its property (including without limitation Environmental Laws) except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect and (ii) perform in all material respects its obligations under material agreements to which it is a party, except (A) where the validity or amount thereof is being contested in good faith by appropriate proceedings, or (B) where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Company will maintain in effect and enforce policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08 Use of Proceeds.

(a) The proceeds of the Loans and the Letters of Credit will be used only for general corporate purposes and working capital needs of the Borrowers (including for Investments, Permitted Acquisitions, Capital Expenditures and Restricted Payments), subject to the restrictions otherwise set forth in this Agreement. No part of the proceeds of any Loan and no Letter of Credit will be used, whether directly or indirectly, (i) for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X or (ii) to make any Acquisition other than Permitted Acquisitions.

(b) No Borrower will request any Borrowing or Letter of Credit, and no Borrower shall, directly or indirectly, use the proceeds of any Borrowing or Letter of Credit, or lend, contribute or otherwise make available such proceeds to any Subsidiary or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (c) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.09 Accuracy of Information. The Loan Parties will ensure that any information, including financial statements or other documents, furnished to the Administrative Agent or the Lenders in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder contains no material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the furnishing of such information shall be deemed to be a representation and warranty by the Borrowers on the date thereof as to the matters specified in this Section 5.09; provided that, with respect to projected financial information, the Loan Parties will only ensure that such information was prepared in good faith based upon assumptions believed to be reasonable at the time delivered (it being understood that the projections are subject to inherent uncertainties and contingencies, which may be outside the control of any Loan Party and that no assurances can be given that such projected financial information will be realized).

SECTION 5.10 Insurance.

(a) Each Loan Party will, and will cause each Restricted Subsidiary to, maintain with financially sound and reputable carriers having a financial strength rating of at least A- by A.M. Best

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Company insurance in such amounts (with no greater risk retention) and against such risks (including, without limitation: loss or damage by fire and loss in transit; theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; business interruption; and general liability) and such other hazards, as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations. The Borrowers will furnish to the Lenders, upon request of the Administrative Agent, information in reasonable detail as to the insurance so maintained. All insurance policies required hereunder shall name the Administrative Agent (for the benefit of the Administrative Agent and the Secured Parties) as an additional insured or as lender loss payee, as applicable, and shall contain lender loss payable clauses, through endorsements in form and substance reasonably satisfactory to the Administrative Agent, which provide that: (i) all proceeds thereunder with respect to any Collateral shall be payable to the Administrative Agent; (ii) no such insurance shall be affected by any act or neglect of the insured or owner of the property described in such policy; and (iii) such policy and lender loss payable clauses may be canceled, amended, or terminated only upon at least thirty (30) days prior written notice given to the Administrative Agent.

(b) In the event any Collateral is located in any area that has been designated by the Federal Emergency Management Agency as a “Special Flood Hazard Area”, such Loan Party shall purchase and maintain flood insurance on such Collateral (including any personal property which is located on any real property leased by such Loan Party within a “Special Flood Hazard Area”). The amount of flood insurance required by this Section shall at a minimum comply with applicable law, including the Flood Disaster Protection Act of 1973, as amended.

(c) All premiums on any such insurance shall be paid when due by such Loan Party, and copies of the policies delivered to the Administrative Agent. If such Loan Party fails to obtain any insurance as required by this Section, the Administrative Agent may obtain such insurance at the Loan Parties’ expense. By purchasing such insurance, the Administrative Agent shall not be deemed to have waived any Default arising from the Loan Parties’ failure to maintain such insurance or pay any premiums therefor.

**SECTION 5.11 Casualty and Condemnation.** The Borrowers will (a) furnish to the Administrative Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of the Collateral or any material portion of the Inventory included in the Borrowing Base or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding and (b) ensure that the Net Proceeds of any such event (whether in the form of insurance proceeds, condemnation awards or otherwise) are collected and applied in accordance with the applicable provisions of this Agreement and the Collateral Documents.

**SECTION 5.12 Appraisals.** At any time that the Administrative Agent requests, the Borrower Representative will cause an appraiser selected and engaged by the Administrative Agent to provide the Administrative Agent with appraisals or updates thereof of the Loan Parties’ Inventory, such appraisals and updates to be prepared on a basis satisfactory to the Administrative Agent and to include, without limitation, information required by any applicable Requirement of Law; provided, however, that, (a) so long as at all times during any calendar year no Revolving Loans are outstanding and the LC Exposure is less than \$40,000,000, the Loan Parties shall not be required to pay the fees and expenses with respect to any such appraisals conducted during such calendar year and (b) otherwise, if no Event of Default has occurred and is continuing, only one such appraisal of Inventory per calendar year shall be at the expense of the Loan Parties; provided further that (x) one additional appraisal of Inventory per calendar year shall be at the expense of the Loan Parties if Availability is at any time during such calendar year less than the Applicable Trigger Amount (Level V), and (y) in addition to the foregoing, an additional appraisal of Inventory shall be at the expense of the Loan Parties if requested by the

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Administrative Agent in connection with a change in the Borrowers' inventory costing methodology following the Effective Date. For the avoidance of doubt, all such appraisals conducted after the occurrence and during the continuance of an Event of Default shall be at the expense of the Loan Parties, and it is understood that the election to conduct or not conduct any appraisals is in the discretion of the Administrative Agent.

SECTION 5.13 Depository Banks. The Loan Parties will maintain, and will cause their respective Domestic Subsidiaries to maintain, with the Administrative Agent or one or more Lenders acceptable to the Administrative Agent in its Permitted Discretion as their principal depository bank, including for the maintenance of operating, administrative, cash management, collection activity, and other Deposit Accounts for the conduct of their business; provided that the Loan Parties and their respective Domestic Subsidiaries shall not be required to satisfy the foregoing requirement with respect to any Deposit Account (i) that is an Excluded Account or an Excluded Asset or (ii) with respect to which the applicable Loan Parties have entered into a Control Agreement in accordance with the applicable Security Agreement and Section 5.14, as applicable, in favor of the Administrative Agent.

SECTION 5.14 Additional Collateral; Further Assurances. (a) Subject to applicable law, each Borrower and each Loan Party will cause each Designated Subsidiary formed or acquired after the date of this Agreement or that becomes a Designated Subsidiary after the Effective Date in accordance with the terms of this Agreement within 30 days (in each case, as such time may be extended in the Administrative Agent's sole discretion) to become a Borrower (excluding, for the avoidance of doubt, any Foreign Subsidiary) or a Guarantor pursuant to a Joinder Agreement and take all such further actions (including the filing and recording of financing statements and other documents) that are required under the Collateral Documents or this Agreement to cause the Collateral and Guaranty Requirement to be satisfied with respect to such Designated Subsidiary. Upon execution and delivery thereof, each such Person (i) shall automatically become a Borrower or Guarantor, as applicable hereunder and thereupon shall have all of the rights, benefits, duties, and obligations in such capacity under the Loan Documents and (ii) will grant Liens to the Administrative Agent, for the benefit of the Administrative Agent and the applicable Secured Parties, in any property of such Loan Party which constitutes Collateral, under the applicable Security Agreement.

(b) The Loan Parties will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, and other documents) which may be required by any Requirement of Law or which the Administrative Agent may, from time to time, reasonably request, to cause the Collateral and Guaranty Requirement to be and remain satisfied at all times. The Loan Parties also agree to provide to the Administrative Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Collateral Documents. For the avoidance of doubt, until an opinion of local counsel, in form and substance satisfactory to the Administrative Agent, is received by the Administrative Agent with respect to the Loan Party organized in Puerto Rico, the assets of such Puerto Rican Loan Party shall not be eligible for inclusion in the Borrowing Base.

SECTION 5.15 Designation of Subsidiaries. The Company may at any time designate any Restricted Subsidiary of the Company (other than any Borrower) as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (a) immediately before and after such designation, no Default or Event of Default shall have occurred and be continuing, (b) on Pro Forma Basis, the Payment Conditions shall be satisfied, and (c) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if (i), after such designation, it would be a "restricted subsidiary" under any Permitted Term Loan Indebtedness or Subordinated Debt or (ii) any Restricted Subsidiary would be a Subsidiary of such Unrestricted Subsidiary. The designation of any Restricted Subsidiary as an

Unrestricted Subsidiary after the Effective Date shall constitute an Investment by the Company therein at the date of designation in an amount equal to the fair market value of the Company or its Restricted Subsidiaries' (as applicable) Investments therein as determined in good faith by the Borrower Representative. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary after the Effective Date shall constitute at the time of designation the incurrence of any Indebtedness or Liens of such Restricted Subsidiary existing at such time.

SECTION 5.16 Environmental Laws. Except where the failure to do so would not reasonably be expected to have Material Adverse Effect, the Company and each Subsidiary shall (i) conduct its operations and keep and maintain all of its real property in compliance with all Environmental Laws; (ii) obtain and renew all environmental permits necessary for its operations and properties; and (iii) implement any and all investigation, remediation, removal and response actions that are necessary to comply with Environmental Laws pertaining to the presence, generation, treatment, storage, use, disposal, transportation or release of any Hazardous Materials on, at, in, under, above, to, from or about any of its Real Estate, provided, however, that neither a Loan Party 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 adequate reserves have been set aside and are being maintained by the Loan Parties with respect to such circumstances in accordance with GAAP.

SECTION 5.17 Credit Card Agreements and Notifications. Each Borrower will (a) comply in all material respects with all its obligations under each Credit Card Agreement to which it is party and (b) maintain credit card arrangements solely with the credit card issuers and credit card processors identified in Schedule 3.23; provided, however, that the Company may amend Schedule 3.23 to remove any credit card issuer or credit card processor identified on such schedule or to add additional credit card issuers and credit card processors that are reasonably satisfactory to the Administrative Agent, and concurrently with or promptly following the making of any such amendment the Company shall provide to the Administrative Agent evidence that a Credit Card Notification shall have been delivered to any credit card issuer or credit card processor added to such Schedule 3.23.

SECTION 5.18 Post-Closing Obligations. The Loan Parties will execute and deliver the documents and complete the tasks set forth on Schedule 5.18, in each case within the time limits specified on such schedule (or such longer period as the Administrative Agent may agree in its sole discretion).

## ARTICLE VI

### NEGATIVE COVENANTS

Until the Commitments shall have expired or been terminated and the principal of and interest on each Loan and all fees, expenses and other amounts payable under any Loan Document (other than contingent or indemnity obligations for which no claim has been made) shall have been paid in full and all Letters of Credit shall have expired or have been Cash Collateralized pursuant to the terms hereof, or terminated, in each case without any pending draw, and all LC Disbursements shall have been reimbursed, each Loan Party executing this Agreement covenants and agrees, jointly and severally with all of the other Loan Parties, with the Lenders that:

SECTION 6.01 Indebtedness. No Loan Party will, nor will it permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) (i) the Secured Obligations (other than Specified L/C Obligations) and (ii) Specified L/C Obligations or any other trade letter of credit facilities in addition thereto on substantially similar terms as determined by the Administrative Agent in its reasonable judgment, so long as, in each case, the

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aggregate undrawn amount of all letters of credit issued thereunder plus the aggregate amount of all drawn and unreimbursed obligations with respect to all letters of credit thereunder does not exceed \$150,000,000;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals, refinancings and replacements of any such Indebtedness in accordance with clause (f) hereof;

(c) Indebtedness of the Company to any Restricted Subsidiary and of any Restricted Subsidiary to the Company or any other Restricted Subsidiary; provided that (A) such Indebtedness shall not have been transferred to any Person other than the Company or any Restricted Subsidiary, (B) any such Indebtedness owing by a Loan Party to a Restricted Subsidiary that is not a Loan Party shall be unsecured and subordinated in right of payment to the Secured Obligations on terms customary for intercompany subordinated Indebtedness, as reasonably determined by the Administrative Agent, and (C) any such Indebtedness shall be incurred in compliance with Section 6.04(d);

(d) Guarantees by any Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of any Borrower or any other Subsidiary, provided that (i) the Indebtedness so Guaranteed is permitted by this Section 6.01, (ii) Guarantees by any Loan Party of Indebtedness of any Subsidiary that is not a Loan Party shall be subject to Section 6.04 and (iii) Guarantees permitted under this clause (d) shall be subordinated to the Secured Obligations on the same terms as the Indebtedness so Guaranteed is subordinated to the Secured Obligations;

(e) Indebtedness of any Borrower or any Restricted Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets (but excluding any real property) (whether or not constituting purchase money Indebtedness), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness in accordance with clause (f) below; provided that (i) such Indebtedness is incurred prior to or within 270 days after such acquisition or the completion of such construction or improvement and the principal amount of such Indebtedness does not exceed the cost of acquiring, constructing or improving such fixed or capital assets, and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) together with any Refinance Indebtedness in respect thereof permitted by clause (f) below, and together with any Indebtedness permitted by clause (r) below, shall not exceed \$100,000,000 at any time outstanding;

(f) Indebtedness which represents amendments, restatements, supplements, extensions, renewals, refinancing or replacements (such Indebtedness being so amended, restated, supplemented, extended, renewed, refinanced or replaced being referred to herein as the "Refinance Indebtedness") of any of the Indebtedness described in clauses (b), (e), and (m) hereof (such Indebtedness being referred to herein as the "Original Indebtedness"); provided that (i) such Refinance Indebtedness does not increase the principal amount of the Original Indebtedness, (ii) any Liens securing such Refinance Indebtedness are not extended to any additional property of any Loan Party or any Restricted Subsidiary, (iii) no Loan Party or any Restricted Subsidiary that is not originally obligated with respect to repayment of such Original Indebtedness is required to become obligated with respect to such Refinance Indebtedness, (iv) such Refinance Indebtedness does not result in a shortening of the average weighted maturity of such Original Indebtedness, (v) the terms of such Refinance Indebtedness are not materially less favorable to the obligor thereunder than the original terms of such Original Indebtedness and (vi) if such Original Indebtedness was subordinated in right of payment to any of the Secured Obligations, then the terms and conditions of such Refinance Indebtedness must include subordination terms and conditions that are at least as favorable to the Administrative Agent and the Lenders as those that were applicable to such Original Indebtedness;

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(g) Indebtedness owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, pursuant to reimbursement or indemnification obligations to such Person, in each case under this clause (g) incurred in the ordinary course of business;

(h) Indebtedness of any Loan Party in respect of performance bonds, bid bonds, appeal bonds, surety bonds and similar obligations, in each case under this clause (h) provided in the ordinary course of business;

(i) Indebtedness in respect of netting services, overdraft protections and otherwise in connection with deposit and checking accounts, in each case under this clause (i), in the ordinary course of business;

(j) Indebtedness in the form of bona fide purchase price adjustments or earn-outs incurred in connection with any Permitted Acquisition or other Investment permitted by Section 6.04;

(k) Indebtedness in the form of Swap Agreements permitted under Section 6.07;

(l) Permitted Term Loan Indebtedness;

(m) Indebtedness of any Person that becomes a Restricted Subsidiary after the date hereof; provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary;

(n) Indebtedness incurred under leases of real property in respect of tenant improvements;

(o) obligations under any agreement governing the provision of treasury or cash management services, including deposit accounts, overnight draft, credit cards, debit cards, p-cards (including purchasing cards and commercial cards), funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and other cash management services;

(p) Indebtedness with respect to the deferred purchase price for any Permitted Acquisition, provided that such Indebtedness is subordinated to the Secured Obligations on terms reasonably acceptable to the Administrative Agent;

(q) so long as no Event of Default then exists or would arise immediately after giving effect thereto, other Indebtedness not to exceed \$50,000,000 in the aggregate at any time outstanding;

(r) Indebtedness in an aggregate principal amount subject to the limitation in amount referred to in clause 6.01(e)(ii) above incurred for the construction, development or acquisition or improvement of, or to finance or to refinance, any real estate owned or leased by any Loan Party (including therein any Indebtedness incurred in connection with sale-leaseback transactions permitted hereunder and any Off-Balance Sheet Liabilities), provided that prior to incurrence of such Indebtedness the Loan Parties shall have caused the holders of such Indebtedness and the lessors under any sale-leaseback or other such transaction to enter into a Collateral Access Agreement on terms reasonably satisfactory to the Administrative Agent unless not required in the reasonable judgment of the Administrative Agent as confirmed in writing by the Administrative Agent; and

(s) unsecured Indebtedness or Subordinated Indebtedness not otherwise specifically described herein, in each case under this clause (s), with a maturity date and an average life to maturity that is at least six (6) months following the Maturity Date and that does not require amortization or prepayments prior to the Maturity Date.

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Anything in this Section 6.01 to the contrary notwithstanding, (a) Specified L/C Obligations may only be created, incurred, assumed or exist pursuant to Section 6.01(a)(ii) and (b) Permitted Term Loan Indebtedness may only be created, incurred, assumed or exist pursuant to Section 6.01(l).

