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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended: June 27, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number: 001-14543

TrueBlue, Inc.

(Exact name of Registrant as specified in its charter)

Washington	**91-1287341**
(State of Incorporation)	(IRS Employer ID)
1015 A Street, Tacoma, Washington	**98402**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (253) 383-9101

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

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

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

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

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

As of July 14, 2014, there were 41,512,441 shares of the registrant's common stock outstanding.

TrueBlue, Inc.

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Part I. Financial Information

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

TRUEBLUE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value data)

ASSETS	June 27, 2014 *(unaudited)*	December 27, 2013
Current assets:		
Cash and cash equivalents	$ 162,849	$ 122,003
Marketable securities	4,997	14,745
Accounts receivable, net of allowance for doubtful accounts of $6,865 and $5,710	208,413	199,519
Prepaid expenses, deposits and other current assets	8,696	9,491
Income tax receivable	682	3,060
Deferred income taxes	8,942	7,640
Total current assets	394,579	356,458
Property and equipment, net	53,181	54,473
Restricted cash and investments	145,908	154,558
Deferred income taxes	6,998	4,213
Goodwill	82,239	82,239
Intangible assets, net	28,463	31,505
Other assets, net	35,387	36,015
Total assets	$ 746,755	$ 719,461
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	$ 29,247	$ 29,850
Accrued wages and benefits	44,598	39,094
Current portion of workers' compensation claims reserve	48,951	49,942
Other current liabilities	2,479	2,523
Total current liabilities	125,275	121,409
Workers' compensation claims reserve, less current portion	165,086	164,887
Note payable, less current portion	28,522	29,656
Other long-term liabilities	11,506	10,149
Total liabilities	330,389	326,101
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, $0.131 par value, 20,000 shares authorized; No shares issued and outstanding	—	—
Common stock, no par value, 100,000 shares authorized; 41,371 and 41,085 shares issued and outstanding	1	1
Accumulated other comprehensive income	2,575	2,033
Retained earnings	413,790	391,326
Total shareholders' equity	416,366	393,360
Total liabilities and shareholders' equity	$ 746,755	$ 719,461

See accompanying notes to consolidated financial statements

TRUEBLUE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands, except per share data)
(unaudited)

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Revenue from services	$ 453,227	$ 422,310	$ 849,290	$ 768,809
Cost of services	333,644	310,437	630,148	570,296
Gross profit	119,583	111,873	219,142	198,513
Selling, general and administrative expenses	96,354	89,339	188,336	177,771
Depreciation and amortization	5,247	5,203	10,408	10,362
Income from operations	17,982	17,331	20,398	10,380
Interest expense	(322)	(336)	(585)	(569)
Interest and other income	772	611	1,379	1,321
Interest and other income, net	450	275	794	752
Income before tax expense (benefit)	18,432	17,606	21,192	11,132
Income tax expense (benefit)	2,350	5,069	3,453	(330)
Net income	$ 16,082	$ 12,537	$ 17,739	$ 11,462
Net income per common share:				
Basic	$ 0.39	$ 0.31	$ 0.44	$ 0.29
Diluted	$ 0.39	$ 0.31	$ 0.43	$ 0.28
Weighted average shares outstanding:				
Basic	40,739	40,140	40,655	39,962
Diluted	40,969	40,421	40,934	40,248
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of tax	$ 333	$ (325)	$ 89	$ (549)
Unrealized gain (loss) on investments, net of tax	406	71	453	(7)
Total other comprehensive income (loss), net of tax	739	(254)	542	(556)
Comprehensive income	$ 16,821	$ 12,283	$ 18,281	$ 10,906