SECTION 6.02 Liens. No Loan Party will, nor will it permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property, asset, income or revenue (including Accounts) now owned or hereafter acquired by it, except:

(a) Liens in favor of the Administrative Agent created pursuant to any Loan Document;

(b) Permitted Encumbrances;

(c) any Lien on any property or asset of any Borrower or any Restricted Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of such Borrower or Restricted Subsidiary or any other Borrower or Restricted Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by any Borrower or any Restricted Subsidiary; provided that (i) such Liens secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 270 days after such acquisition or the completion of such construction or improvement, (iii) such Liens shall not apply to any other property or assets of such Borrower or Restricted Subsidiary or any other Borrower or Restricted Subsidiary and (iv) the Indebtedness secured thereby does not exceed the cost of the property being acquired, constructed or improved on the date of acquisition, construction or improvement;

(e) any Lien existing on any specific tangible property or specific tangible asset (other than Collateral) prior to the acquisition thereof by any Borrower or any Restricted Subsidiary or existing on any property or asset (other than Collateral) of any Person that becomes a Loan Party after the date hereof prior to the time such Person becomes a Loan Party; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Loan Party, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Loan Party, (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Loan Party, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof and (iv) such Lien and the documentation governing the creation thereof do not prohibit or interfere with (x) the Administrative Agent's access rights to such property or asset for purposes of Collateral rights in accordance with Section 2.23 hereof except to the extent otherwise approved by the Administrative Agent in its sole discretion in writing and (y) if applicable, the intellectual property license granted to the Administrative Agent pursuant to the Security Agreement;

(f) (i) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the UCC in effect in the relevant jurisdiction covering only the items being collected upon and (ii) Liens in favor of securities intermediaries, rights of setoff or similar rights and remedies as to deposit accounts or securities accounts or other funds maintained with depository institutions or securities intermediary (other than as waived under any contractual agreement or Control Agreement with the Administrative Agent);

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- (g) Liens arising out of Sale and Leaseback Transactions permitted by Section 6.06;
- (h) Liens securing Permitted Term Loan Indebtedness; provided that, such Liens must be and remain subject to a Permitted Term Loan Intercreditor Agreement;
- (i) Liens granted by a Restricted Subsidiary that is not a Loan Party in favor of any Borrower or another Loan Party in respect of Indebtedness owed by such Restricted Subsidiary;
- (j) Liens on Equity Interests or other assets being sold arising in connection with the sale or transfer of such Equity Interests or such other assets in a transaction permitted under Section 6.05, customary rights and restrictions in respect of such Equity Interests or other assets being sold contained in agreements relating to such sale or transfer pending the completion thereof;
- (k) in the case of (i) any non-Loan Party Restricted Subsidiary that is not a wholly-owned Restricted Subsidiary or (ii) the Equity Interests in any Person that is not a Restricted Subsidiary, any encumbrance or restriction, including any put and call arrangements, related to Equity Interests in such Restricted Subsidiary or such other Person set forth in the organizational documents of such Restricted Subsidiary or such other Person or any related joint venture, shareholders' or similar agreement;
- (l) Liens solely on any cash earnest money deposits or escrow arrangements made by the Company or any Restricted Subsidiary in connection with any letter of intent or purchase agreement for a Permitted Acquisition or other transaction permitted hereunder;
- (m) other Liens on specifically identified tangible personal property securing Indebtedness or other obligations in an aggregate principal amount not to exceed \$20,000,000 at any time outstanding so long as the Administrative Agent and the collateral agents or other representatives for the holders of such Indebtedness have entered into an intercreditor agreement, acknowledged by the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent (it being understood that in the event any such Liens extend to Accounts, Credit Card Accounts or Inventory, such Accounts, Credit Card Accounts or Inventory, to the extent otherwise included therein, will not constitute or will cease to be Eligible Trade Accounts, Eligible Credit Card Accounts or Eligible Inventory, as applicable);
- (n) Liens in favor of landlords on leasehold improvements financed by allowances or advances pursuant to lease arrangements in the ordinary course of business (subject to the terms of the applicable Collateral Access Agreement to the extent otherwise required hereunder to be entered into with the Administrative Agent);
- (o) Liens in favor of insurance companies or their affiliates on the unearned portion of the premium financed in connection with insurance premium financing in the ordinary course of business;
- (p) [reserved];
- (q) Liens on Real Estate, provided that such Liens only secure Indebtedness permitted by clause (r) of Section 6.01;
- (r) Secured Inventory Liens; and
- (s) Liens on motor vehicles, aircraft, avionics, vessels and property related thereto and other property the subject of certificates of title or other certificates of registration and operation, provided that the Indebtedness secured by any such Lien does not exceed the cost of such motor vehicle, aircraft, avionic, vessel or other property, as applicable.

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Notwithstanding the foregoing, (A) none of the Liens permitted pursuant to this Section 6.02 may at any time attach to any Loan Party's (1) Accounts or Credit Card Accounts, other than those permitted under clauses (a) and (m) of the definition of Permitted Encumbrances and clauses (a), (h) and (m) above and (2) Inventory, other than those permitted under clauses (a) and (c) of the definition of Permitted Encumbrances and clauses (a) and (h) above and (B) none of the Specified L/C Obligations may be cash collateralized unless such cash collateral constitutes Collateral hereunder for the benefit of all of the Secured Parties in accordance with, and subject to, Section 2.18 of the Loan Documents.

SECTION 6.03 Fundamental Changes; Changes in Name, Location. (a) No Loan Party will, nor will it permit any Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing (i) any Subsidiary of any Borrower may merge into a Borrower in a transaction in which such Borrower is the surviving entity, (ii) any Borrower may merge into another Borrower, (iii) any Person (other than a Borrower) may merge into, amalgamate with or consolidate with any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary and, if any party to such merger, amalgamation or consolidation is a Loan Party, a Loan Party, (iv) any Restricted Subsidiary (other than a Loan Party) may merge into, amalgamate with or consolidate with any Person (other than a Loan Party) in a transaction permitted under Section 6.05 in which, after giving effect to such transaction, the surviving entity is not a Restricted Subsidiary, and (v) any Restricted Subsidiary that is not a Loan Party may liquidate or dissolve if the Borrower which owns such Restricted Subsidiary determines in good faith that such liquidation or dissolution is in the best interests of such Borrower and is not materially disadvantageous to the Lenders; provided that (x) any merger or consolidation that is in connection with an Acquisition must be a Permitted Acquisition, (y) any such merger or consolidation involving a Person that is not a wholly-owned Restricted Subsidiary immediately prior to such merger or consolidation shall not be permitted unless also permitted by Section 6.04, and (z) in all circumstances, such merging or consolidating entities are from the same country of domicile except that the terms of this clause (z) shall not apply in respect of entities that are all non-Loan Parties.

(b) No Loan Party will, nor will it permit any Subsidiary to, engage in any business other than businesses (i) of the type conducted by the Borrowers and their Restricted Subsidiaries on the date hereof and businesses reasonably similar, related, complementary or ancillary thereto and extensions thereof, so long as the core business of the Loan Parties and Restricted Subsidiaries on the Effective Date, after giving effect to any of the foregoing, does not change in any material way and (ii) in respect of Unrestricted Subsidiaries, consistent with the definition of such term.

(c) No Loan Party shall (a) change its name as it appears in official filings in the state of incorporation or organization, (b) change its chief executive office or any distribution centers at which Collateral is held or stored, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case under this Section 6.03(c), unless the Administrative Agent shall have received at least thirty (30) days prior written notice of such change and the Administrative Agent shall have acknowledged in writing that either (1) such change will not adversely affect the validity, perfection or priority of the Administrative Agent's security interest in the Collateral, or (2) any reasonable action requested by the Administrative Agent in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Administrative Agent, on behalf of the Secured Parties, in any Collateral).

(d) No Loan Party will, nor will it permit any Restricted Subsidiary to, change its fiscal year from the basis in effect on the Effective Date without first providing 30 days' prior written notice thereof to the Administrative Agent, in which case the Loan Parties and the Administrative Agent shall, prior to

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the effectiveness of such change, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are reasonably necessary in the judgment of the Administrative Agent to reflect such change in fiscal year.

(e) No Loan Party will change the accounting basis upon which its financial statements are prepared, other than immaterial changes to comply with changes in GAAP, without first having provided to the Administrative Agent 30 days' prior written notice thereof, in which case, the Loan Parties and the Administrative Agent shall, prior to the effectiveness of such change, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are reasonably necessary in the judgment of the Administrative Agent to reflect such change; it being acknowledged that with respect to calculations of the Borrowing Base such change must be approved in writing by the Administrative Agent.

SECTION 6.04 Investments, Loans, Advances, Guarantees and Acquisitions. No Loan Party will, nor will it permit any Restricted Subsidiary to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Loan Party and a wholly-owned Subsidiary prior to such merger) any evidences of Indebtedness or Equity Interests or other securities (including any option, warrant or other right to acquire any of the foregoing), make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit (whether through purchase of assets, merger or otherwise) or enter into any other Acquisition (each of the foregoing, an "Investment"), except:

(a) Investments in cash and Cash Equivalents;

(b) Investments in existence on the date hereof and described in Schedule 6.04;

(c) Investments in existence on the Effective Date by the Company and its Restricted Subsidiaries in their respective Subsidiaries;

(d) Investments by the Company and the Restricted Subsidiaries in their respective Subsidiaries made after the Effective Date; provided that (i) the aggregate amount of such Investments by the Loan Parties in Subsidiaries that are not Loan Parties shall not exceed \$20,000,000 at any time outstanding (determined without regard to any write-downs or write-offs) and (ii) any such Investments that are loans and advances made by a Loan Party shall be evidenced by a promissory note pledged pursuant to the Security Agreement to the extent required to be so pledged by the Security Agreement;

(e) loans or advances made by a Loan Party or a Restricted Subsidiary to its employees, officers, or directors on an arm's-length basis in the ordinary course of business consistent with past practices for travel and entertainment expenses, relocation costs and similar purposes;

(f) accounts receivable, notes payable, or stock or other securities issued by Account Debtors to a Loan Party pursuant to negotiated agreements with respect to settlement of such Account Debtor's Accounts obligations in the ordinary course of business, consistent with past practices, 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 or received in connection with the bankruptcy or reorganization of customers or suppliers, or settlement of disputes with suppliers, in each case in the ordinary course of business;

(g) Investments in the form of Swap Agreements permitted by Section 6.07;

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(h) Investments of any Person existing at the time such Person becomes a Restricted Subsidiary of a Borrower or consolidates or merges with a Borrower or any of the Restricted Subsidiaries (including in connection with a Permitted Acquisition) so long as such investments were not made in contemplation of such Person becoming a Restricted Subsidiary or of such merger;

(i) Investments made as a result of receipt of non-cash consideration from a sale, transfer or other disposition of assets permitted under Section 6.05;

(j) Investments constituting deposits described in clauses (c) and (d) of the definition of the term "Permitted Encumbrances";

(k) Permitted Acquisitions;

(l) Investments (excluding Acquisitions but including Investments in Subsidiaries) not otherwise permitted by this Section 6.04 so long as the Payment Conditions are satisfied before and immediately after giving effect to each such Investment and so long as no such Investment requires the incurrence of any Indebtedness, contingent obligation (including any capital call) or other liability not otherwise permitted under this Agreement by any Loan Party or otherwise enables a creditor to have recourse to any Loan Party not otherwise permitted under this Agreement;

(m) deposits, prepayments, advances and other credits to suppliers, vendors, customers, lessors and landlords or in connection with marketing promotions, in each instance, made in the ordinary course of business;

(n) Investments the sole payment for which is common stock of the Company and which do not constitute Indebtedness;

(o) any earn-out or customary indemnity, purchase price adjustment, or similar obligation payable to the Company or any of its Restricted Subsidiaries pursuant to a Permitted Acquisition or a disposition permitted under Section 6.05;

(p) so long as no Default or Event of Default has occurred and is continuing before or after giving effect to such Investments and so long as no such Investment requires the incurrence of any Indebtedness or contingent obligation (including any capital call) or other liability by any Loan Party or otherwise enables a creditor to have recourse to any Loan Party, in each case not otherwise permitted to exist under another Section of this Agreement, other Investments (excluding Acquisitions) in an aggregate amount not to exceed \$15,000,000 at any time outstanding;

(q) Investments (excluding Acquisitions) made pursuant to the Company's Investment Policy and otherwise consistent with the other provisions of this Agreement; and

(r) Restricted Payments permitted by Section 6.08.

For the purposes of this Section 6.04, any unreimbursed payment by the Company or any Restricted Subsidiary for goods or services delivered to any Restricted Subsidiary shall be deemed to be an Investment in such Restricted Subsidiary.

SECTION 6.05 Asset Sales. No Loan Party will, nor will it permit any Restricted Subsidiary to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it or any assignment (whether non-recourse, recourse, or otherwise) of income or revenue (including Accounts), nor will any Borrower permit any Restricted Subsidiary to issue any additional Equity Interest in such

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Restricted Subsidiary (other than to another Borrower or another Restricted Subsidiary in compliance with Section 6.04 and other than directors' qualifying shares and other nominal amounts of Equity Interests that are required to be held by other Persons under applicable law), excluding therefrom the payment of advances, customer deposits, trade payables and other accrued expenses and liabilities incurred in the ordinary course of business, and the transfer and sale of Cash Equivalents and other marketable securities, except:

(a) (i) sales of inventory, (ii) sales, transfers and other dispositions of used, damaged, surplus, obsolete or outmoded machinery or equipment and (iii) dispositions of Investments in Cash Equivalents so long as the proceeds of such disposition are invested in an Investment permitted under Section 6.04, applied as Restricted Payments permitted by Section 6.08 or otherwise used in a manner not expressly prohibited by this Agreement, in each case (other than in the case of clause (iii)) in the ordinary course of business;

(b) sales, transfers, leases and other dispositions to the Company or any Restricted Subsidiary; provided that any such sales, transfers, leases or other dispositions involving a Loan Party and a Restricted Subsidiary that is not a Loan Party shall be made in compliance with Section 6.04(d) and Section 6.09 and shall exclude assets of the type included in the Borrowing Base and related assets evidencing or supporting such assets, and Equity Interests in Subsidiaries (other than (x) Equity Interests in Foreign Subsidiaries, (y) Equity Interests in Subsidiaries (other than Borrowers) having assets with an aggregate value not to exceed \$10,000,000 at such date the disposition of which shall not change the core operations of the Borrowers (as in existence on the Effective Date) in any material respect and (z) transfers of Inventory by a Borrower directly to the retail locations (for sale therein) of a Canadian Subsidiary of the Company on arms-length terms applicable to an unaffiliated third party and that are consistent with past practice of the Loan Parties);

(c) the sale or discount of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof and not in connection with any financing transaction;

(d) Sale and Leaseback Transactions permitted by Section 6.06;

(e) dispositions resulting from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Borrower or any Subsidiary;

(f) leases or subleases of real property granted by the Company or any Restricted Subsidiary to third Persons not interfering in any material respect with the business of the Company or any Restricted Subsidiary, including, without limitation, retail store lease assignments and surrenders;

(g) other dispositions of assets (other than assets of the type included in the Borrowing Base and related assets evidencing or supporting such assets, including, without limitation, patents, trademarks, copyrights and other intellectual property) of the Company and its Restricted Subsidiaries not otherwise permitted under this Section 6.05, provided that before and after giving effect to such disposition, the Payment Conditions are satisfied; provided further that, with respect to any disposition of Equity Interests in Subsidiaries, such disposition shall only be permitted pursuant to this clause (g) so long as (i) at the time of such disposition, no Default or Event of Default shall exist or shall result from such disposition; (ii) the consideration received for such disposition shall be in an amount at least equal to the fair market value of the Equity Interests sold, transferred, licensed or otherwise disposed of; (iii) at least seventy-five percent (75%) of the consideration received for such disposition shall be cash; and (iv) the aggregate fair market value of all Equity Interests so sold, transferred, licensed or otherwise so disposed of shall not

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exceed \$10,000,000 during the term of this Agreement and shall not include Equity Interests of any Loan Party (x) if such disposition changes any Borrower's core business as in effect on the Effective Date or (y) if such Loan Party owns patents, trademarks, copyrights and other intellectual property relating to any Borrower's core business as in effect on the Effective Date;

(h) other dispositions of assets (whether or not of the type included in the Borrowing Base) of the Company and its Restricted Subsidiaries not otherwise permitted under this Section 6.05, the aggregate fair market value of assets disposed of pursuant to this clause (h) not to exceed \$10,000,000 during the term of this Agreement;

(i) the sale, transfer or other disposition of patents, trademarks, copyrights and other intellectual property or the granting of franchises and similar rights, in each case (i) in the ordinary course of business, including pursuant to non-exclusive licenses of intellectual property; provided that no such sale, transfer or other disposition shall adversely affect in any material respect the fair value of any Eligible Inventory or the ability of the Administrative Agent to dispose of or otherwise realize upon any Eligible Inventory after an Event of Default; provided that, this clause (i) shall not permit the sale, transfer or other disposition (other than non-exclusive licenses) of any such intellectual property of a Loan Party to any Foreign Subsidiary or any non-Loan Party, or (ii) which, in the reasonable judgment of the Company or any Subsidiary, are determined to be uneconomical, negligible or obsolete in the conduct of business;

(j) Restricted Payments permitted by Section 6.08;

(k) 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 similar replacement property; and

(l) as long as no Event of Default then exists or would arise therefrom, sales of real property of any Loan Party or Restricted Subsidiary;

provided that all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by paragraphs (a)(ii), (b), (f), (j) or (k) above) shall be made for fair value and for at least 75% cash consideration (or, in the case of a sale, transfer, lease or other disposition of assets included in the Borrowing Base, 100% cash consideration).

SECTION 6.06 Sale and Leaseback Transactions. No Loan Party will, nor will it permit any Restricted Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, 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 sold or transferred (a "Sale and Leaseback Transaction"), except for any such sale of any fixed or capital assets by any Borrower or any Restricted Subsidiary that is made for cash consideration in an amount not less than the fair value of such fixed or capital asset.

SECTION 6.07 Swap Agreements. No Loan Party will, nor will it permit any Restricted Subsidiary to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which any Borrower or any Restricted Subsidiary has actual exposure (other than those in respect of Equity Interests of any Borrower or any of its Restricted Subsidiaries), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from floating to fixed rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of any Borrower or any Restricted Subsidiary.

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SECTION 6.08 Restricted Payments; Certain Payments of Indebtedness.

(a) No Loan Party will, nor will it permit any Restricted Subsidiary to, declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except:

(i) the Company may declare and pay dividends with respect to its Equity Interests payable solely in common stock;

(ii) any Restricted Subsidiary of the Company may declare and pay dividends or make other distributions with respect to its Equity Interests, or make other Restricted Payments in respect of its Equity Interests, in each case ratably to the holders of such Equity Interests (or, if not ratably, on a basis more favorable to the Company and the Restricted Subsidiaries);

(iii) the Company may repurchase Equity Interests upon the exercise of stock options, deferred stock units and restricted shares to the extent such Equity Interests represent a portion of the exercise price of such stock options, deferred stock units or restricted shares;

(iv) the Company may make cash payments in lieu of the issuance of fractional shares representing insignificant interests in the Company in connection with the exercise of warrants, options or other securities convertible into or exchangeable for shares of common stock in the Company; and

(v) the Company may declare and make Restricted Payments including dividends or share repurchases so long as before and immediately after giving effect to such Restricted Payments the Payment Conditions are satisfied.

(b) No Loan Party will, nor will it permit any Restricted Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except:

(i) payment of Indebtedness created under the Loan Documents;

(ii) payment of regularly scheduled interest and principal payments or reimbursement obligations under letters of credit, in each case, as and when due in respect of any Indebtedness permitted under Section 6.01, other than payments in respect of the Subordinated Indebtedness prohibited by the subordination provisions thereof and subject in the case of the Specified L/C Obligations to any other provisions applicable thereto as provided in this Agreement or any other Loan Document (including the provisions of Section 2.18); and

(iii) refinancings of Indebtedness to the extent permitted by Section 6.01;

(iv) payment of secured Indebtedness that becomes due as a result of (A) any voluntary sale or transfer of any assets (other than assets included in any Borrowing Base) securing such Indebtedness or (B) any casualty or condemnation proceeding (including a disposition in lieu thereof) of any assets (other than assets included in any Borrowing Base) securing such Indebtedness;

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- (v) payments of or in respect of Indebtedness solely by issuance of the common stock of the Company;
  - (vi) payments of intercompany Indebtedness owed to any Loan Party; and
  - (vii) other payments of or in respect of Indebtedness; provided that at the time of and immediately after giving effect thereto the Payment Conditions have been satisfied.

SECTION 6.09 Transactions with Affiliates. No Loan Party will, nor will it permit any Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions that (i) are in the ordinary course of business and (ii) are at prices and on terms and conditions not less favorable to such Loan Party or such Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among any Loan Parties not involving any other Affiliate, (c) any Investment permitted by Section 6.04, (d) any Indebtedness permitted under Section 6.01(c), provided that Indebtedness owed to non-Loan Parties must be on terms and conditions not less favorable to such Loan Party than could be obtained on an arm's length basis from unrelated third parties, (e) any Restricted Payment permitted by Section 6.08, (f) loans or advances to officers, directors and employees permitted under Section 6.04, (g) the payment of reasonable fees to directors of any Borrower or any Restricted Subsidiary who are not employees of such Borrower or Restricted Subsidiary, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Borrowers or their Restricted Subsidiaries in the ordinary course of business, and (h) any issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans approved by a Borrower's board of directors.

SECTION 6.10 Restrictive Agreements. No Loan Party will, nor will it permit any Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Loan Party or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any of its Equity Interests or to make or repay loans or advances to any Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of any Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by any Requirement of Law or by any Loan Document or any agreement governing the Permitted Term Loan Indebtedness, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.10 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Restricted Subsidiary pending such sale, provided such restrictions and conditions apply only to the Restricted Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (v) clause (a) of the foregoing shall not apply to customary provisions in leases restricting the assignment thereof.

SECTION 6.11 Amendment of Material Documents. No Loan Party will, nor will it permit any Restricted Subsidiary to, amend, modify or waive any of its rights under (a) any agreement relating to any Subordinated Indebtedness except as permitted in accordance with the subordination terms thereof, (b) its charter, articles or certificate of incorporation or organization, by-laws, operating, management or partnership agreement or other organizational documents if such amendments, modifications, or waivers,

individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, (c) Material Indebtedness (other than on account of any refinancing thereof otherwise permitted hereunder, or with respect to any Permitted Term Loan Indebtedness) to the extent any such amendment, modification or waiver would result in a Default or Event of Default under any of the Loan Documents, would increase materially the obligations of the Loan Parties thereunder, confer any additional material rights on the holders of such Material Indebtedness, or otherwise materially and adversely affect the rights or interests of the Lenders or (d) Permitted Term Loan Indebtedness, except as permitted by the applicable Permitted Term Loan Intercreditor Agreement with respect thereto; provided that in each case under this Section 6.11 the Administrative Agent shall have received a copy, certified as true and complete, of any proposed amendment at least five (5) Business Days (or as such time may be extended in writing in the Administrative Agent's sole discretion) prior to the intended effectiveness thereof.

SECTION 6.12 Fixed Charge Coverage Ratio. The Company will not permit the Fixed Charge Coverage Ratio, as of the end of any fiscal quarter, commencing with the fiscal quarter ending immediately preceding the date on which Availability is less than the Applicable Trigger Amount (Level I), to be less than 1.0 to 1.0. Once such covenant is in effect, compliance with the covenant will be discontinued: (i) on the first date thereafter that (A) no Default or Event of Default exists and (B) Availability is greater than or equal to the Applicable Trigger Amount (Level I) for a period of 90 consecutive days and (ii) no more than once in any period of 12 consecutive months.

SECTION 6.13 Disqualified Stock. The Company will not, and will not permit any Restricted Subsidiary to, issue any Disqualified Stock, other than, in the case of the Restricted Subsidiaries, to the Company or a Restricted Subsidiary; provided that any issuance of Equity Interests of any Restricted Subsidiary that is not a Loan Party to any Loan Party shall be subject to Section 6.04.

## ARTICLE VII

### EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) the Borrowers shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise; or

(b) the Borrowers shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days; or

(c) any representation or warranty made or deemed made by or on behalf of any Loan Party or any Restricted Subsidiary in, or in connection with, this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, shall prove to have been materially incorrect when made or deemed made (it being understood and agreed that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects); or

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(d) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), Section 5.03 (with respect to a Loan Party's existence), 5.08, 5.18 or in Article VI of this Agreement; or

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those which constitute a default under another Section of this Article), and such failure shall continue unremedied for a period of (i) five (5) days after the earlier of knowledge of a Responsible Officer of the Borrower Representative of such breach or notice thereof from the Administrative Agent (which notice will be given at the request of any Lender) if such breach relates to terms or provisions of Section 5.01, Section 5.02 (other than Section 5.02(a)), Section 5.03 (other than with respect to a Loan Party's existence) through Section 5.07, Section 5.10, Section 5.11 or Section 5.13 of this Agreement or Article VII of the Security Agreement, or (ii) 30 days after the earlier of knowledge of a Responsible Officer of the Borrower Representative of such breach or notice thereof from the Administrative Agent (which notice will be given at the request of any Lender) if such breach relates to terms or provisions of any other Section of this Agreement; or

(f) any Loan Party or Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness (other than Specified L/C Obligations) or Permitted Term Loan Indebtedness, when and as the same shall become due and payable; or

(g) (i) any event or condition occurs that results in any Material Indebtedness (other than Specified L/C Obligations) or Permitted Term Loan Indebtedness of any Loan Party or Subsidiary becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness (other than Specified L/C Obligations) or Permitted Term Loan Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness or Permitted Term Loan Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such sale or transfer is permitted by Section 6.05, and (ii) any event or condition occurs that results in Specified L/C Obligations that constitute Material Indebtedness becoming due or requiring cash collateralization of any Specified L/C Obligation prior to its scheduled maturity or termination date; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of a Loan Party or Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, interim receiver, monitor, trustee, custodian, sequestrator, conservator or similar official for any Loan Party or Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) any Loan Party or Subsidiary shall (i) voluntarily commence any proceeding or proposal or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, interim receiver, monitor, trustee, custodian, sequestrator, conservator or similar official for such Loan Party or Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or

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(j) any Loan Party or Subsidiary shall become unable, admit in writing its inability, or publicly declare its intention not to, or fail generally to pay its debts as they become due; or

(k) (i) one or more judgments for the payment of money in an aggregate amount in excess of \$15,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment and has not denied coverage) shall be rendered against any Loan Party, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of any Loan Party or Subsidiary to enforce any such judgment; or (ii) any Loan Party or Subsidiary shall fail within thirty (30) days to discharge one or more non-monetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgments or orders, in any such case, are not stayed on appeal or otherwise being appropriately contested in good faith by proper proceedings diligently pursued; or

(l) an ERISA Event or any event with respect to an employee benefit plan, including a Foreign Plan, shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other ERISA Events and events related to an employee benefit plan, including a Foreign Plan, that have occurred, could reasonably be expected to result in a Material Adverse Effect or in the imposition of Liens securing an aggregate amount in excess of \$5,000,000; or

(m) a Change in Control shall occur; or

(n) the occurrence of any "default", as defined in any Loan Document (other than this Agreement) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement), which default or breach continues beyond any period of notice or grace therein provided; or

(o) the Loan Guaranty shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of the Loan Guaranty, or any Loan Party shall deny that it has any further liability under the Loan Guaranty to which it is a party, or shall give notice to such effect, including, but not limited to notice of termination delivered pursuant to Section 10.08; or

(p) except as permitted by the terms of any Collateral Document or an Intercreditor Agreement, (i) any Collateral Document shall for any reason fail to create a valid security interest in any Collateral purported to be covered thereby having an aggregate value in excess of \$5,000,000, or (ii) any Lien securing any Secured Obligation shall cease to be perfected and have the priority required by the applicable Collateral Document; or

(q) any Collateral Document covering a portion of the Collateral having a value in excess of \$5,000,000 or any material provision of this Agreement or any other Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Loan Party shall challenge the enforceability of this Agreement or any other Loan Document or shall assert in writing, or engage in any action that evidences its assertion, that any provision of any of this Agreement or any other Loan Document has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms); or

(r) (i) the subordination provisions of the documents evidencing or governing any Subordinated Indebtedness in excess of the principal sum of \$10,000,000, or provisions of any

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Intercreditor Agreement (such provisions being referred to as the “Intercreditor Provisions”), shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the applicable Indebtedness; or (ii) any Borrower or any other Loan Party shall, directly or indirectly, disavow or contest in any manner (A) the effectiveness, validity or enforceability of such Intercreditor Provisions, (B) that the Intercreditor Provisions exist for the benefit of the Secured Parties, or (C) in the case of Subordinated Indebtedness, that all payments of principal of or premium and interest on the applicable Subordinated Indebtedness, or realized from the liquidation of any property of any Loan Party, shall be subject to any of the Intercreditor Provisions;

then, and in every such Event of Default (other than an Event of Default with respect to the Loan Parties or any Subsidiary described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower Representative, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, whereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Loan Parties accrued hereunder, shall become due and payable immediately, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties; and in the case of any event with respect to the Loan Parties and Subsidiaries described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Loan Parties accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, increase the rate of interest applicable to the Loans and other Obligations to the extent set forth in this Agreement and exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity, including all remedies provided under the UCC.

## ARTICLE VIII

### THE ADMINISTRATIVE AGENT

SECTION 8.01 Appointment. Each of the Lenders, on behalf of itself and any of its Affiliates that are Secured Parties and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than the U.S., each of the Lenders and the Issuing Bank hereby grants to the Administrative Agent any required powers of attorney to execute any Collateral Document governed by the laws of such jurisdiction on such Lender’s or Issuing Bank’s behalf. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders (including the Swingline Lender and the Issuing Bank), and the Loan Parties shall not have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” as used herein or in any other Loan Documents (or any 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 independent contracting parties.

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SECTION 8.02 Rights as a Lender. The bank serving as the Administrative Agent hereunder shall 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 such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Loan Party or any Subsidiary or any Affiliate thereof as if it were not the Administrative Agent hereunder.

SECTION 8.03 Duties and Obligations. The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), (c) neither the Administrative Agent nor any other agents hereunder or under any other Loan Document shall owe any duties to any Secured Party in such Secured Parties' capacity as a non-Lender, and the Administrative Agent will no longer act as an agent in any capacity under the Loan Documents for the Secured Parties after payment in full of the Obligations and termination of the Commitments, and (d) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any Subsidiary that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct as determined by a final nonappealable judgment of a court of competent jurisdiction. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower Representative or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the creation, perfection or priority of Liens on the Collateral or the existence of the Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 8.04 Reliance. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent 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 be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), 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.

SECTION 8.05 Actions through Sub-Agents. The Administrative Agent may perform any and all of its duties and exercise its rights and powers 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 through their respective Related Parties, including through its Toronto or London branches as applicable. The exculpatory provisions of the

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preceding paragraphs 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 credit facilities provided for herein as well as activities as the Administrative Agent.

SECTION 8.06 Resignation. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Borrower Representative. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower Representative and with the consent of the Borrower Representative (unless an Event of Default shall have occurred and be continuing or unless such successor is an existing Lender), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by its successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor, unless otherwise agreed by the Borrowers and such successor. Notwithstanding the foregoing, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Banks and the Borrowers, whereupon, on the date of effectiveness of such resignation stated in such notice, (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents, provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Collateral Document for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties and, in the case of any Collateral in the possession of the Administrative Agent, shall continue to hold such Collateral, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this paragraph (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Collateral Document, including any action required to maintain the perfection of any such security interest), and (b) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, provided that (i) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (ii) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall also directly be given or made to each Lender and each Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article, Section 2.17(d) and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring 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 it was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (a) above.

SECTION 8.07 Non-Reliance.

(a) Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the

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ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrowers and their Affiliates) 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, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

(b) Each Lender hereby agrees that (i) it has requested a copy of each Report prepared by or on behalf of the Administrative Agent; (ii) the Administrative Agent (A) makes no representation or warranty, express or implied, as to the completeness or accuracy of any Report or any of the information contained therein or any inaccuracy or omission contained in or relating to a Report and (B) shall not be liable for any information contained in any Report; (iii) the Reports are not comprehensive audits or examinations, and that any Person performing any field examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel and that the Administrative Agent undertakes no obligation to update, correct or supplement the Reports; (iv) it will keep all Reports confidential and strictly for its internal use, not share the Report with any Loan Party or any other Person except as otherwise permitted pursuant to this Agreement; and (v) without limiting the generality of any other indemnification provision contained in this Agreement, (A) it will hold the Administrative Agent and any such other Person preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any extension of credit that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (B) it will pay and protect, and indemnify, defend, and hold the Administrative Agent and any such other Person preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including reasonable attorneys' fees) incurred by the Administrative Agent or any such other Person as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

**SECTION 8.08 Other Agency Titles.** The joint bookrunners, joint lead arrangers, co-syndication agents and documentation agent shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities a joint bookrunner, joint lead arranger, syndication agent or documentation agent, as applicable, as it makes with respect to the Administrative Agent in the preceding paragraph.

**SECTION 8.09 Not Partners or Co-Venturers; Administrative Agent as Representative of the Secured Parties.** (a) The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

(b) In its capacity, the Administrative Agent is a "representative" of the Secured Parties within the meaning of the term "secured party" as defined in the New York Uniform Commercial Code.

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Each Lender authorizes the Administrative Agent to enter into each of the Collateral Documents to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Secured Party (other than the Administrative Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Administrative Agent for the benefit of the Secured Parties upon the terms of the Collateral Documents. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Secured Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Secured Parties.

SECTION 8.10 Flood Laws. JPMCB has adopted internal policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and related legislation (the "Flood Laws"). JPMCB, as administrative agent or collateral agent on a syndicated facility, will post on the applicable electronic platform (or otherwise distribute to each Lender in the syndicate) documents that it receives in connection with the Flood Laws. However, JPMCB reminds each Lender and Participant in the facility that, pursuant to the Flood Laws, each federally regulated Lender (whether acting as a Lender or Participant in the facility) is responsible for assuring its own compliance with the flood insurance requirements.