See accompanying notes to consolidated financial statements

TRUEBLUE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Twenty-six weeks ended	
	June 27, 2014	**June 28, 2013**
Cash flows from operating activities:		
Net income	$ 17,739	$ 11,462
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	10,408	10,362
Provision for doubtful accounts	6,286	6,415
Stock-based compensation	4,987	4,594
Deferred income taxes	(4,088)	(2,564)
Other operating activities	(54)	848
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(15,180)	(8,528)
Income taxes	3,647	(143)
Other assets	(66)	341
Accounts payable and other accrued expenses	(566)	(7,496)
Accrued wages and benefits	5,291	7,053
Workers' compensation claims reserve	(792)	1,583
Other liabilities	1,310	186
Net cash provided by operating activities	28,922	24,113
Cash flows from investing activities:		
Capital expenditures	(6,113)	(7,200)
Acquisition of business, net of cash acquired	—	(54,873)
Purchases of marketable securities	(25,057)	(19,915)
Sales and maturities of marketable securities	36,175	—
Change in restricted cash and cash equivalents	19,007	3,709
Purchases of restricted investments	(18,196)	(6,789)
Maturities of restricted investments	7,202	10,871
Net cash provided by (used in) investing activities	13,018	(74,197)
Cash flows from financing activities:		
Net proceeds from stock option exercises and employee stock purchase plans	1,349	6,023
Common stock repurchases for taxes upon vesting of restricted stock	(2,665)	(2,182)
Proceeds from note payable	—	34,000
Payments on debt and other liabilities	(1,133)	(1,115)
Other	1,269	478
Net cash provided by (used in) financing activities	(1,180)	37,204
Effect of exchange rates on cash	86	(544)
Net change in cash and cash equivalents	40,846	(13,424)
CASH AND CASH EQUIVALENTS, beginning of period	122,003	129,513
CASH AND CASH EQUIVALENTS, end of period	$ 162,849	$ 116,089

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

NOTE 1: ACCOUNTING PRINCIPLES AND PRACTICES

Financial Statement Preparation

The accompanying unaudited consolidated financial statements (“financial statements”) of TrueBlue, Inc. (the "Company", "we", "us", "our", and "TrueBlue") are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures usually found in financial statements prepared in accordance with GAAP have been condensed or omitted. The financial statements reflect all adjustments which, in the opinion of management, are necessary to fairly state the financial statements for the interim periods presented. We follow the same accounting policies for preparing both quarterly and annual financial statements.

These financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 27, 2013. The results of operations for the thirteen andtwenty-six weeks ended June 27, 2014 are not necessarily indicative of the results expected for the full fiscal year or for any other fiscal period.

Goodwill and Intangible Assets

We have historically evaluated our goodwill for impairment at the reporting unit level annually as of the last day of our fiscal third quarter or when indications of potential impairment exist. In the first quarter of 2014, we changed the date of our annual assessment of goodwill impairment to the first day of our fiscal second quarter of each year. This is a change in method of applying an accounting principle, which management believes is preferable because it better aligns the timing of the assessment with our planning and forecasting process and alleviates constraints on accounting resources during our annual reporting process. The change in the assessment date does not delay, accelerate, or avoid a potential impairment charge. Due to significant judgments and estimates utilized in our goodwill impairment analysis, management has determined that it is impracticable to objectively determine projected cash flows and related valuation estimates that would have been used as of the first day of the second quarter of each prior reporting period without the use of hindsight. As of the first day of our fiscal second quarter of 2014, we performed our annual assessment of goodwill impairment. Based on our assessment, all of our reporting units' fair values were significantly in excess of their carrying values. We consider a reporting unit’s fair value to be substantially in excess of its carrying value at 20% or greater. Accordingly, no impairment loss was required to be recognized.

Recently Adopted Accounting Standards

Effective December 28, 2013, we adopted the accounting standard regarding the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The standard requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except to the extent when, for certain reasons, it is not available. The adoption of this standard did not have a material impact on our financial statements.

Effective December 28, 2013, we early adopted the accounting standard regarding reporting discontinued operations and disposals of components of an entity. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on a company's operations and results of operations should be presented as discontinued operations. The standard amends the requirement for reporting discontinued operations and requires additional disclosures about disposals of individually material components that are not classified as discontinued operations. The standard is effective for fiscal year-ends beginning after December 15, 2014, however early adoption is permitted. The adoption of this standard did not have a material impact on our financial statements.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2014-09 related to revenue recognition. This guidance sets forth a five-step revenue recognition model, which supersedes the prior revenue recognition guidance, as well as most industry-specific revenue recognition guidance that previously existed in GAAP. The underlying principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures

and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides two methods of initial adoption; retrospective for all periods presented, or through a cumulative adjustment in the year of adoption. It is effective for annual periods beginning after December 15, 2016, including interim periods within those annual periods. Early adoption is not permitted. We have not yet determined which method of adoption will be applied and are currently evaluating the impact that this standard will have on our consolidated financial statements.

NOTE 2: FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We apply a fair value hierarchy that prioritizes the inputs used to measure fair value:

- Level 1 inputs are valued using quoted market prices in active markets for identical assets or liabilities. Our Level 1 assets primarily include cash and cash equivalents and mutual funds.
- Level 2 inputs are valued based upon quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active. Our Level 2 assets are marketable securities, which may consist of certificates of deposit ("CDs"), variable-rate demand notes ("VRDNs"), commercial paper, and restricted investments, which consist of municipal debt securities, corporate debt securities, asset-backed securities, and U.S. agency debentures. Our investments consist of highly rated investment grade debt securities, which are rated A1/P1 or higher for short-term securities and A- or higher for long-term securities, by nationally recognized statistical rating organizations. We obtain our inputs from quoted market prices and independent pricing vendors.
- Level 3 inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. We have no Level 3 assets or liabilities.