SECTION 8.11 Additional Secured Parties. The benefit of the provisions of the Loan Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not a Lender or Issuing Bank party hereto as long as, by accepting such benefits, such Secured Party agrees, as among Administrative Agent and all other Secured Parties, that such Secured Party is bound by (and, if requested by Administrative Agent, shall confirm such agreement in a writing in form and substance acceptable to Administrative Agent) this Article VIII and Sections 2.17, 2.18(d), 9.01, 9.03(c), 9.04, 9.06, 9.08, 9.12, 9.16 and 9.18 (and, solely with respect to Issuing Banks, Section 2.06) and the decisions and actions of Administrative Agent and the Required Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders or other parties hereto as required herein) to the same extent a Lender is bound; provided, however, that, notwithstanding the foregoing, (a) such Secured Party shall be bound by Sections 2.17(e), 8.06, 8.07 and 9.03(c) only to the extent of all claims, actions, suits, judgments, damages, losses, liability, obligations, responsibilities, fines, penalties, sanctions, costs, fees, Taxes, commissions, charges, disbursements and expenses (including, without limitation, those incurred upon any appeal or in connection with the preparation for and/or response to any subpoena or request for document production relating thereto), in each case of any kind or nature (including interest accrued thereon or as a result thereto and fees, charges and disbursements of financial, legal and other advisors and consultants), whether joint or several, whether or not indirect, contingent, consequential, actual, punitive, treble or otherwise, costs and expenses with respect to or otherwise relating to the Collateral held for the benefit of such Secured Party, in which case the obligations of such Secured Party thereunder shall not be limited by any concept of pro rata share or similar concept, (b) each of Administrative Agent, the Lenders and the Issuing Banks party hereto shall be entitled to act at its sole discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (c) except as otherwise set forth herein, such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Loan Document.

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ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone or Electronic Systems (and subject in each case to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile (where a fax number is indicated below), as follows:

(i) if to any Loan Party, to the Borrower Representative at:

Urban Outfitters, Inc.  
5000 South Broad Street  
Philadelphia, PA 19112  
Attention: Chief Financial Officer  
Email: fconforti@urbn.com

With a copy to:

Urban Outfitters, Inc.  
5000 South Broad Street  
Philadelphia, PA 19112  
Attention: General Counsel  
Email: azhayne@urbn.com

With a copy to (which shall not constitute notice):

Drinker Biddle & Reath LLP  
105 College Road East  
P.O. Box 627  
Princeton, NJ 08542-0627  
Attention: Judith E. Reich  
Facsimile No: (609) 799-7000  
Email: judith.reich@dbr.com

(ii) if to the Administrative Agent, the Issuing Bank or the Swingline Lender, to JPMorgan Chase Bank, N.A. at:

JPMorgan Chase Bank, N.A.  
277 Park Avenue, 22nd Floor  
New York, NY 10172  
Attention: Account Executive – Urban Outfitters  
Facsimile No: (646) 534-2274  
Email: donna.diforio@chase.com

With a copy to (which shall not constitute notice):

Winston & Strawn LLP  
200 Park Avenue  
New York, NY 10166-4193  
Attention: Susan Berkwitt  
Facsimile No: (212) 294-4700  
Email: sberkwitt@winston.com

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(iii) in addition to notices pursuant to clause (ii) above, with respect to any Borrowing in any currency (other than U.S. Dollars), to the Persons at the address or facsimile number set forth on Schedule 9.01.

(iv) if to any other Lender, to it at its address or facsimile number set forth in its Administrative Questionnaire.

All such notices and other communications (i) sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received, (ii) sent by facsimile shall be deemed to have been given when sent, provided that if not given during normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day of the recipient, or (iii) delivered through Electronic Systems to the extent provided in paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by Electronic Systems pursuant to procedures approved by the Administrative Agent. Each of the Administrative Agent and the Borrower Representative (on behalf of the Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by Electronic Systems pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. In the case of notices from the Borrower Representative to the Administrative Agent or from the Administrative Agent to the Borrower Representative, such acceptable and approved Electronic Systems include email to the Administrative Agent and the Borrower Representative at the email addresses identified above or as otherwise designated in writing pursuant to Section 9.01(c) below. Unless the Administrative Agent otherwise proscribes, all such notices and other communications (i) sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, e-mail or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day of the recipient.

(c) Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(d) Electronic Systems.

(i) Each Loan Party agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

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(ii) Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. 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 Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrowers or the other Loan Parties, any Lender, the Issuing Bank or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Borrower’s, any Loan Party’s or the Administrative Agent’s transmission of communications through an Electronic System. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or the Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 9.02 Waivers; Amendments. (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under any other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in the first sentence of Section 2.09(f) (with respect to any commitment increase), neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders or (y) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Loan Party or Loan Parties that are parties thereto, with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender (including any such Lender that is a Defaulting Lender), (ii) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce or forgive any interest or fees payable hereunder, without the written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby (except (1) in connection with the waiver of applicability of any post-default increase in interest rates, which waiver shall be effective with the consent of the Required Lenders and (2) that any amendment or modification of defined terms used in the determination of the Adjusted Leverage Ratio or the Borrowing Base shall not constitute a reduction in the rate of interest or fees for purposes of this clause (ii)), (iii) postpone any scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any date for the payment of any interest, fees or other Obligations payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the

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written consent of each Lender (including any such Lender that is a Defaulting Lender) directly affected thereby (except (1) in connection with the waiver of applicability of any post-default increase in interest rates, which waiver shall be effective with the consent of the Required Lenders and (2) that any amendment or modification of defined terms used in the determination of the Adjusted Leverage Ratio or the Borrowing Base shall not constitute a reduction in the rate of interest or fees for purposes of this clause (iii)), (iv) change Section 2.18(b) or (d) in a manner that would alter the manner in which payments are shared, without the written consent of each Lender (other than any Defaulting Lender), (v) increase the advance rates set forth in the definition of Borrowing Base or add new categories of eligible assets, without the written consent of each Lender (other than any Defaulting Lender), (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender (other than any Defaulting Lender) directly affected thereby, (vii) change Section 2.20, without the consent of each Lender (other than any Defaulting Lender), (viii) release any Borrower from the Obligations or Loan Party from its obligation under its Loan Guaranty (except as otherwise permitted herein or in the other Loan Documents), without the written consent of each Lender (other than any Defaulting Lender), or (ix) except as provided in clause (c) of this Section or in any Collateral Document, release all or substantially all of the Collateral, without the written consent of each Lender (other than any Defaulting Lender); provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, such Issuing Bank or the Swingline Lender, as the case may be (it being understood that any amendment to Section 2.20 shall require the consent of the Administrative Agent, the Issuing Banks and the Swingline Lender). The Administrative Agent may also amend the Commitment Schedule to reflect assignments entered into pursuant to Section 9.04, and this Agreement may be amended without any additional consents to provide for increased Commitments in the manner contemplated by Section 2.09.

(c) The Secured Parties hereby irrevocably authorize the Administrative Agent, at its option and in its sole discretion, (i) to release any Liens granted to the Administrative Agent by the Loan Parties on any Collateral (A) upon the termination of all the Commitments, payment and satisfaction in full in cash of all Obligations (other than Unliquidated Obligations) and the Cash Collateralization (or, at the discretion of the Administrative Agent, the providing of a backup standby letter of credit satisfactory to the Administrative Agent and the Issuing Banks) of all outstanding Letters of Credit, (B) constituting property being sold or disposed of if the Loan Party disposing of such property certifies to the Administrative Agent that the sale or disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), and to the extent that the property being sold or disposed of constitutes 100% of the Equity Interest of a Subsidiary, the Administrative Agent is authorized to release any Loan Guaranty provided by such Subsidiary, (C) constituting property leased to a Loan Party under a lease which has expired or been terminated in a transaction not prohibited under this Agreement, (D) as required to effect any sale or other disposition of such Collateral in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII, and (E) constituting property of a Loan Party that is being released as a Loan Party as provided below, and (ii) to release any Loan Guaranty provided by any Loan Party that is (A) dissolved pursuant to Section 6.03(a)(v) in connection with a voluntary liquidation or dissolution thereof permitted by such Section or (B) upon the disposition of all of the outstanding Equity Interests of a Subsidiary of the Borrower to a Person other than a Borrower or a Subsidiary in a transaction permitted by Section 6.05 and, in connection therewith, to release any Liens granted to the Administrative Agent by such Subsidiary on any Collateral, if the Company certifies to the Administrative Agent that such liquidation or dissolution is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry). The Lenders and the Issuing Banks hereby further irrevocably authorize the Administrative

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Agent to enter into a Permitted Term Loan Intercreditor Agreement in connection with the incurrence by the Company of any Permitted Term Loan Indebtedness and pursuant to such Permitted Term Loan Intercreditor Agreement, to establish, maintain and subordinate any Lien, for the benefit of the Lenders and the other Secured Parties, on real property, Equity Interests and intellectual property of the Loan Parties; provided that, for the avoidance of doubt, nothing in this sentence shall authorize the Administrative Agent to release or subordinate any Lien on assets of the type included in the Borrowing Base (other than real property) or assets related thereto described in any Security Agreement as of the date hereof. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral. Any execution and delivery by the Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by the Administrative Agent.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of “each Lender” or “each Lender affected thereby,” the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but has not been obtained being referred to herein as a “Non-Consenting Lender”), then the Borrowers may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrowers, the Administrative Agent and the Issuing Bank shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, and (ii) the Borrowers shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrowers hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Section 2.15 and Section 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender.

(e) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrower Representative only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03 Expenses; Indemnity; Damage Waiver. (a) Except as otherwise provided in this Agreement, the Loan Parties shall, jointly and severally, pay all (i) reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable and documented fees, charges and disbursements of counsel (in each case limited to one primary law firm and one law firm in each relevant jurisdiction, except in the case of actual or perceived conflicts of interest, in which case, such additional counsel for the affected persons) for the Administrative Agent, in connection with the syndication and distribution (including, without limitation, via the internet or through an Electronic System) of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions of the Loan Documents (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) reasonable and documented out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel (in each case limited to one primary law firm and one law firm in each relevant jurisdiction, except in the case of actual or perceived conflicts of interest, in which case, such additional counsel for the affected persons) for the Administrative Agent, the

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Issuing Bank or any Lender, in connection with the enforcement, collection or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit (in each case limited to one primary law firm and one law firm in each relevant jurisdiction, except in the case of actual or perceived conflicts of interest, in which case, such additional counsel for the affected persons). Such reasonable and documented (if applicable) out-of-pocket expenses being reimbursed by the Loan Parties under this Section include, without limiting the generality of the foregoing, fees, costs and expenses incurred in connection with:

- (i) appraisals and insurance reviews;
- (ii) field examinations and the preparation of Reports based on the fees charged by a third party retained by the Administrative Agent or the internally allocated fees for each Person employed by the Administrative Agent with respect to each field examination;
- (iii) background checks regarding senior management, as deemed necessary or appropriate in the sole discretion of the Administrative Agent;
- (iv) Taxes, fees and other charges for (A) lien searches and (B) filing financing statements and continuations, and other actions to perfect, protect, and continue the Administrative Agent's Liens;
- (v) sums paid or incurred to take any action required of any Loan Party under the Loan Documents that such Loan Party fails to pay or take; and
- (vi) forwarding loan proceeds, collecting checks and other items of payment, and establishing and maintaining the accounts and lock boxes, and costs and expenses of preserving and protecting the Collateral.

All of the foregoing fees, costs and expenses may be charged to the Borrowers as Revolving Loans or to another deposit account, all as described in Section 2.18(c).

(b) The Loan Parties shall, jointly and severally, indemnify the Administrative Agent, the Issuing Bank and 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, penalties, incremental taxes, liabilities and related expenses, including the reasonable and documented fees, charges and disbursements of any counsel for any Indemnitee (in each case limited to one primary law firm and one law firm in each relevant jurisdiction, except in the case of actual or perceived conflicts of interest, in which case, such additional counsel for the affected persons), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by a Loan Party or a Subsidiary, or any Environmental Liability related in any way to a Loan Party or a Subsidiary, (iv) the failure of a Loan Party to deliver to the Administrative Agent the required receipts or other required documentary evidence with respect to a payment made by a Loan Party for Taxes pursuant to Section 2.17, or (v) any actual or prospective claim,

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litigation, investigation or proceeding relating to any of the foregoing, whether or not such claim, litigation, investigation or proceeding is brought by any Loan Party or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, penalties, liabilities or related expenses are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) To the extent that any Loan Party fails to pay any amount required to be paid by it to the Administrative Agent (or any sub-agent thereof), the Swingline Lender or the Issuing Bank (or any Related Party of any of the foregoing) under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, the Swingline Lender or the Issuing Bank (or any Related Party of any of the foregoing), as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Loan Parties' failure to pay any such amount shall not relieve any Loan Party of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, penalty, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Swingline Lender or the Issuing Bank in its capacity as such.

(d) To the extent permitted by applicable law, no Loan Party shall assert, and each Loan Party hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet) or (ii) 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 or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this paragraph (d) shall relieve any Loan Party of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

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

SECTION 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. 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 (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, participations in Letters

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of Credit and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower Representative, provided that the Borrower Representative shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof, and provided further that no consent of the Borrower Representative shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of the Revolving Loans if such assignment is to a Person that is not a Lender with a Commitment in respect of such Revolving Loan, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) each Issuing Bank; and

(D) the Swingline Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or 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) shall not be less than \$5,000,000 unless each of the Borrower Representative and the Administrative Agent otherwise consent, provided that no such consent of the Borrower Representative shall be required if an Event of Default has occurred and is continuing;

(B) 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 (including its obligations to fund the Loans and other products under the Foreign Currency Sublimit);

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption or to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of \$3,500 and the tax forms required by Section 2.17(f); and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Company, the other Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws; and

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(E) each assignee Lender shall acquire an equal proportionate share (as determined by the assigned Commitments in relation to all other Commitments of other Lenders), either directly, or through an Affiliate or a branch, of the Foreign Currency Sublimit.

For the purposes of this Section 9.04(b), the terms “Approved Fund” and “Ineligible Institution” have the following meanings:

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and 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.

“Ineligible Institution” means a (a) natural person, (b) a Defaulting Lender or its Parent, (c) holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof; provided that, such holding company, investment vehicle or trust shall not constitute an Ineligible Institution if it (x) has not been established for the primary purpose of acquiring any Loans or Commitments, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than \$25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business; provided that upon the occurrence of an Event of Default, any Person (other than a Lender) shall be an Ineligible Institution if after giving effect to any proposed assignment to such Person, such Person would hold more than 25% of the then outstanding Aggregate Credit Exposure or Commitments, as the case may be or (d) a Loan Party or a Subsidiary or other Affiliate of a Loan Party.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto 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 Section 2.15, Section 2.16, Section 2.17 and Section 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 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 paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of and stated interest on the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Bank 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

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this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05, Section 2.06(d) or (e), Section 2.07(b), Section 2.18(d) or Section 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrowers, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant") other than an Ineligible Institution in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrowers, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. 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, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Section 2.15, Section 2.16 and Section 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) and Section 2.17(g) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender and the information and documentation required under Section 2.17(g) will be delivered to the Borrowers and the Administrative Agent)) 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 Section 2.18 and Section 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.15 or Section 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

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 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for

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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 this Agreement or any other Loan Document (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 (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Section 2.15, Section 2.16, Section 2.17 and Section 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution. (a) This Agreement may be executed in counterparts (and by different parties hereto on 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 which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page

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shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby or thereby shall be deemed to include Electronic Signatures, deliveries 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.

SECTION 9.07 Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Loan Party against any of and all the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured; provided that the foregoing authorization shall not entitle any Lender to apply any deposits to the extent that such deposit constitutes an Excluded Asset. The applicable Lender shall notify the Borrower Representative and the Administrative Agent of such set-off or application, provided that any failure to give or any delay in giving such notice shall not affect the validity of any such set-off or application under this Section. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have. **NOTWITHSTANDING THE FOREGOING, NO LENDER, NO ISSUING BANK AND NO PARTICIPANT SHALL EXERCISE ANY RIGHT OF SETOFF, BANKER'S LIEN, OR THE LIKE AGAINST ANY DEPOSIT ACCOUNT OR PROPERTY OF ANY LOAN PARTY HELD OR MAINTAINED BY SUCH LENDER WITHOUT THE WRITTEN CONSENT OF THE ADMINISTRATIVE AGENT.**

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process. (a) The Loan Documents (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York, but giving effect to federal laws applicable to national banks; provided, however, that if the laws of any jurisdiction other than New York shall govern in regard to the validity, perfection or effect of perfection of any lien or in regard to procedural matters affecting enforcement of any liens in collateral, such laws of such other jurisdictions shall continue to apply to that extent.

(b) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any U.S. Federal or New York State court sitting in New York, New York in any action or proceeding arising out of or relating to any Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action 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 any other Loan Document shall affect any right that the Administrative

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Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY 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, 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, OTHER AGENT (INCLUDING ANY ATTORNEY) OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY 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 BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by any Requirement of Law or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Loan Parties and their obligations, (g) with the consent of the Borrower Representative or (h) to the extent such Information (i) becomes publicly available or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis from a source other than any Loan Party other than as a result of a breach of this Section or of, as far as such recipient is aware, a breach of an obligation of confidentiality of such source with respect to such

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information. For the purposes of this Section, “Information” means all information received from the Borrowers relating to the Borrowers or their business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a non-confidential basis prior to disclosure by the Borrowers and other than information pertaining to this Agreement routinely provided by arrangers to date service providers, including league table providers, that serve the lending industry; provided that, in the case of information received from the Borrowers 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.

**EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 9.12 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE COMPANY, AND ITS AFFILIATES, THE OTHER LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.**

**ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE LOAN PARTIES OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE COMPANY, THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE LOAN PARTIES AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.**

SECTION 9.13 Several Obligations; Nonreliance; Violation of Law. The respective obligations of the Lenders hereunder are several and not joint and the failure of any Lender to make any Loan or perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board) for the repayment of the Borrowings provided for herein. Anything contained in this Agreement to the contrary notwithstanding, neither the Issuing Bank nor any Lender shall be obligated to extend credit to the Borrowers in violation of any Requirement of Law.

SECTION 9.14 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the USA PATRIOT Act.

SECTION 9.15 Disclosure. Each Loan Party, each Lender and the Issuing Bank hereby acknowledges and agrees that the Administrative Agent and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with any of the Loan Parties and their respective Affiliates.

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SECTION 9.16 Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the other Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession or control. Should any Lender (other than the Administrative Agent) obtain possession or control of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

SECTION 9.17 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.18 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 Loan Party acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between such Borrower and its Affiliates, on the one hand, and the Lenders and their Affiliates, on the other hand, (B) such Loan Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) such 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; (ii) (A) each of the Lenders and their Affiliates 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 such Loan Party or any of its Affiliates, or any other Person and (B) no Lender or any of its Affiliates has any obligation to such Loan Party or any of its Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of such Loan Party and its Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to such Loan Party or its Affiliates. To the fullest extent permitted by law, each Loan Party hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 9.19 Marketing Consent. The Borrowers hereby authorize JPMCB, Wells Fargo, Bank of America, N.A., and HSBC Bank USA, National Association, and each of their respective affiliates (including without limitation J.P. Morgan Securities LLC and Wells Fargo Securities, LLC), at their respective sole expense, but without any prior approval by the Borrowers, to publish such tombstones and give such other customary publicity to this Agreement as each may from time to time determine in its sole discretion provided that no non-public, sensitive or trade information shall be included in any such tombstone, publication, press release or other form of publicity and no consent is hereby given to the release of non-public, sensitive or trade information. The foregoing authorization shall remain in effect unless and until the Borrower Representative notifies each of the foregoing parties in writing that such authorization is revoked.

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SECTION 9.20 Authorization to Distribute Certain Materials to Public-Siders.

(a) If the Borrowers do not file this Agreement with the SEC, then the Borrowers hereby authorize the Administrative Agent to distribute the execution version of this Agreement and the Loan Documents to all Lenders, including their Public-Siders. Each Borrower acknowledges its understanding that Public-Siders and their firms may be trading in any of the Loan Parties' respective securities while in possession of the Loan Documents.

(b) Each Borrower represents and warrants that none of the information in the Loan Documents constitutes or contains material non-public information within the meaning of federal and state securities laws. To the extent that any of the executed Loan Documents constitutes at any time material non-public information within the meaning of the federal and state securities laws after the date hereof, each Borrower agrees that it will promptly make such information publicly available by press release or public filing with the SEC.

SECTION 9.21 Judgment Currency. If for the purpose of obtaining judgment in any court it is necessary to convert an amount due hereunder in the currency in which it is due (the "Original Currency") into another currency (the "Second Currency"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase the Original Currency with the Second Currency at the Spot Rate on the date two Business Days preceding that on which judgment is given. Each Loan Party agrees that its obligation in respect of any Original Currency due from it hereunder shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following the date the Administrative Agent receives payment of any sum so adjudged to be due hereunder in the Second Currency, the Administrative Agent may, in accordance with normal banking procedures, purchase, in the New York foreign exchange market, the Original Currency with the amount of the Second Currency so paid; and if the amount of the Original Currency so purchased or could have been so purchased is less than the amount originally due in the Original Currency, each Loan Party agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Administrative Agent against such loss. The term "rate of exchange" in this Section means the Spot Rate at which the Administrative Agent, in accordance with normal practices, is able on the relevant date to purchase the Original Currency with the Second Currency, and includes any premium and costs of exchange payable in connection with such purchase.

**ARTICLE X**

**LOAN GUARANTY**

SECTION 10.01 Guaranty. Each Loan Party hereby agrees that it is jointly and severally liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Secured Parties, the prompt payment and performance when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Secured Obligations and all costs and expenses, including, without limitation, all court costs and attorneys' and paralegals' fees (including allocated costs of in-house counsel and paralegals) and expenses paid or incurred by the Administrative Agent, the Issuing Bank and the Lenders in endeavoring to collect all or any part of the Secured Obligations from, or in prosecuting any action against, any Borrower, any other Loan Party or any other guarantor of all or any part of the Secured Obligations (such costs and expenses, together with the Secured Obligations, collectively the "Guaranteed Obligations"; provided, however, that the definition of "Guaranteed Obligations" shall not create any guarantee by any Loan Party of (or grant of security

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interest by any Loan Party to support, as applicable) any Excluded Swap Obligations of such Loan Party for purposes of determining any obligations of any Loan Party). Each Loan Party further agrees that the Guaranteed Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal. All terms of this Loan Guaranty apply to and may be enforced by or on behalf of any domestic or foreign branch or Affiliate of any Lender or Issuing Bank that extended any portion of the Guaranteed Obligations.

SECTION 10.02 Guaranty of Payment. This Loan Guaranty is a guaranty of payment and not of collection. Each Loan Party waives any right to require the Administrative Agent, the Issuing Bank or any Lender to sue any Borrower, any other Loan Party, any other guarantor of, or any other Person obligated for, all or any part of the Guaranteed Obligations (each, an “Obligated Party”), or to enforce its rights against any collateral securing all or any part of the Guaranteed Obligations.

SECTION 10.03 No Discharge or Diminishment of Loan Guaranty. (a) Except as otherwise provided for herein, the obligations of each Loan Party hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Guaranteed Obligations), including: (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration or compromise of any of the Guaranteed Obligations, by operation of law or otherwise; (ii) any change in the corporate existence, structure or ownership of any Loan Party or any other Obligated Party liable for any of the Guaranteed Obligations; (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party or their assets or any resulting release or discharge of any obligation of any Obligated Party; or (iv) the existence of any claim, setoff or other rights which any Loan Party may have at any time against any Obligated Party, the Administrative Agent, the Issuing Bank, any Lender or any other Person, whether in connection herewith or in any unrelated transaction.

(b) The obligations of each Loan Party hereunder are not subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Guaranteed Obligations or any part thereof.

(c) Further, the obligations of any Loan Party hereunder are not discharged or impaired or otherwise affected by: (i) the failure of the Administrative Agent, the Issuing Bank or any Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Guaranteed Obligations; (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Guaranteed Obligations; (iii) any release, non-perfection or invalidity of any indirect or direct security for the obligations of any Loan Party for all or any part of the Guaranteed Obligations or any obligations of any other Obligated Party liable for any of the Guaranteed Obligations; (iv) any action or failure to act by the Administrative Agent, the Issuing Bank or any Lender with respect to any collateral securing any part of the Guaranteed Obligations; or (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Guaranteed Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Loan Party or that would otherwise operate as a discharge of any Loan Party as a matter of law or equity (other than the indefeasible payment in full in cash of the Guaranteed Obligations).

SECTION 10.04 Defenses Waived. To the fullest extent permitted by applicable law, each Loan Party hereby waives any defense based on or arising out of any defense of any Loan Party or the unenforceability of all or any part of the Guaranteed Obligations from any cause, or the cessation from any cause of the liability of any Loan Party or any other Obligated Party, other than the indefeasible

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payment in full in cash of the Guaranteed Obligations. Without limiting the generality of the foregoing, each Loan Party irrevocably waives acceptance hereof, presentment, demand, protest and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Obligated Party or any other Person. Each Loan Party confirms that it is not a surety under any state law and shall not raise any such law as a defense to its obligations hereunder. The Administrative Agent may, at its election, foreclose on any Collateral held by it by one or more judicial or nonjudicial sales, accept an assignment of any such Collateral in lieu of foreclosure or otherwise act or fail to act with respect to any collateral securing all or a part of the Guaranteed Obligations, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with any Obligated Party or exercise any other right or remedy available to it against any Obligated Party, without affecting or impairing in any way the liability of such Loan Party under this Loan Guaranty except to the extent the Guaranteed Obligations have been fully and indefeasibly paid in cash. To the fullest extent permitted by applicable law, each Loan Party waives any defense arising out of any such election even though that election may operate, pursuant to applicable law, to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Loan Party against any Obligated Party or any security.

SECTION 10.05 Rights of Subrogation. No Loan Party will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification, that it has against any Obligated Party or any Collateral, until the Loan Parties have fully performed all their obligations to the Administrative Agent, the Issuing Bank, the Lenders, and the other Secured Parties.

SECTION 10.06 Reinstatement; Stay of Acceleration. If at any time any payment of any portion of the Guaranteed Obligations (including a payment effected through exercise of a right of setoff) is rescinded, or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of any Loan Party or otherwise (including pursuant to any settlement entered into by a Secured Party in its discretion), each Loan Party's obligations under this Loan Guaranty with respect to that payment shall be reinstated at such time as though the payment had not been made and whether or not the Administrative Agent, the Issuing Bank, the Lenders, or the other Secured Parties are in possession of this Loan Guaranty. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Loan Party, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Guaranteed Obligations shall nonetheless be payable by the Loan Parties forthwith on demand by the Administrative Agent.

SECTION 10.07 Information. Each Loan Party assumes all responsibility for being and keeping itself informed of the Loan Parties' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that each Loan Party assumes and incurs under this Loan Guaranty, and agrees that none of the Administrative Agent, the Issuing Bank or any Lender shall have any duty to advise any Loan Party of information known to it regarding those circumstances or risks.

SECTION 10.08 Termination. Each of the Lenders and the Issuing Bank may continue to make loans or extend credit to the Borrowers based on this Loan Guaranty until five (5) days after it receives written notice of termination from any Loan Party of this Loan Guaranty. Notwithstanding receipt of any such notice, each Loan Party will continue to be liable to the Lenders for any Guaranteed Obligations created, assumed or committed to prior to the fifth day after receipt of the notice, and all subsequent renewals, extensions, modifications and amendments with respect to, or substitutions for, all or any part of such Guaranteed Obligations. Nothing in this Section 10.08 shall be deemed to constitute a waiver of, or eliminate, limit, reduce or otherwise impair any rights or remedies the Administrative Agent or any Lender may have in respect of, any Default or Event of Default that shall exist under Article VII hereof as a result of any such notice of termination.

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SECTION 10.09 Taxes. Each payment of the Guaranteed Obligations will be made by each Loan Party without withholding for any Taxes, unless such withholding is required by law. If any Loan Party determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Loan Party may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by such Loan Party shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the Administrative Agent, Lender or Issuing Bank (as the case may be) receives the amount it would have received had no such withholding been made, and Section 2.17(g) shall apply to the extent relevant.

SECTION 10.10 Maximum Liability. Notwithstanding any other provision of this Loan Guaranty, the amount guaranteed by each Loan Party hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. In determining the limitations, if any, on the amount of any Loan Party's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Loan Party may have under this Loan Guaranty, any other agreement or applicable law shall be taken into account.

SECTION 10.11 Contribution.

(a) To the extent that any Loan Party shall make a payment under this Loan Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Loan Party, exceeds the amount which otherwise would have been paid by or attributable to such Loan Party if each Loan Party had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Loan Party's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Loan Parties as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Guarantor Payment and the Guaranteed Obligations (other than Unliquidated Obligations that have not yet arisen), and all Commitments and Letters of Credit have terminated or expired or, in the case of all Letters of Credit, are fully collateralized on terms reasonably acceptable to the Administrative Agent and the Issuing Bank, and this Agreement, the Swap Agreement Obligations and the Banking Services Obligations have terminated, such Loan Party shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Loan Party for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Loan Party shall be equal to the excess of the fair saleable value of the property of such Loan Party over the total liabilities of such Loan Party (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Loan Party that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Loan Parties as of such date in a manner to maximize the amount of such contributions.

(c) This Section 10.11 is intended only to define the relative rights of the Loan Parties, and nothing set forth in this Section 10.11 is intended to or shall impair the obligations of the Loan Parties, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Loan Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Loan Party or Loan Parties to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Loan Parties against other Loan Parties under this Section 10.11 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations in cash (other than Unliquidated Obligations that have not yet arisen) and the termination or expiry (or, in the case of all Letters of Credit, full cash collateralization), on terms reasonably acceptable to the Administrative Agent and the Issuing Bank, of the Commitments and all Letters of Credit issued hereunder and the termination of this Agreement, the Swap Agreement Obligations and the Banking Services Obligations.

SECTION 10.12 Liability Cumulative. The liability of each Loan Party as a Loan Party under this Article X is in addition to and shall be cumulative with all liabilities of each Loan Party to the Administrative Agent, the Issuing Bank and the Lenders under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any obligations or liabilities of the other Loan Parties, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

SECTION 10.13 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Loan Guaranty in respect of a Swap Obligation (provided, however, that each such Qualified ECP Guarantor shall only be liable under this Section 10.13 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10.13 or otherwise under this Loan Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Except as otherwise provided herein, the obligations of each such Qualified ECP Guarantor under this Section 10.13 shall remain in full force and effect until the termination of all Swap Obligations. Each such Qualified ECP Guarantor intends that this Section 10.13 constitute, and this Section 10.13 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

## ARTICLE XI

### THE BORROWER REPRESENTATIVE

SECTION 11.01 Appointment; Nature of Relationship. The Company is hereby appointed by each of the Borrowers as its contractual representative (herein referred to as the “Borrower Representative”) hereunder and under each other Loan Document, and each of the Borrowers irrevocably authorizes the Borrower Representative to act as the contractual representative of such Borrower with the rights and duties expressly set forth herein and in the other Loan Documents. The Borrower Representative agrees to act as such contractual representative upon the express conditions contained in this Article XI. Additionally, the Borrowers hereby appoint the Borrower Representative as their agent to receive all of the proceeds of the Loans in the Funding Account(s), at which time the Borrower Representative shall promptly disburse such Loans to the appropriate Borrower(s), provided that, in the case of a Revolving Loan, such amount shall not result in a violation of the Revolving Exposure Limitations. The Administrative Agent and the Lenders, and their respective officers, directors, agents or employees, shall not be liable to the Borrower Representative or any Borrower for any action taken or omitted to be taken by the Borrower Representative or the Borrowers pursuant to this Section 11.01.

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SECTION 11.02 Powers. The Borrower Representative shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Borrower Representative by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Borrower Representative shall have no implied duties to the Borrowers, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Borrower Representative.

SECTION 11.03 Employment of Agents. The Borrower Representative may execute any of its duties as the Borrower Representative hereunder and under any other Loan Document by or through authorized officers.

SECTION 11.04 Notices. Each Borrower shall immediately notify the Borrower Representative of the occurrence of any Default or Event of Default hereunder referring to this Agreement describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Borrower Representative receives such a notice, the Borrower Representative shall give prompt notice thereof to the Administrative Agent and the Lenders. Any notice provided to the Borrower Representative hereunder shall constitute notice to each Borrower on the date received by the Borrower Representative.

SECTION 11.05 Successor Borrower Representative. Upon the prior written consent of the Administrative Agent, the Borrower Representative may resign at any time, such resignation to be effective upon the appointment of a successor Borrower Representative. The Administrative Agent shall give prompt written notice of such resignation to the Lenders.

SECTION 11.06 Execution of Loan Documents; Borrowing Base Certificate. The Borrowers hereby empower and authorize the Borrower Representative, on behalf of the Borrowers, to execute and deliver to the Administrative Agent and the Lenders the Loan Documents and all related agreements, certificates, documents, or instruments as shall be necessary or appropriate to effect the purposes of the Loan Documents, including, without limitation, the Borrowing Base Certificates and the Compliance Certificates. Each Borrower agrees that any action taken by the Borrower Representative or the Borrowers in accordance with the terms of this Agreement or the other Loan Documents, and the exercise by the Borrower Representative of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Borrowers.

SECTION 11.07 Reporting. Each Borrower hereby agrees that such Borrower shall furnish promptly after each fiscal month to the Borrower Representative a copy of its Borrowing Base Certificate and any other certificate or report required hereunder or requested by the Borrower Representative on which the Borrower Representative shall rely to prepare the Borrowing Base Certificates and Compliance Certificate required pursuant to the provisions of this Agreement.

(Signature Pages Follow)

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

BORROWERS:

URBAN OUTFITTERS, INC.

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

TERRAIN EAST LLC

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

J. FRANKLIN STYER NURSERIES, INC.

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

ANTHROPOLOGIE, INC.

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

URBAN OUTFITTERS WHOLESALE, INC.

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

URBAN OUTFITTERS WEST LLC

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

*Signature Page to Credit Agreement*

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FREE PEOPLE OF PA LLC

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

URBN PUERTO RICO RETAIL LLC

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

*Signature Page to Credit Agreement*

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OTHER LOAN PARTIES:

U. O. REAL ESTATE HOLDING I LLC

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

U. O. REAL ESTATE HOLDING II LLC

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

U. O. REAL ESTATE LLC

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

UO FENWICK, INC.

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

URBN PR HOLDING, INC.

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

TERRAIN MERCHANDISING LLC

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

URBN HOLDING, INC.

By /s/ Frank Conforti

Name: Frank Conforti

Title: Chief Financial Officer

*Signature Page to Credit Agreement*

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UO US LLC

By /s/ Frank Conforti  
Name: Frank Conforti  
Title: Chief Financial Officer

*Signature Page to Credit Agreement*

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JPMORGAN CHASE BANK, N.A., individually as a Lender  
and as Administrative Agent, an Issuing Bank and Swingline  
Lender

By /s/ Donna DiForio  
Name: Donna DiForio  
Title: Authorized Officer

*Signature Page to Credit Agreement*

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WELLS FARGO BANK, NATIONAL ASSOCIATION,  
individually as a Lender and as an Issuing Bank

By  /s/ Michael Stavrakos  
Name: Michael Stavrakos  
Title: Assistant Vice President

*Signature Page to Credit Agreement*

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WELLS FARGO BANK NA, LONDON BRANCH, individually  
as a Lender and as an Issuing Bank

By /s/ N B Hogg  
Name: N B Hogg  
Title: Authorised Signatory

*Signature Page to Credit Agreement*



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HSBC BANK USA, NATIONAL ASSOCIATION, individually  
as a Lender

By  /s/ Darren Pinski

Name: Darren Pinski

Title: SVP

*Signature Page to Credit Agreement*

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SCHEDULES

to the

CREDIT AGREEMENT

dated as of

July 1, 2015

among

URBAN OUTFITTERS, INC.,  
as the Company

The Subsidiaries from time to time party hereto,  
as Subsidiary Borrowers

The other LOAN PARTIES party hereto

The LENDERS party hereto

and

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

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J.P. MORGAN SECURITIES LLC and WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Joint Bookrunners and Joint Lead Arrangers

BANK OF AMERICA, N.A. and WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Co-Syndication Agents

HSBC BANK USA, NATIONAL ASSOCIATION,  
as Documentation Agent

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The following schedules (the “**Schedules**”) are delivered pursuant to that Credit Agreement dated as of the date hereof by and among the parties listed above (the “**Agreement**”). The sections of the Schedules correspond to the principal sections of the Agreement to which such schedule relates.

The following Schedules are qualified in their entirety by reference to the specific provisions of the Agreement, and are not intended to constitute, and shall not be construed as constituting, representations or warranties of the Loan Parties, except as and to the extent provided in the Agreement.

Matters reflected in the following Schedules are not necessarily limited to matters required by the Agreement to be reflected in the Schedules. Such additional matters are set forth for informational purposes only. In no event shall any disclosure of such additional matters be deemed or interpreted to broaden or otherwise amend any of the covenants or representations and warranties in the Agreement.

Headings have been inserted on the Sections of the Schedules for convenience of reference only and shall to no extent have the effect of amending or changing the express description of the Sections as set forth in the Agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Agreement.

Commitment Schedule

Schedule 3.06	–	Disclosed Matters
Schedule 3.15	–	Capitalization and Subsidiaries
Schedule 3.23	–	Credit Card Agreements
Schedule 5.18	–	Post-Closing Matters
Schedule 6.01	–	Existing Indebtedness
Schedule 6.02	–	Existing Liens
Schedule 6.04	–	Existing Investments
Schedule 6.10	–	Existing Restrictions
Schedule 9.01	–	Foreign Currency Notice Address

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COMMITMENT SCHEDULE

<b>Lender</b>	<b>Commitment</b>	<b>LC Individual Sublimit</b>
JPMorgan Chase Bank, N.A.	\$175,000,000	\$ 10,937,500
Wells Fargo Bank, National Association	\$100,000,000	\$ 15,000,000
Bank of America, N.A.	\$ 75,000,000	\$ 4,687,500
HSBC Bank USA, National Association	\$ 50,000,000	\$ 3,125,000
<b>Total</b>	<b>\$400,000,000</b>	<b>\$ 25,000,000</b>

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**SCHEDULE 3.06**  
**DISCLOSED MATTERS**

None.

**SCHEDULE 3.15**  
**CAPITALIZATION AND SUBSIDIARIES**

**(a) List of the Company's Subsidiaries:**

<u>Subsidiary Legal Names</u>	<u>Relationship to Company</u>
<b>DOMESTIC SUBSIDIARIES:</b>	
Terrain Merchandising LLC	Direct Wholly Owned Subsidiary
Terrain East LLC	Direct Wholly Owned Subsidiary
J. Franklin Styer Nurseries, Inc.	Indirect Wholly Owned Subsidiary (through Terrain East LLC)
U. O. Real Estate Holding I, LLC	Direct Wholly Owned Subsidiary
U. O. Real Estate Holding II, LLC	Indirect Wholly Owned Subsidiary (through U. O. Real Estate Holding I LLC)
U. O. Real Estate LLC	Indirect Wholly Owned Subsidiary (through U. O. Real Estate Holding II LLC)
URBN Holding, Inc.	Direct Wholly Owned Subsidiary
UO US LLC	Indirect Wholly Owned Subsidiary (through URBN Holding, Inc.)
Anthropologie, Inc.	Direct Wholly Owned Subsidiary
Urban Outfitters Wholesale, Inc.	Indirect Wholly Owned Subsidiary (through Anthropologie, Inc.)
UO Fenwick, Inc.	Indirect Wholly Owned Subsidiary (through Urban Outfitters Wholesale, Inc.)
Urban Outfitters West LLC	Indirect Wholly Owned Subsidiary (through Urban Outfitters Wholesale, Inc.)
Free People of PA LLC	Indirect Wholly Owned Subsidiary (through Urban Outfitters Wholesale, Inc.)
URBN PR Holding, Inc.	Direct Wholly Owned Subsidiary
URBN Puerto Rico Retail LLC	Indirect Wholly Owned Subsidiary (through URBN PR Holding, Inc.)
<b>NON-US SUBSIDIARIES:</b>	
URBN Canada Retail, Inc.	Indirect Wholly Owned Subsidiary (through UO US LLC)
URBN NL Holding CV	Indirect Wholly Owned Subsidiary (90% owned through URBN Holding, Inc. and 10% owned through UO Fenwick, Inc.)
UO Netherlands Holding BV	Indirect Wholly Owned Subsidiary (through URBN NL Holding CV)
UO Netherlands BV	Indirect Wholly Owned Subsidiary (through UO Netherlands Holding BV)
UO Bermuda Limited	Indirect Wholly Owned Subsidiary (95% owned through URBN NL Holding CV)

<u>Subsidiary Legal Names</u>	<u>Relationship to Company</u>
HK Sourcing Limited	Indirect Wholly Owned Subsidiary (through UO Bermuda Limited)
URBN Bermuda Holding Ltd	Indirect Wholly Owned Subsidiary (through URBN NL Holding CV)
URBN Bermuda Holding Partners LP	Indirect Wholly Owned Subsidiary (99.5% through URBN NL Holding CV and 0.5% through URBN Bermuda Holding Ltd.)
URBN UK Limited	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
Urban Outfitters Ireland Limited	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
Urban Outfitters Belgium BVBA	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
Urban Outfitters Germany GmbH	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
URBN Japan GK	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
URBN France Retail SARL	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
URBN Italy Retail SRL	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
URBN HK Trading Limited	Indirect Wholly Owned Subsidiary (through URBN Bermuda Holding Partners LP)
Urban Outfitters Denmark	Indirect Wholly Owned Subsidiary (through URBN UK Limited)
Urban Outfitters i Sverige AB	Indirect Wholly Owned Subsidiary (through Urban Outfitters Ireland)
URBN Ireland Retail Ltd	Indirect Wholly Owned Subsidiary (through Urban Outfitters Ireland)
URBN Netherlands Retail BV	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
URBN Spain Retail S.L.	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
URBN Hong Kong Retail Limited	Indirect Wholly Owned Subsidiary (through UO Netherlands BV)
Urban Outfitters UK Limited	Indirect Wholly Owned Subsidiary (through URBN UK Limited)
Anthropologie UK Limited	Indirect Wholly Owned Subsidiary (through URBN UK Limited)

**(b) List of each class of authorized Equity Interests owned by the Company or any Subsidiary in each Subsidiary:**

<b>Corporation</b>	<b>Wholly Owned By (or %)</b>	<b>Shares (Common)</b>	<b>Par Value</b>
Anthropologie, Inc.	Urban Outfitters, Inc.	100	\$ 0.10
Urban Outfitters Wholesale, Inc.	Anthropologie, Inc.	1,000	\$ 0.10
UO Fenwick, Inc.	Urban Outfitters Wholesale, Inc.	1,000	\$ 1.00
URBN Holding, Inc.	Urban Outfitters, Inc.	100	\$ 0.01
URBN PR Holding, Inc.	Urban Outfitters, Inc.	100	\$ 0.01
J. Franklin Styer Nurseries, Inc.	Terrain East LLC	5,000	None
URBN Canada Retail, Inc.	UO US LLC	43,868,655	None

<b>Limited Liability Company</b>	<b>Member Corporation</b>	<b>Ownership %</b>
Urban Outfitters West, LLC	Urban Outfitters Wholesale, Inc.	100%
Free People of PA, LLC	Urban Outfitters Wholesale, Inc.	100%
UO US LLC	URBN Holding, Inc.	100%
U. O. Real Estate Holding I LLC	Urban Outfitters, Inc.	100%
U. O. Real Estate Holding II LLC	U. O. Real Estate Holding I LLC	100%
U. O. Real Estate LLC	U. O. Real Estate Holding II LLC	100%
URBN Puerto Rico Retail LLC	URBN PR Holding, Inc.	100%
Terrain Merchandising LLC	Urban Outfitters, Inc.	100%
Terrain East LLC	Urban Outfitters, Inc.	100%

(continued on next page)

**(b) List of each class of authorized Equity Interests owned by the Company or any Subsidiary in each Subsidiary (continued):**

<u>Non-US Subsidiaries</u>	<u>Wholly-owned by (or %)</u>	<u>Ownership %/Shares/Par Value (if applicable)</u>
URBN Canada Retail, Inc.	UO US LLC	100%/43,868,655 shares of common stock without par value
UO Netherlands Holding BV	URBN NL Holding CV	100%/180 Shares/€100
UO Netherlands BV	UO Netherlands Holding BV	100%/180 Shares/€100
UO Bermuda Limited	URBN NL Holding CV	95% owned by URBN NL Holding CV <sup>1</sup> /9,500 Shares/\$1.00
HK Sourcing Limited	UO Bermuda Limited	100%/100 Shares/HKD1.00
URBN Bermuda Holding Ltd	URBN NL Holding CV	100%/1 Share/\$0.01
URBN UK Limited	UO Netherlands BV	100%/76,182,120 Shares/£1.00
Urban Outfitters Ireland Limited	UO Netherlands BV	100%/2 Shares/€2.54
Urban Outfitters Belgium BVBA	UO Netherlands BV	100%/302 Shares/none.
Urban Outfitters Germany GmbH	UO Netherlands BV	100%/1 Share/none.
URBN Japan GK	UO Netherlands BV	100%/none/none
URBN France Retail SARL	UO Netherlands BV	100%/943,500/€1.00
URBN Italy Retail SRL	UO Netherlands BV	100%/100,000 Shares/none.
URBN HK Trading Limited	URBN Bermuda Holding Partners LP	100%/100 Shares/HKD1.00
Urban Outfitters Denmark (branch)	URBN UK Limited	100%/n.a./n.a.
Urban Outfitters i Sverige AB	Urban Outfitters Ireland	100%/1,000 shares/none.
URBN Ireland Retail Ltd	Urban Outfitters Ireland	100%/2 Shares/€2.00
URBN Netherlands Retail BV	UO Netherlands BV	100%/180 Shares/€100
URBN Spain Retail S.L.	UO Netherlands BV	100%/300 Shares/€10
URBN Hong Kong Retail Limited	UO Netherlands BV	100%/1,472,000/HKD1.00
Urban Outfitters UK Limited	URBN UK Limited	100%/1 Share/£1.00
Anthropologie UK Limited	URBN UK Limited	100%/1 Share/£1.00

(Continued on Next Page)

<sup>1</sup> NOTE: Need to identify 5% owner.

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**(b) List of each class of authorized Equity Interests owned by the Company or any Subsidiary in each Subsidiary (continued):**

<u>Partnership</u>	<u>Partners</u>	<u>Partnership %</u>
URBN NL Holding CV	URBN Holding, Inc. and UO Fenwick, Inc.	90% owned by URBN Holding, Inc. and 10% owned by UO Fenwick, Inc.
URBN Bermuda Holding Partners LP	URBN NL Holding CV and URBN Bermuda Holding Ltd.	99.5% through URBN NL Holding CV and 0.5% through URBN Bermuda Holding Ltd.

**(c) Type of entity of the Company and each of its Subsidiaries:**

<b>Domestic Entities</b>	<b>Type of Entity</b>
Urban Outfitters, Inc.	Pennsylvania Corporation
Terrain Merchandising LLC	Delaware Limited Liability Company
Terrain East LLC	Pennsylvania Limited Liability Company
J. Franklin Styer Nurseries, Inc.	Pennsylvania Corporation
U. O. Real Estate Holding I LLC	Pennsylvania Limited Liability Company
U. O. Real Estate Holding II LLC	Pennsylvania Limited Liability Company
U. O. Real Estate LLC	Pennsylvania Limited Liability Company
URBN Holding, Inc.	Delaware Corporation
UO US LLC	Delaware Limited Liability Company
Anthropologie, Inc.	Pennsylvania Corporation
Urban Outfitters Wholesale, Inc.	Pennsylvania Corporation
UO Fenwick, Inc.	Delaware Corporation
Urban Outfitters West LLC	California Limited Liability Company
Free People of PA LLC	Pennsylvania Limited Liability Company
URBN PR Holding, Inc.	Delaware Corporation
URBN Puerto Rico Retail LLC	Puerto Rican Limited Liability Company
<b>Foreign Entities</b>	<b>Type of Entity</b>
URBN Canada Retail, Inc.	Canadian Corporation
URBN NL Holding CV	Netherlands Partnership
UO Netherlands Holding BV	Netherlands Company
UO Netherlands BV	Netherlands Company
UO Bermuda Limited	Bermuda Exempted Company
HK Sourcing Limited	Hong Kong Private Limited Company
URBN Bermuda Holding Ltd	Bermuda Exempted Company
URBN Bermuda Holding Partners LP	Bermuda Limited Partnership
URBN UK Limited	United Kingdom Private Limited Company

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**(c) Type of entity of the Company and each of its Subsidiaries (continued):**

**Foreign Entities (continued)**

Urban Outfitters Ireland Limited

Urban Outfitters Belgium BVBA

Urban Outfitters Germany GmbH

URBN Japan GK

URBN France Retail SARL

URBN Italy Retail SRL

URBN HK Trading Limited

Urban Outfitters Denmark

Urban Outfitters i Sverige AB

URBN Ireland Retail Ltd

URBN Netherlands Retail BV

URBN Spain Retail S.L.

URBN Hong Kong Retail Limited

Urban Outfitters UK Limited

Anthropologie UK Limited

**Type of Entity (continued)**

Irish Company

Belgian Company

German Company

Japanese Limited Liability Company

French Limited Liability Company

Italian Limited Liability Company

Hong Kong Company

Danish Branch

Swedish Limited Company

Irish Company

Netherlands Company

Spanish Limited Liability Company

Hong Kong Private Limited Company

United Kingdom Private Limited Company

United Kingdom Private Limited Company

**(d) Designation of Subsidiaries as Restricted or Unrestricted.**

All Subsidiaries are Restricted Subsidiaries.

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**SCHEDULE 3.23**  
**CREDIT CARD AGREEMENTS**

1. Agreement for American Express® Card Acceptance, dated as of July 1, 2003, by and between American Express Travel Related Services Company, Inc. and Urban Outfitters, Inc., as amended by that certain Addendum to American Express Card Acceptance Agreement, dated as of July 1, 2008.
2. Merchant Services Agreement by and between Discover Financial Services LLC and Urban Outfitters, Inc.
3. Merchant Agreement, dated as of August 10, 2010, by and among Urban Outfitters, Inc., Paypal, Inc. and Bill Me Later, Inc., including all schedules and exhibits thereto (which are incorporated herein by reference).
4. Bank Card Merchant Agreement, dated as of November 1, 2000, by and among The Fifth Third Bank, its processing agent Midwest Payment Systems, Inc., and Urban Outfitters, Inc., as amended by that certain Amendment No. 1 to the Bank Card Merchant Agreement, dated as of August 3, 2001, as further amended by that certain Amendment No. 2 to the Bank Card Merchant Agreement, dated as of September 20, 2005, as further amended by that Amendment No. 3 to the Bank Card Merchant Agreement, dated as of September 7, 2006, and as further amended by that certain Amendment No. 4 to the Bank Card Merchant Agreement, dated as of October 28, 2011 (which acknowledged the assignment of the agreement to Vantiv, LLC).

**SCHEDULE 5.18  
POST-CLOSING MATTERS**

(a) Control Agreements

No later than the 30th day following the Closing Date (or such later date as may be agreed to by the Administrative Agent in its sole discretion), the Borrowers shall provide to the Administrative Agent fully executed Control Agreements with respect to each of the following deposit, securities, commodity or similar accounts:

<u>Credit Party</u>	<u>Financial Institution</u>	<u>Account Number</u>
Urban Outfitters, Inc.	Wells Fargo Bank, N.A.	##### (deposit account) ##### (deposit account)
Urban Outfitters, Inc.	JPMorgan Chase Bank, N.A.	##### (deposit account)
Urban Outfitters, Inc.	Bank of America, N.A.	##### (deposit account)
UO Fenwick, Inc.	JPMorgan Chase Bank, N.A.	##### (securities account)
UO Fenwick, Inc.	Oppenheimer & Co.	##### (securities account)

(b) Insurance Endorsements. No later than the 30th day following the Closing Date (or such later date as may be agreed to by the Administrative Agent in its sole discretion), the Borrowers shall provide to the Administrative Agent insurance certificates, lender loss payee endorsements and additional insured endorsements, in each case in form and substance reasonably satisfactory to the Administrative Agent and satisfying the terms of the Credit Agreement and the other Loan Documents.