The carrying value of our accounts receivable, accounts payable and other accrued expenses, and accrued wages and benefits approximates fair value due to their short-term nature. We also hold certain restricted investments, which collateralize workers' compensation programs and are classified as held-to-maturity and carried at amortized cost on our Consolidated Balance Sheets.

The following tables present the fair value and hierarchy for our financial assets (*in thousands*):

	June 27, 2014				
	Carrying Value	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents (1)	$ 162,849	$ 162,849	$ 162,849	$ —	$ —
Marketable securities classified as available-for-sale (2)	9,496	9,496	—	9,496	—
Restricted cash and cash equivalents (1)	41,445	41,445	41,445	—	—
Other restricted assets (3)	7,889	7,889	7,889	—	—
Restricted investments classified as held-to-maturity	96,574	97,778	—	97,778	—

	December 27, 2013				
	Carrying Value	Total Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents (1)	$ 122,003	$ 122,003	$ 122,003	$ —	$ —
Marketable securities classified as available-for-sale (2)	20,650	20,650	—	20,650	
Restricted cash and cash equivalents (1)	57,085	57,085	57,085	—	—
Other restricted assets (3)	10,795	10,795	10,795	—	—
Restricted investments classified as held-to-maturity	86,678	86,940	—	86,940	—

(1) Cash equivalents and restricted cash equivalents consist of money market funds, deposits, and investments with original maturities of three months or less.

(2) Marketable securities include CDs, VRDNs, and commercial paper, which are classified as available-for-sale. At June 27, 2014 and December 27, 2013, we had $4.5 million and $6.0 million of CDs with maturities greater than one year, which are classified as Other assets on our Consolidated Balance Sheets. VRDNs with contractual maturities beyond one year are classified as short-term based on their highly liquid nature and because they represent the investment of cash that is available for current operations. Despite the long-term nature of their stated contractual maturities, we routinely buy and sell these securities and believe we have the ability to quickly

sell them to the re-marketing agent at par value plus accrued interest in the event we decide to liquidate our investment in a particular VRDN.

(3) Other restricted assets primarily consists of deferred compensation plan accounts, which are comprised of mutual funds.

NOTE 3. MARKETABLE SECURITIES

The following tables present the amortized cost and fair value of our marketable securities, which are carried at fair value (*in thousands*):

	June 27, 2014		December 27, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Certificates of deposit	$ 9,500	$ 9,496	$ 10,000	$ 9,900
Variable-rate demand notes	—	—	5,750	5,750
Commercial paper	—	—	5,000	5,000
	$ 9,500	$ 9,496	$ 20,750	$ 20,650

Gross unrealized gains and loss were de minimis for thethirteen and twenty-six weeks ended June 27, 2014 and June 28, 2013. Our marketable securities have not resulted in any other-than-temporary impairments for the twenty-six weeks ended June 27, 2014.

The amortized cost and fair value by contractual maturity of our marketable securities are as follows (*in thousands*):

	June 27, 2014	
	Amortized Cost	Fair Value
Due in one year or less (1)	$ 5,000	$ 4,997
Due after one year (2)	4,500	4,499
	$ 9,500	$ 9,496

(1) Amounts due in one year or less are comprised of CDs.

(2) Amounts due after one year are comprised of CDs with maturities within two years and are recorded in Other assets on the Consolidated Balance Sheets.

Subsequent to the issuance of our unaudited consolidated financial statements for the twenty-six weeks ended June 28, 2013, we discovered a classification error. Our VRDNs, in the amount of $19.9 million, were inappropriately reported in Cash and cash equivalents on the unaudited Consolidated Balance Sheets as of June 28, 2013. The classification error resulted in an overstatement of Cash and cash equivalents and understatement of Net cash used in investing activities of $19.9 million in the unaudited Consolidated Statements of Cash Flows for the twenty-six weeks ended June 28, 2013. We do not consider the classification error to be material to the Company's previously issued unaudited consolidated financial statements. The VRDNs have been properly reclassified from Cash and cash equivalents to Purchases and sales/maturities in investing activities on our unaudited Consolidated Statement of Cash Flows for the twenty-six weeks ended June 28, 2013 in the current presentation for comparative purposes. This change in classification does not affect previously reported cash flows from operations or from financing activities in the Consolidated Statement of Cash Flows, or the Consolidated Statement of Operations and Comprehensive Income for the twenty-six weeks ended June 28, 2013.