(c) Pledged Intercompany Notes. No later than the 30th day following the Closing Date (or such later date as may be agreed to by the Administrative Agent in its sole discretion), the Borrowers shall provide to the Administrative Agent fully executed originals of each promissory note (or replacement notes thereof) pledged and required to be delivered to the Collateral Agent pursuant to Section 4.4 of the Pledge and Security Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(d) Collateral Access Agreements. Each Credit Party shall use commercially reasonable efforts for not less than sixty days following the Closing Date to obtain a Collateral Access Agreement with respect to each of the following properties:

<u>Location</u>	<u>Address</u>	<u>Relationship</u>
Reno Distribution Center	6640 Echo Ct., Reno, NV 89431 (Lessor: FRE LEAR 429, LLC)	Leased Property
Metropolitan Warehouse	811 Sentous Street City of Industry, CA 91648	Bailor
Metropolitan Warehouse	741 West Ward Avenue High Point, NC 27260	Bailor
Metropolitan Warehouse	2565 Brunswick Avenue Linden, NJ 07036	Bailor

(e) Continuing Agreement for Commercial & Standby Letters of Credit. No later than the 30<sup>th</sup> day following the Closing Date (or such later date as may be agreed to by JPMCB in its sole discretion), the Borrowers shall provide to JPMCB a fully executed Continuing Agreement for Commercial & Standby Letters of Credit between Urban Outfitters, Inc. and JPMorgan Chase Bank, N.A. and a fully executed Certification of Authority, in each case in form and substance reasonably satisfactory to JPMCB; provided that until such time as the foregoing requirement is satisfied, JPMCB shall have no obligation to issue any Letter of Credit under the Credit Agreement.

(f) Good Standing Certificates. No later than the 30<sup>th</sup> day following the Closing Date (which requirement may be waived in full or in part by the Administrative Agent in its sole discretion), the Borrowers shall provide to the Administrative Agent with good standing certificates from each jurisdiction set forth opposite each Credit Party's name below:

<u>Credit Party</u>	<u>Jurisdiction</u>
Urban Outfitters, Inc.	Delaware Kansas Rhode Island Wisconsin
Anthropologie, Inc.	Delaware Missouri New Mexico Wisconsin
Urban Outfitters Wholesale, Inc.	South Carolina
Free People of PA LLC	Massachusetts North Carolina New York Washington

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**SCHEDULE 6.01**  
**EXISTING INDEBTEDNESS**

1. Promissory Note of URBN Canada Retail, Inc. (as successor to 0930395 B.C. Unlimited Liability Company), dated as of February 29, 2012, in favor of URBN Holding, Inc. in the amount of \$62,500,000.
2. Promissory Note of U. O. Real Estate LLC, dated as of April 13, 2006, in favor of UO Fenwick, Inc. in the amount of \$70,000,000.
3. Promissory Note of Urban Outfitters, Inc., Anthropologie, Inc. and Urban Outfitters Wholesale, Inc., dated as of December 19, 2002, in favor of UO Fenwick, Inc. in the amount of \$800,000,000.

**SCHEDULE 6.02  
EXISTING LIENS**

Debtor (as shown on statement)	Secured Party (as shown on statement)	Jurisdiction	UCC File No.	File Date
Urban Outfitters Inc. 5000 South Broad Street Bldg. 12 Philadelphia, PA 19112	Canon Financial Services 158 Gaither Drive, #200 Mt. Laurel, NJ 08054	PA – SOS	2010081104391	08/11/10
Urban Outfitters Inc. 5000 South Broad Street Bldg. 12 Philadelphia, PA 19112	Canon Financial Services 158 Gaither Drive, #200 Mt. Laurel, NJ 08054	PA – SOS	2010111904039	11/19/10
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Dell Financial Services L.L.C. One Dell Way Round Rock, TX 78682	PA – SOS	2011011110277	01/11/11
Urban Outfitters Inc. 5000 South Broad Street Bldg. 1 Philadelphia, PA 19112	Canon Financial Services 158 Gaither Drive, #200 Mt. Laurel, NJ 08054	PA – SOS	2012052107497	05/21/12
Urban Outfitters Inc. 5000 South Broad Street Bldg. 12 Philadelphia, PA 19112	Canon Financial Services 158 Gaither Drive, #200 Mt. Laurel, NJ 08054	PA – SOS	2012052107512	05/21/12
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	TimePayment Corporation 16 New England Executive Park Suite 200 Burlington, MA 01803	PA – SOS	2012110801363	11/05/12
Urban Outfitters Inc. 12055 Moya Blvd. Reno, NV 89506	Canon Financial Services 158 Gaither Drive, #200 Mt. Laurel, NJ 08054	PA – SOS	2012111605217	11/16/12
Urban Outfitters Inc. 5000 South Broad Street Philadelphia, PA 19112	TimePayment Corporation 16 New England Executive Park Suite 200 Burlington, MA 01803	PA – SOS	2013042304887	04/22/13
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2013120307004	12/03/13
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2013120307028	12/03/13

Debtor (as shown on statement)	Secured Party (as shown on statement)	Jurisdiction	UCC File No.	File Date
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014043003135	04/30/14
Urban Outfitters, Inc. 755 Brackbill Rd. Gap, PA 17527	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014043008921	04/30/14
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014051404666	05/14/14
Urban Outfitters, Inc. 98 N. 6th St. Brooklyn, NY 11211	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014061109333	06/11/14
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014110702254	11/07/14
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014111802574	11/18/14
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014112103991	11/21/14
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014120905066	12/09/14
Urban Outfitters, Inc. 30 Industrial Park Blvd. Trenton, SC 29847	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2014121202752	12/12/14
Urban Outfitters, Inc. 5000 South Broad Street Philadelphia, PA 19112	Wells Fargo Financial Leasing, Inc. 800 Walnut Street Des Moines, IA 50309	PA – SOS	2015012606164	01/26/15

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**SCHEDULE 6.04**  
**EXISTING INVESTMENTS**

Urban Outfitters, Inc. has an arrangement with Pizzeria V Holdings, LLC ("Pizzeria V") to allow for the investment of up to \$3MM dollars through Jan 31, 2016, to fund the expansion of up to 4 new locations. The loan advances accumulate interest through December 31, 2017, when Pizzeria V Holdings, LLC is required to pay back the investment or Urban Outfitters can convert the amounts owed by Pizzeria V to an equity interest in Pizzeria V.

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**SCHEDULE 6.10**  
**EXISTING RESTRICTIONS**

1. Shareholder Agreement of UO (Bermuda) Limited (“UO Bermuda”), dated as of July 15, 2009, by and between Urban Outfitters, Inc. or its assignee and Cuddy BVI, which contains prohibitions on UO Bermuda’s ability to (a) pledge its assets; (b) incur debt; or (c) guarantee or become obligated for the debts of any other Person (as defined therein).
2. Bye-Laws of UO (Bermuda) Limited, dated as of July 28, 2009, which contains prohibitions on UO Bermuda’s ability to give any financial assistance, whether directly or indirectly, for the purpose of the acquisition or proposed acquisition by any person of any Shares in the Company, whether by means of loan, guarantee, provision or security or otherwise.

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**SCHEDULE 9.01**  
**FOREIGN CURRENCY NOTICE ADDRESS**

Same Notice Address as set forth in Section 9.01(i) of the Credit Agreement.

[FORM OF] ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the “Assignor”) and [Insert name of Assignee] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, supplemented or otherwise modified from time to time, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and other rights of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- 1. Assignor: \_\_\_\_\_
- 2. Assignee: \_\_\_\_\_  
[and is an Affiliate/Approved Fund of [identify Lender]<sup>1</sup>]
- 3. Borrowers: \_\_\_\_\_
- 4. Administrative Agent: JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement
- 5. Credit Agreement: The \$400,000,000 Credit Agreement dated as of July 1, 2015 among Urban Outfitters, Inc. and certain of its subsidiaries (collectively, the “Borrowers”), the other Loan Parties party thereto, the Lenders parties thereto and JPMorgan Chase Bank, N.A., as Administrative Agent

<sup>1</sup> Select as applicable.

6. Assigned Interest:

Facility Assigned <sup>2</sup>	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans <sup>3</sup>
	\$	\$	%
	\$	\$	%
	\$	\$	%

Effective Date: \_\_\_\_\_, 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Company, the other Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

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

ASSIGNEE

[NAME OF ASSIGNEE]

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

<sup>2</sup> Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Commitment," etc.)

<sup>3</sup> Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

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Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as  
Administrative Agent, Issuing Bank and Swingline Lender

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

[Consented to and Accepted:

[ \_\_\_\_\_ ], as  
Issuing Bank

By \_\_\_\_\_  
Title:]<sup>4</sup>

[Consented to:]<sup>5</sup>

URBAN OUTFITTERS, INC., as Borrower Representative

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

<sup>4</sup> To be added only if there are additional Issuing Banks under the Credit Agreement

<sup>5</sup> To be added only if the consent of the Borrower Representative is required by the terms of the Credit Agreement.

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ANNEX 1  
ASSIGNMENT AND ASSUMPTION

\$400,000,000 Credit Agreement dated as of July 1, 2015 among Urban Outfitters, Inc. and certain of its subsidiaries, the other Loan Parties party thereto, the Lenders parties thereto and JPMorgan Chase Bank, N.A., as Administrative Agent

STANDARD TERMS AND CONDITIONS FOR  
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of any Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by any Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument.

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Acceptance of the terms of this Assignment and Assumption by the Assignee and the Assignor by Electronic Signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

[FORM OF] BORROWING BASE CERTIFICATE

<b>CHASE</b>		<b>BORROWING BASE REPORT</b>				
Obligor Number: _____ Loan Number: _____		Report # _____ Date: _____ Period Covered: _____				
<b>URBAN OUTFITTERS, INC.</b>						
(in \$)						
	Urban Outfitters	Anthropologie	Free People	Terrain	Combined	
1 <b>Third Party Credit Card A/R</b>	\$ -	\$ -	\$ -	\$ -	\$ -	-
2 <b>Less: ineligible</b>	-	-	-	-	-	-
3 <b>Eligible Credit Card A/R</b>	-	-	-	-	-	-
4 <b>Advance rate %</b>	80%	80%	80%	80%	80%	80%
5 <b>Credit Card A/R availability</b>	-	-	-	-	-	-
6 <b>Trade A/R</b>	-	-	-	-	-	-
7 <b>Less: ineligible</b>	-	-	-	-	-	-
8 <b>Eligible Trade A/R</b>	-	-	-	-	-	-
9 <b>Advance rate %</b>	0%	0%	80%	0%	85%	85%
10 <b>Trade A/R availability</b>	-	-	-	-	-	-
11 <b>Total A/R availability</b>	-	-	-	-	-	-
12 <b>Retail Inventory</b>	-	-	-	-	-	-
13 <b>Less: ineligible</b>	-	-	-	-	-	-
14 <b>Eligible retail inventory</b>	-	-	-	-	-	-
15 <b>NOLV rate</b>	98.4%	117.2%	103.1%	80.0%	Blended	Blended
16 <b>Advance rate at 90% of NOLV</b>	88.6%	105.5%	92.8%	81.0%	Blended	Blended
17 <b>Retail inventory availability at 90% of NOLV</b>	-	-	-	-	-	-
18 <b>Wholesale Inventory</b>	-	-	-	-	-	-
19 <b>Less: ineligible</b>	-	-	-	-	-	-
20 <b>Eligible wholesale inventory</b>	-	-	-	-	-	-
21 <b>NOLV rate</b>	-	-	-	-	-	78.7%
22 <b>Advance rate at 90% of NOLV</b>	-	-	-	-	-	70.8%
23 <b>Wholesale inventory availability at 90% of NOLV</b>	-	-	-	-	-	-
24 <b>Intransit Inventory</b>	-	-	-	-	-	-
25 <b>Domestic Inventory In Transit</b>	-	-	-	-	-	-
26 <b>Less: ineligible</b>	-	-	-	-	-	-
27 <b>Eligible Domestic Intransit Inventory</b>	-	-	-	-	-	-
28 <b>NOLV rate</b>	98.4%	117.2%	103.1%	80.0%	Blended	Blended
29 <b>Advance rate at 90% NOLV</b>	88.6%	105.5%	92.8%	81.0%	Blended	Blended
30 <b>Domestic Inventory Intransit Availability</b>	-	-	-	-	-	-
31 <b>Import Inventory In Transit</b>	-	-	-	-	-	0
32 <b>Less: ineligible</b>	-	-	-	-	-	0
33 <b>Eligible Import Intransit Inventory</b>	-	-	-	-	-	0
34 <b>NOLV rate</b>	-	-	-	-	-	78.7%
35 <b>Advance rate at 90% NOLV</b>	-	-	-	-	-	70.8%
36 <b>Import Inventory Intransit Availability</b>	-	-	-	-	-	0
37 <b>Intransit Inventory (Lesser of Intransit Inventory Availability and Cap)</b>	-	-	-	-	-	-
38 <b>Total inventory availability</b>	-	-	-	-	-	-
39 <b>Total Borrowing Base Availability before reserves</b>	-	-	-	-	-	-
40 <b>Less: Availability Reserves:</b>	-	-	-	-	-	-
41 <b>Rent Reserve (2 months PA, VA, WA)</b>	-	-	-	-	-	-
42 <b>Accrued C/C Card Liability @ 50%</b>	-	-	-	-	-	-
43 <b>Merchandise Credits @ 50%</b>	-	-	-	-	-	-
44 <b>Duty and Freight Costs</b>	-	-	-	-	-	-
45 <b>Other Reserves</b>	-	-	-	-	-	-
51 <b>Total Availability Reserves</b>	-	-	-	-	-	-
52 <b>Total Borrowing Base Availability</b>	-	-	-	-	-	-
53 <b>Revolver Commitment</b>	-	-	-	-	-	400,000,000
54 <b>Lesser of Borrowing Base Availability &amp; Commitment</b>	-	-	-	-	-	-
55 <b>Loan Balance</b>	-	-	-	-	-	-
56 <b>Letters of Credit Outstanding</b>	-	-	-	-	-	-
57 <b>Excess Availability</b>	-	-	-	-	-	-

*Note: Wholesale and Foreign Intransit Inventory Availability reflected in Combined Column*

Pursuant to, and in accordance with, the terms and provisions of that certain Credit Agreement dated as of June 1, 2015 (as it may be amended or modified from time to time) (the "Agreement") among Urban Outfitters, Inc. and certain of its subsidiaries (collectively the "Borrowers"), the other Loan Parties, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders, the Borrower Representative is executing and delivering to the Administrative Agent this Borrowing Base Report accompanied by supporting data (collectively, the "Report"). The Borrower Representative, on behalf of the Borrowers, represents and warrants to the Administrative Agent that this Report is true and correct, and is based on information contained in the Borrowers' own financial accounting records. The Borrower Representative, on behalf of the Borrowers, by the execution of this Report hereby ratifies, confirms and affirms all of the terms, conditions and provisions of the Agreement, and certifies on this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_ that the Borrowers are in compliance with the Agreement.

<b>BORROWER NAME:</b> Urban Outfitters Inc.	<b>AUTHORIZED SIGNATURE:</b> _____	<b>Date:</b> _____
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URBAN OUTFITTERS, INC.  
 Accounts Receivable Availability  
 As of Date:

	Urban Outfitters	Anthropologie	Free People	Terrain	Combined
<b>Gross Credit Card accounts receivable</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Less Ineligibles</b>					
Fees	-	-	-	-	-
A/R Outstanding over 5 days	-	-	-	-	-
Other per agreement - No Notification Agreement	-	-	-	-	-
Other per agreement	-	-	-	-	-
<b>Total ineligible credit card A/R</b>	-	-	-	-	-
<b>Eligible Credit Card A/R</b>	-	-	-	-	-
<b>Advance rate %</b>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>
<b>Credit Card A/R availability</b>	-	-	-	-	-
<b>Beginning Gross Trade A/R (Prior Report Ending Bal.)</b>					
Additions to Collateral (Gross Sales)					
Other Additions (Add-Back non-A/R cash, debit memo, etc.)					
Deductions to Collateral (Cash Received)					
Deductions to Collateral (Discounts, Other)					
Deductions to Collateral (Credit Memos)					
Other Non-Cash Credits to A/R					
<b>Ending Gross Trade A/R</b>					
<b>Less Ineligibles</b>					
Accounts Over 60 days Past Due					
Accounts Over 90 days Past Invoice Date					
Credits in past due amounts					
Cross-aging 50% rule					
Government accounts					
Foreign					
Chargebacks					
Employee's/Store/Rep's					
Intercompany/Affiliates					
Contra Accounts					
Bankrupt Customers					
Cash Discount Allowances					
Promo/Advertising Allowances					
Unapplied Cash					
Customer Concentration - Excess over 35% for Nordstroms and Macy's if Investment Grade					
Customer Concentration: All Others over 20%					
NISAR					
Other per agreement					
Other per agreement					
<b>Total Ineligibles</b>					
<b>Eligible Trade A/R</b>					
<b>Less:</b>					
Dilution reserve					
<b>Eligible Trade A/R after reserves</b>					
<b>Advance rate %</b>			<u>85%</u>		<u>85%</u>
<b>Trade A/R availability</b>					
<b>Total A/R availability</b>	\$ -	\$ -	\$ -	\$ -	\$ -



URBAN OUTFITTERS, INC.  
 NOLV rates  
 Per Appraisal dated May 7, 2015

	<u>Retail</u>				<u>Wholesale</u>	<u>Foreign Intransit</u>
	<u>UO</u>	<u>Anthropol.</u>	<u>Free People</u>	<u>Terrain</u>		
<b>Quarterly NOLV Rates</b>						
Q1 March 1st - May 31st	93.1%	116.0%	101.5%	91.8%	77.8%	90.5%
Q2 June 1st - August 31st	98.4%	117.2%	103.1%	90.0%	78.7%	91.8%
Q3 September 1st - November 30th	100.0%	121.0%	104.9%	97.6%	79.9%	96.3%
Q4 December 1st - February 28th	95.9%	116.7%	101.8%	88.9%	78.5%	92.8%

	<u>UO</u>	<u>Anthropol.</u>	<u>Free People</u>	<u>Terrain</u>	<u>Wholesale</u>	<u>Intransit</u>
<b>NOLV by Month</b>						
February 2015	90.0%	113.4%	100.7%	82.2%	77.7%	91.5%
March	91.1%	112.9%	100.8%	83.3%	77.6%	87.0%
April	93.0%	115.8%	101.7%	94.0%	77.9%	88.2%
May	95.2%	118.9%	102.1%	96.5%	78.0%	92.6%
June	96.5%	116.6%	102.4%	89.5%	78.2%	90.4%
July	99.6%	116.9%	102.7%	89.4%	78.5%	91.2%
August	99.0%	118.0%	104.1%	91.1%	79.4%	93.5%
September	96.7%	117.5%	104.8%	91.0%	79.6%	91.3%
October	99.3%	120.8%	104.8%	97.6%	79.8%	97.1%
November	103.3%	124.0%	105.0%	102.4%	80.3%	99.1%
December 2015	102.8%	121.9%	103.7%	99.0%	79.6%	97.3%
January 2016	91.2%	112.7%	100.5%	79.9%	78.1%	87.2%

RESERVED

[FORM OF] COMPLIANCE CERTIFICATE

To: The Lenders parties to the Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Credit Agreement dated as of July 1, 2015 (as amended, modified, renewed or extended from time to time, the "Agreement") among Urban Outfitters, Inc. (the "Company") and certain of its subsidiaries (collectively, the "Borrowers"), the other Loan Parties, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent for the Lenders. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES, ON ITS BEHALF AND ON BEHALF OF THE BORROWERS, THAT:

1. I am the duly elected \_\_\_\_\_ of the Borrower Representative;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Company and its Subsidiaries during the accounting period covered by the attached financial statements [for quarterly or monthly financial statements add: and such financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes];

3. The examinations described in paragraph 2 did not disclose, except as set forth below, and I have no knowledge of (i) the existence of any condition or event which constitutes a Default during the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate or (ii) any change in GAAP or in the application thereof that has occurred since the date of the audited financial statements referred to in Section 3.04 of the Agreement;

4. I hereby certify that the full legal name of each Loan Party and its jurisdiction of organization is:

Loan Party	Jurisdiction
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and further hereby certify that no Loan Party has changed (i) its name, (ii) its chief executive office, (iii) the type of entity it is, (iv) its organization identification number or (v) its state of incorporation or organization without having given the Administrative Agent the notice required by Section 6.03(c) of the Agreement;

5. Schedule I attached hereto sets forth financial data and computations evidencing [when Availability is equal to or greater than the Applicable Trigger Amount (Level I) add: the Fixed Charge Coverage Ratio] [when Availability is less than the Applicable Trigger Amount (Level I) add: the Borrowers' compliance with the covenant set forth in Section 6.12 of the Agreement], all of which data and computations are true, complete and correct; and

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6. Schedule II hereto sets forth the financial data and computations necessary to determine the Applicable Rate for the Determination Date to which the financial statements attached hereto relate, all of which data and computations are true, complete and correct.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the (i) nature of the condition or event, the period during which it has existed and the action which the Borrowers have taken, are taking, or propose to take with respect to each such condition or event or (ii) the change in GAAP or the application thereof and the effect of such change on the attached financial statements:

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The foregoing certifications, together with the computations set forth in Schedule I and Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this    day of            ,    .

URBAN OUTFITTERS, INC., as  
Borrower Representative

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Fixed Charge Coverage Ratio Calculation

For the period of four fiscal quarters ended [            ]:

Consolidated Net Income:

Consolidated net income (loss) in accordance with GAAP \$ [ , , ]

**Excluding :**

(a) Extraordinary gains and extraordinary losses \$ [ , , ]

(b) Income (deficit) accrued prior to date it becomes a Subsidiary or is consolidated with Company or any Subsidiary \$ [ , , ]

(c) Income (deficit) of any Person (other than a Subsidiary) in which the Company or any Subsidiaries has an ownership interest, except to the extent that income is received by the Company or such Subsidiary as dividends or similar distributions \$ [ , , ]

(d) undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary \$ [ , , ]

(e) Any cancellation of Indebtedness income for such period: \$ [ , , ]

1. **Consolidated Net Income** \$ [ , , ]**Plus:**

(a) Interest Expense on all Indebtedness (including Capital Leases) including commissions, discounts, fees and charges on letters of credit and net costs under interest rate Swap Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP \$ [ , , ]

(b) Federal, state, local and foreign income taxes (excluding Federal, state, local and foreign income tax credits ) \$ [ , , ]

(c) depreciation and amortization expense \$ [ , , ]

(d) non-cash compensation expenses

(e) non-recurring non-cash charges (including asset impairment charges, unrealized foreign currency losses or other unrealized hedge agreement losses, but excluding non-recurring non-cash charges that relate to the write down/write off of inventory \$ [ , , ]

	(f) other non-recurring losses, costs, charges or cash expenses (including without limitation, restructuring, business optimization costs, charges or reserves (including any unusual or non-recurring operating expenses directly attributable to implementation of cost savings initiatives), and non-recurring severance, relocation, consolidation, transition, integration or other similar charges and expenses in an amount not to exceed \$25,000,000 in the aggregate	\$ [ , , ]
	(g) costs, fees, expenses, premiums or penalties in connection with Acquisitions (whether or not consummated) and permitted asset sales (whether or not consummated) in an amount not to exceed \$5,000,000 in the aggregate (other than asset sales effected in the ordinary course of business)	\$ [ , , ]
	(h) Costs, fees and expenses incurred in connection with the Transactions	\$ [ , , ]
<b>Minus:</b>		
	(i) Federal, state, local and foreign income tax credits	\$ [ , , ]
	(j) non-recurring non-cash items increasing Net Income (including without limitation foreign currency gains but excluding normal accruals in the ordinary course of business)	\$ [ , , ]
	(k) non-recurring cash gains of the Company and its Subsidiaries increasing Net Income for such period:	\$ [ , , ]
	(l) Interest income	\$ [ , , ]
	(m) Cash payments that were deducted from Net Income and added back in determining EBITDA in the testing period or a previous testing period shown above	\$ [ , , ]
2.	<b><u>EBITDA</u></b>	
<b>Plus:</b>	<b><u>Rentals</u></b>	\$ [ , , ]
	The aggregate fixed amounts payable under any operating leases	\$ [ , , ]
3.	<b><u>EBITDAR</u></b>	\$ [ , , ]
4.	<b><u>Unfinanced Capital Expenditures</u></b>	
5.	<b><u>EBITDAR less Unfinanced Capital Expenditures</u></b>	\$ [ , , ]
6.	<b><u>Fixed Charges:</u></b>	
	(i) cash Interest Expense, plus	\$ [ , , ]
	(ii) Rentals, plus	\$ [ , , ]
	(iii) scheduled principal payments on Indebtedness, actually made, plus	\$ [ , , ]
	(iv) expenses for taxes paid in cash, plus	\$ [ , , ]

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(v) Restricted Payments paid in cash during such period (other than pursuant to Section 6.08(a)(ii) of the Agreement) plus \$ [ , , ]

(vi) Capital Lease Obligations paid in cash for such period

**Total Fixed Charges** \$ [ , , ]

7. Fixed Charge Coverage Ratio: (5/6)= [ ] to [ ]

Fixed Charge Coverage Covenant

Applicable Rate Calculation

1.	<u>Adjusted Leverage Ratio:</u>	
	(i) Total Funded Indebtedness on such date:	\$ [ , , ]
Plus:	(ii) Rent Liability (8 x Rentals)	\$ [ , , ]
Less:	(iii) the aggregate amount of unrestricted cash and Cash Equivalents of Company and its Subsidiaries (other than the cash proceeds of any Indebtedness being incurred on such date) in excess of \$50,000,000:	\$ [ , , ]
	EBITDAR for the period of four (4) consecutive fiscal quarters	\$ [ , , ]
	<u>Adjusted Leverage Ratio</u>	[ ] to [ ]
2.	<u>Applicable Rate Tier:</u> [ ] <sup>2</sup>	
3.	<u>Average Quarterly Availability:</u> ((i)-(ii))/(iii)=	\$ [ , , ]
	(i) lesser of Aggregate Commitments and Borrowing Base at such time:	\$ [ , , ]
	(ii) the Aggregate Credit Exposure at such time:	\$ [ , , ]
	(iii) days in applicable fiscal quarter:	[ ]
5.	<u>Applicable Rate Level:</u>	[ ] <sup>3</sup>
6.	<u>Applicable Rate:</u>	
	(i) LIBOR / CDOR / EURIBOR Margin:	[ ]%
	(ii) ABR / CABROVER Margin:	[ ]%
	(iii) Commitment Fee:	[ ]%

<sup>2</sup> If Adjusted Leverage Ratio < 4.5 to 1.0, indicate "Tier I". If Adjusted Leverage Ratio  4.5 to 1.0, indicate "Tier II".

<sup>3</sup> If Average Quarterly Availability is  66% of the Aggregate Commitments, indicate "Level I". If Average Quarterly Availability is < 66% of the Aggregate Commitments but  33% of the Aggregate Commitments, indicate "Level II". If Average Quarterly Availability is < 33% of the Aggregate Commitments, indicate "Level III".

RESERVED

## [FORM OF] JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Agreement"), dated as of \_\_\_\_\_, 20\_\_\_\_, is entered into between \_\_\_\_\_, a \_\_\_\_\_ (the "New Subsidiary") and JPMORGAN CHASE BANK, N.A., in its capacity as administrative agent (the "Administrative Agent") under that certain Credit Agreement dated as of July 1, 2015 (as the same may be amended, modified, extended or restated from time to time, the "Credit Agreement") among Urban Outfitters, Inc. and certain of its subsidiaries (collectively, the "Borrowers"), the other Loan Parties party thereto, the Lenders party thereto and the Administrative Agent for the Lenders. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

The New Subsidiary and the Administrative Agent, for the benefit of the Lenders, hereby agree as follows:

1. The New Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Subsidiary will be deemed to be a Loan Party under the Credit Agreement and a "Guarantor" pursuant to the Loan Guaranty contained therein for all purposes of the Credit Agreement and shall have all of the obligations of a Loan Party and a Guarantor thereunder as if it had executed the Credit Agreement. The New Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement, including without limitation (a) all of the representations and warranties of the Loan Parties set forth in Article III of the Credit Agreement, (b) all of the covenants set forth in Articles V and VI of the Credit Agreement and (c) all of the guaranty obligations set forth in Article X of the Credit Agreement. Without limiting the generality of the foregoing terms of this paragraph 1, the New Subsidiary, subject to the limitations set forth in Sections 10.10 and 10.13 of the Credit Agreement, hereby guarantees, jointly and severally with the other Loan Parties, to the Administrative Agent and the Lenders, as provided in Article X of the Credit Agreement, the prompt payment and performance of the Guaranteed Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof and agrees that if any of the Guaranteed Obligations are not paid or performed in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), the New Subsidiary will, jointly and severally together with the other Loan Parties, promptly pay and perform the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2. If required, the New Subsidiary is, simultaneously with the execution of this Agreement, executing and delivering such Collateral Documents (and such other documents and instruments) as requested by the Administrative Agent in accordance with the Credit Agreement.

3. The New Subsidiary hereby waives acceptance by the Administrative Agent and the Lenders of the guaranty by the New Subsidiary upon the execution of this Agreement by the New Subsidiary.

4. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument.

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5. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Subsidiary has caused this Agreement to be duly executed by its authorized officer, and the Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[NEW SUBSIDIARY]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[FORM OF]  
U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of July 1, 2015 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Urban Outfitters, Inc. and certain of its subsidiaries (collectively, the "Borrowers"), the other Loan Parties party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower Representative with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower Representative and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower Representative and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

Date:     ,     , 20[     ]

[FORM OF]  
U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of July 1, 2015 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Urban Outfitters, Inc. and certain of its subsidiaries (collectively, the "Borrowers"), the other Loan Parties party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date: , , 20[ ]

[FORM OF]  
U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of July 1, 2015 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Urban Outfitters, Inc. and certain of its subsidiaries (collectively, the "Borrowers"), the other Loan Parties party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: \_\_\_\_\_  
Name:  
Title:

Date: , , 20[ ]

[FORM OF]  
U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of July 1, 2015 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Urban Outfitters, Inc. and certain of its subsidiaries (collectively, the "Borrowers"), the other Loan Parties party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for the Lenders.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of any Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to any Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower Representative with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower Representative and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower Representative and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: \_\_\_\_\_  
Name:  
Title:

Date:      ,      , 20[   ]

**Subsidiaries of Urban Outfitters, Inc., a Pennsylvania corporation**  
*(as of February 1, 2016)*

<u>Subsidiary</u>	<u>Jurisdiction of Organization</u>
Anthropologie, Inc.	Pennsylvania
Urban Outfitters Wholesale, Inc.	Pennsylvania
URBN UK Limited	United Kingdom
Urban Outfitters West LLC	California
URBN Holding LLC	Delaware
UO Fenwick, Inc.	Delaware
URBN Canada Retail, Inc.	Canada
Urban Outfitters Ireland Limited	Ireland
Free People of PA LLC	Pennsylvania
U.O. Real Estate LLC	Pennsylvania
U.O. Real Estate Holding I LLC	Pennsylvania
U.O. Real Estate Holding II LLC	Pennsylvania
Urban Outfitters Denmark (Branch of URBN UK Limited, UK)	Denmark
Urban Outfitters I Sverige AB	Sweden
URBN Netherlands Retail BV	Netherlands
Urban Outfitters Belgium BVBA	Belgium
Urban Outfitters Germany GmbH	Germany
HK Sourcing Limited	Hong Kong
URBN HK Trading Limited	Hong Kong
Terrain Merchandising LLC	Delaware
Terrain East LLC	Pennsylvania
J. Franklin Styer Nurseries, Inc.	Pennsylvania
UO US LLC	Delaware
Urban Outfitters UK Limited	United Kingdom
Anthropologie UK Limited	United Kingdom
UO Bermuda Limited	Bermuda
URBN Bermuda Holding Ltd	Bermuda
URBN Bermuda Holding Partners LP	Bermuda
URBN Japan GK	Japan
URBN Ireland Retail Ltd	Ireland
URBN Spain Retail S.L.	Spain
URBN Hong Kong Retail Limited	Hong Kong
URBN France Retail SARL	France
URBN PR Holding, Inc.	Delaware
URBN Italy Retail SRL	Italy
URBN Puerto Rico LLC	Puerto Rico
URBN India Sourcing & Design Solutions Limited	India
URBN International Operations Limited	United Kingdom
URBN Holdings UK Limited	United Kingdom
URBN Turkey Sourcing & Design Solutions Limited	Turkey
URBN Group Holdings LP	United Kingdom
URBN Fenwick International Limited	United Kingdom



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-33603, 333-38648, 333-84333, 333-119878, 333-153149 and 333-183902 on Form S-8 of our reports dated March 31, 2016, relating to the consolidated financial statements of Urban Outfitters, Inc. and subsidiaries, and the effectiveness of Urban Outfitters, Inc. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of Urban Outfitters, Inc. and subsidiaries for the fiscal year ended January 31, 2016.

*/s/ DELOITTE & TOUCHE LLP*

Philadelphia, Pennsylvania  
March 31, 2016





**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Richard A. Hayne, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (1) the Form 10-K of Urban Outfitters, Inc. (the "Company") for the year ended January 31, 2016 (the "Form 10-K"), fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2016

By: \_\_\_\_\_ /s/ RICHARD A. HAYNE  
Richard A. Hayne  
(Principal Executive Officer)

**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Francis J. Conforti, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that (1) the Form 10-K of Urban Outfitters, Inc. (the "Company") for the year ended January 31, 2016 (the "Form 10-K"), fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and (2) the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2016

By: \_\_\_\_\_ /s/ FRANCIS J. CONFORTI  
Francis J. Conforti  
(Chief Financial Officer)