The misclassification also resulted in VRDNs being inappropriately reported as Level 1 financial assets in the notes to our unaudited Consolidated Financial Statements. All VRDNs are now properly reported as Level 2 financial assets in the notes to our audited Consolidated Financial Statements. We do not consider the classification error to be material to the Company's previously issued unaudited consolidated financial statements.

NOTE 4: RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments consist principally of collateral that has been provided or pledged to insurance carriers for workers' compensation and state workers' compensation programs. Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation. The collateral typically takes the form of cash and cash equivalents and highly rated investment grade securities, primarily in municipal debt securities, corporate debt securities, asset-backed securities, and U.S. agency debentures. The majority of our collateral obligations are held in a trust at the Bank of New York Mellon ("Trust"). Our investments have not resulted in any other-than-temporary impairments.

Notes to Consolidated Financial Statements—(Continued)

The following is a summary of restricted cash and investments (*in thousands*):

	June 27, 2014	December 27, 2013
Cash collateral held by insurance carriers	$ 22,707	$ 23,747
Cash and cash equivalents held in Trust (1)	16,874	31,474
Investments held in Trust	96,574	86,678
Cash collateral backing letters of credit	1,864	1,864
Other (2)	7,889	10,795
Total restricted cash and investments	$ 145,908	$ 154,558

(1) Included in this amount is $0.8 million of accrued interest at June 27, 2014 and December 27, 2013, respectively.
(2) Primarily consists of deferred compensation plan accounts, which are comprised of mutual funds.

The following tables present fair value disclosures for our held-to-maturity investments, which are carried at amortized cost (*in thousands*):

	June 27, 2014			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Municipal debt securities	$ 57,346	$ 984	$ (116)	$ 58,214
Corporate debt securities	27,855	270	(100)	28,025
Asset-backed securities	11,373	182	(16)	11,539
	$ 96,574	$ 1,436	$ (232)	$ 97,778

	December 27, 2013			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Municipal debt securities	$ 54,133	$ 722	$ (398)	$ 54,457
Corporate debt securities	19,694	180	(294)	19,580
Asset-backed securities	12,851	141	(89)	12,903
	$ 86,678	$ 1,043	$ (781)	$ 86,940

The amortized cost and fair value by contractual maturity of our held-to-maturity investments are as follows (*in thousands*):

	June 27, 2014	
	Amortized Cost	Fair Value
Due in one year or less	$ 11,188	$ 11,241
Due after one year through five years	43,548	44,165
Due after five years through ten years	41,838	42,372
	$ 96,574	$ 97,778

Actual maturities may differ from contractual maturities because the issuers of certain debt securities have the right to call or prepay their obligations without penalty.

NOTE 5: PROPERTY AND EQUIPMENT, NET

Property and equipment are stated at cost and consist of the following (*in thousands*):

	June 27, 2014	December 27, 2013
Buildings and land	$ 27,441	$ 27,008
Computers and software	103,075	101,852
Furniture and equipment	10,855	10,444
Construction in progress	3,527	2,869
	144,898	142,173
Less accumulated depreciation and amortization	(91,717)	(87,700)
	$ 53,181	$ 54,473

Capitalized software costs, net of accumulated amortization, were $28.0 million and $30.6 million as of June 27, 2014 and December 27, 2013, respectively, excluding amounts in Construction in progress. Construction in progress consists primarily of purchased and internally developed software.

Depreciation expense of property and equipment totaled $3.7 million and $4.0 million for the thirteen weeks ended June 27, 2014 and June 28, 2013, respectively. Depreciation expense of property and equipment totaled $7.4 million and $8.2 million for the twenty-six weeks ended June 27, 2014 and June 28, 2013, respectively.

NOTE 6: INTANGIBLE ASSETS

The following table presents our purchased finite-lived intangible assets (*in thousands*):

	June 27, 2014			December 27, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets (1):						
Customer relationships	$ 35,940	$ (16,064)	$ 19,876	$ 35,940	$ (13,942)	$ 21,998
Trade name/trademarks	5,172	(3,448)	1,724	5,172	(2,708)	2,464
Non-compete agreements	1,800	(637)	1,163	1,800	(457)	1,343
Total finite-lived intangible assets	$ 42,912	$ (20,149)	$ 22,763	$ 42,912	$ (17,107)	$ 25,805

(1) Excludes assets that are fully amortized.

Intangible assets are amortized using the straight-line method over their estimated useful lives. Amortization of our finite-lived intangible assets was $1.5 million and $1.2 million for the thirteen weeks ended June 27, 2014 and June 28, 2013, respectively. Amortization of our finite-lived intangible assets was $3.0 million and $2.2 million for the twenty-six weeks ended June 27, 2014 and June 28, 2013, respectively.

The following table provides the estimated future amortization of finite-lived intangible assets as of June 27, 2014 (*in thousands*):

Remainder of 2014	$ 2,744
2015	5,077
2016	4,641
2017	2,612
2018	2,081
Thereafter	5,608
Total future amortization	$ 22,763

We also held indefinite lived trade name/trademarks of $5.7 million as of June 27, 2014 and December 27, 2013.

NOTE 7: WORKERS' COMPENSATION INSURANCE AND RESERVES

We provide workers' compensation insurance for our temporary and permanent employees. The majority of our current workers' compensation insurance policies cover claims for a particular event above a $2.0 million deductible limit, on a "per occurrence" basis. This results in our being substantially self-insured.

For workers' compensation claims originating in Washington, North Dakota, Ohio, Wyoming, Canada, and Puerto Rico (our "monopolistic jurisdictions"), we pay workers' compensation insurance premiums and obtain full coverage under government-administered programs (with the exception of our Labor Ready service line in the state of Ohio where we have a self-insured policy). Accordingly, because we are not the primary obligor, our financial statements do not reflect the liability for workers' compensation claims in these monopolistic jurisdictions.

Our workers' compensation reserve is established using estimates of the future cost of claims and related expenses that have been reported but not settled, as well as those that have been incurred but not reported. Our workers' compensation reserve for claims below the deductible limit is discounted to its estimated net present value using discount rates based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred. The weighted average rate was 2.0% at June 27, 2014.

The table below presents a reconciliation of the undiscounted workers' compensation claims reserve to the discounted workers' compensation reserve for the periods presented as follows (*in thousands*):

	June 27, 2014	December 27, 2013
Undiscounted workers' compensation reserve	$ 232,437	$ 234,453
Less discount on workers' compensation reserve	18,400	19,624
Workers' compensation reserve, net of discount	214,037	214,829
Less current portion	48,951	49,942
Long-term portion	$ 165,086	$ 164,887

Our workers' compensation reserve includes estimated expenses related to claims above our self-insured limits ("excess claims"), and we record a corresponding receivable for the insurance coverage on excess claims based on the contractual policy agreements we have with insurance carriers. We discount this reserve and corresponding receivable to its estimated net present value using the discount rates based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred. At June 27, 2014, the weighted average rate was 3.9%. The claim payments are made and the corresponding reimbursements from our insurance carriers are received over an estimated weighted average period of approximately 15.6 years. The discounted workers' compensation reserve for excess claims and the corresponding receivable for the insurance on excess claims were $34.2 million and $34.1 million as of June 27, 2014 and December 27, 2013, respectively.

Certain workers' compensation insurance companies ("Troubled Insurance Companies") with which we formerly did business are in liquidation and have failed to pay a number of excess claims to date. These excess claims have been presented to the state guaranty funds of the states in which the claims originated. Some of these excess claims have been rejected by the state guaranty funds due to statutory eligibility limitations. We have recorded a valuation allowance of $4.9 million and $5.7 million against all receivables from Troubled Insurance Companies for the excess claims that have primarily been rejected by the state guaranty as of June 27, 2014 and December 27, 2013, respectively. Total discounted receivables from insurance companies, net of the valuation allowance, were $29.3 million and $28.4 million as of June 27, 2014 and December 27, 2013, respectively, and are included in Other assets, net on the accompanying Consolidated Balance Sheets.

Management evaluates the adequacy of the workers' compensation reserves in conjunction with an independent quarterly actuarial assessment. Factors considered in establishing and adjusting these reserves include, among other things:

- changes in medical and time loss ("indemnity") costs;
- changes in mix between medical only and indemnity claims;
- regulatory and legislative developments impacting benefits and settlement requirements;
- type and location of work performed;
- impact of safety initiatives; and
- positive or adverse development of claims.

Workers' compensation expense consists primarily of changes in self-insurance reserves net of changes in discount, monopolistic jurisdictions' premiums, insurance premiums, and other miscellaneous expenses. Workers' compensation expense of $17.5 million and $16.6 million was recorded in Cost of services for the thirteen weeks ended June 27, 2014 and June 28, 2013, respectively. Workers' compensation expense of $33.5 million and $29.7 million was recorded in Cost of services for the twenty-six weeks ended June 27, 2014 and June 28, 2013, respectively.

NOTE 8: DEBT

Revolving credit facility

As of June 27, 2014, we have a credit agreement with Bank of America, N.A. and Wells Fargo Capital Finance, LLC for a secured revolving credit facility of up to a maximum of $80.0 million (the "Revolving Credit Facility").

The maximum amount we can borrow under the Revolving Credit Facility is subject to certain borrowing limits. Specifically, we are limited to the sum of 85% of our eligible accounts receivable and the liquidation value of our Tacoma headquarters office building. The liquidation value is not to exceed $15.0 million, and is reduced quarterly by $0.4 million. As of June 27, 2014, the Tacoma headquarters office building liquidation value totaled $11.2 million. The borrowing limit is further reduced by the sum of a reserve in an amount equal to the payroll and payroll taxes for our temporary employees for one payroll cycle and other reserves, if deemed applicable. At June 27, 2014, $80.0 million was available under the Revolving Credit Facility, and $6.0 million was utilized by outstanding standby letters of credit, leaving $74.0 million available for additional borrowings. The letters of credit collateralize a portion of our workers' compensation obligation.

The Revolving Credit Facility requires that we maintain liquidity in excess of $12.0 million. Liquidity is defined as the amount we are entitled to borrow as advances under the Revolving Credit Facility plus the amount of cash, cash equivalents, and certain marketable securities held in accounts subject to a control agreement benefiting the lenders. We are required to satisfy a fixed charge coverage ratio in the event we do not meet that requirement. The amount we were entitled to borrow at June 27, 2014 was $74.0 million and the amount of cash, cash equivalents and certain marketable securities under control agreements was $168.0 million for a total of $242.0 million, which is well in excess of the liquidity requirement. We are currently in compliance with all covenants related to the Revolving Credit Facility.

Under the terms of the Revolving Credit Facility, we pay a variable rate of interest on funds borrowed that is based on London Interbank Offered Rate (LIBOR) or the Prime Rate, at our option, plus an applicable spread based on excess liquidity as set forth below:

Excess Liquidity	Prime Rate Loans	LIBOR Rate Loans
Greater than $40 million	0.50%	1.50%
Between $20 million and $40 million	0.75%	1.75%
Less than $20 million	1.00%	2.00%

A fee on borrowing availability of 0.25% is also applied against the unused portion of the Revolving Credit Facility. Letters of credit are priced at the margin in effect for LIBOR loans, plus a fronting fee of 0.125%.

Obligations under the Revolving Credit Facility are secured by substantially all of our domestic personal property and our headquarters located in Tacoma, Washington.

On June 30, 2014, we entered into a Second Amended and Restated Credit Agreement for a secured revolving credit facility, which replaces the Revolving Credit Facility. See Note 16: Subsequent Events, for further details.

Term Loan Agreement

On February 4, 2013, we entered into an unsecured Term Loan Agreement (the "Loan") with Synovus Bank in the principal amount of $34.0 million. The Loan has a five year maturity with fixed monthly principal payments, which total $2.3 million annually based on a loan amortization term of 15 years. Interest accrues at the one-month LIBOR index rate plus an applicable spread of 1.50%, which is paid in addition to the principal payments. At our discretion, we may elect to extend the term of the Loan by five consecutive one-year extensions. At June 27, 2014, the interest rate for the Loan was 1.65%.

At June 27, 2014, the remaining balance of the Loan was $30.8 million, of which $2.3 million is short-term and is included in Other current liabilities on our Consolidated Balance Sheets. The long-term portion of $28.5 million is reported as Note payable on our Consolidated Balance Sheets. The Loan has variable rate interest and approximates fair value as of June 27, 2014.

Our obligations under the Loan may be accelerated upon the occurrence of an event of default under the Loan, which includes customary events of default, as well as cross-defaults related to indebtedness under our Revolving Credit Facility and other Loan specific defaults. The Loan contains customary negative covenants applicable to the Company and its subsidiaries such as indebtedness, certain dispositions of property, the imposition of restrictions on payments under the Loan, and other Loan specific covenants. We are currently in compliance with all covenants related to the Loan.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Workers' compensation commitments

Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation, for which they become responsible should we become insolvent. The collateral typically takes the form of cash and cash equivalents, highly rated investment grade debt securities, letters of credit and/or surety bonds. On a regular basis these entities assess the amount of collateral they will require from us relative to our workers' compensation obligation. The majority of our collateral obligations are held in the Trust at the Bank of New York Mellon.

We have provided our insurance carriers and certain states with commitments in the form and amounts listed below (*in thousands*):

	June 27, 2014	December 27, 2013
Cash collateral held by insurance carriers	$ 22,707	$ 23,747
Cash and cash equivalents held in Trust (1)	16,874	31,474
Investments held in Trust	96,574	86,678
Letters of credit (2)	7,824	7,867
Surety bonds (3)	15,829	16,099
Total collateral commitments	$ 159,808	$ 165,865

(1) Included in this amount is $0.8 million of accrued interest at June 27, 2014 and December 27, 2013, respectively.

(2) We have agreements with certain financial institutions to issue letters of credit as collateral. We had $1.9 million of restricted cash collateralizing our letters of credit at June 27, 2014 and December 27, 2013, respectively.

(3) Our surety bonds are issued by independent insurance companies on our behalf and bear annual fees based on a percentage of the bond, which is determined by each independent surety carrier. These fees do not exceed 2.0% of the bond amount, subject to a minimum charge. The terms of these bonds are subject to review and renewal every one to four years and most bonds can be canceled by the sureties with as little as 60 days notice.

Legal contingencies and developments

We are involved in various proceedings arising in the normal course of conducting business. We believe the amounts provided in our financial statements are adequate in consideration of the probable and estimable liabilities. The resolution of those proceedings is not expected to have a material effect on our results of operations or financial condition.

NOTE 10: STOCK-BASED COMPENSATION

We record stock-based compensation expense for restricted and unrestricted stock awards, performance share units, stock options, and shares purchased under an employee stock purchase plan.

Stock-based compensation expense was as follows (*in thousands*):

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Restricted and unrestricted stock and performance share units	$ 1,822	$ 1,642	$ 4,771	$ 4,461
Stock options	—	—	54	—
Employee stock purchase plan	75	72	162	133
Total stock-based compensation	$ 1,897	$ 1,714	$ 4,987	$ 4,594

Our 2005 Long-Term Equity Incentive Plan, as amended and restated effective May 2013 ("Incentive Plan"), provides for the issuance or delivery of up to7.95 million shares of our common stock over the full term of the Incentive Plan.

Notes to Consolidated Financial Statements—(Continued)

Restricted and unrestricted stock and performance share units

Under the Incentive Plan, restricted stock is granted to executive officers and key employees and vests annually overthree or four years. Unrestricted stock granted to our board of directors vests immediately. Restricted and unrestricted stock-based compensation expense is calculated based on the grant-date market value. We recognize compensation expense on a straight-line basis over the vesting period, net of estimated forfeitures.

Performance share units have been granted to executive officers and certain key employees. Vesting of the performance share units is contingent upon the achievement of revenue and/or profitability growth goals at the end of each three year performance period. Each performance share unit is equivalent toone share of common stock. Compensation expense is calculated based on the grant-date market value of our stock and is recognized ratably over the performance period for the performance share units which are expected to vest. Our estimate of the performance units expected to vest is reviewed and adjusted as appropriate each quarter.

Restricted and unrestricted stock and performance share units activity for thetwenty-six weeks ended June 27, 2014 was as follows (*shares in thousands*):

	Shares	Weighted- average grant-date price
Non-vested at beginning of period	1,544	$ 16.66
Granted	362	$ 25.27
Vested	(372)	$ 17.75
Forfeited	(17)	$ 18.29
Non-vested at the end of the period	1,517	$ 18.42

As of June 27, 2014, total unrecognized stock-based compensation expense related to non-vested restricted stock was approximately$10.2 million, of which $9.1 million is estimated to be recognized over a weighted average period of 1.76 years. As of June 27, 2014, total unrecognized stock-based compensation expense related to performance share units, assuming achievement of maximum financial goals, was approximately $10.4 million, of which $3.9 million is estimated to be recognized over a weighted average period of 1.89 years.

Stock options

Our Incentive Plan provides for both nonqualified stock options and incentive stock options (collectively, “stock options”) for directors, officers, and certain employees. We issue new shares of common stock upon exercise of stock options. All of our stock options are vested and expire if not exercised within seven to ten years from the date of grant.

Stock option activity for the twenty-six weeks ended June 27, 2014 was as follows:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
Outstanding at beginning of period	74	$ 14.99		
Granted	7	$ 25.26		
Exercised	(42)	$ 14.98		
Expired/Forfeited	(1)	$ 18.98		
Outstanding at end of period	38	$ 16.67	2.73	$ 412
Exercisable at end of period	38	$ 16.67	2.73	$ 412

The aggregate intrinsic value in the table above is the amount by which the market value of the underlying stock exceeded the exercise price of outstanding options, before applicable income taxes, and represents the amount optionees would have realized if all in-the-money options had been exercised on the last business day of the period indicated.

There were no stock options granted during thethirteen weeks ended June 27, 2014. A summary of the weighted average assumptions and results for stock options granted during the twenty-six weeks ended June 27, 2014 is as follows:

	June 27, 2014
Expected life (in years)	3.72
Expected volatility	42.8 %
Risk-free interest rate	0.7 %
Expected dividend yield	— %
Weighted average fair value of options granted during the period	$ 8.31

Employee stock purchase plan

Our Employee Stock Purchase Plan (“ESPP”) reserves for purchase 1.0 million shares of common stock. The plan allows eligible employees to contribute up to10% of their earnings toward the monthly purchase of the Company's common stock. The employee's purchase price is the lesser of 85% of the fair market value of shares on either the first day or the last day of each month. We consider our ESPP to be a component of our stock-based compensation and accordingly we recognize compensation expense over the requisite service period for stock purchases made under the plan. The requisite service period begins on the enrollment date and ends on the purchase date, the duration of which is one month.

During the twenty-six weeks ended June 27, 2014 and June 28, 2013, participants purchased 30,000 and 40,000 shares from the plan, for cash proceeds of$0.7 million and $0.6 million, respectively.

NOTE 11: DEFINED CONTRIBUTION PLANS

We offer both qualified and nonqualified defined contribution plans to eligible employees. Participating employees may elect to defer and contribute a portion of their eligible compensation. The plans offer discretionary matching contributions. The liability for the nonqualified plan was $8.2 million and $6.6 million as of June 27, 2014 and December 27, 2013, respectively. The current and non-current portion of the deferred compensation liability is included in Other current liabilities and Other long-term liabilities, respectively, on the Consolidated Balance Sheets, and is largely offset by restricted investments recorded in Restricted cash and investments on the Consolidated Balance Sheets.

NOTE 12: INCOME TAXES

Our tax provision or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Our quarterly tax provision, and our quarterly estimate of our annual effective tax rate, is subject to variation due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, audit developments, changes in law, regulations and administrative practices, and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items, tax credits, and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

Our effective tax rate on earnings for thetwenty-six weeks ended June 27, 2014, was 16.3%. The principal difference between the statutory federal income tax rate of35.0% and our effective income tax rate of 16.3%, results from the Work Opportunity Tax Credit ("WOTC") earned in 2014 for prior year hires. We generated substantially more prior year credits because more veterans with higher credits were certified than expected, our qualified workers worked longer generating more credits than expected, and many states processed a backlog of credit applications with higher than expected certification rates. These factors generated additional WOTC benefits of approximately $5.0 million, which were recognized as of June 27, 2014. This tax credit benefit decreased our effective tax rate on income for the twenty-six weeks ended June 27, 2014 from our expected 2014 rate of 39.9% to 16.3%. All other differences between the statutory federal income tax rate of35.0% result from state income taxes and certain non-deductible expenses.

The effective tax rate of(3.0)% on income for the twenty-six weeks ended June 28, 2013, was due primarily to the retroactive restoration of the WOTC. The American Taxpayer Relief Act of 2012 ("the Act") was signed into law on January 2, 2013. The Act retroactively restored the WOTC. Because a change in tax law is accounted for in the period of enactment, the retroactive effect of the Act on our U.S. federal taxes for 2012 was recognized as of June 28, 2013. This tax credit benefit decreased our effective tax rate on income for the twenty-six weeks ended June 28, 2013 from our expected 2013 rate of34.4% to (3.0)%.

Notes to Consolidated Financial Statements—(Continued)

As of June 27, 2014 and December 27, 2013, we had gross unrecognized tax benefits of $2.0 million recorded in accordance with current accounting guidance on uncertain tax positions.

NOTE 13. NET INCOME PER SHARE

Diluted common shares were calculated as follows (*in thousands, except per share amounts*):

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net income	$ 16,082	$ 12,537	$ 17,739	$ 11,462
Weighted average number of common shares used in basic net income per common share	40,739	40,140	40,655	39,962
Dilutive effect of outstanding stock options and non-vested restricted stock	230	281	279	286
Weighted average number of common shares used in diluted net income per common share	40,969	40,421	40,934	40,248
Net income per common share:				
Basic	$ 0.39	$ 0.31	$ 0.44	$ 0.29
Diluted	$ 0.39	$ 0.31	$ 0.43	$ 0.28
Anti-dilutive shares	3	3	2	152

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares and potential common shares outstanding during the period. Potential common shares include the dilutive effects of outstanding options, non-vested restricted stock, and performance share units, except where their inclusion would be anti-dilutive.

Anti-dilutive shares include unvested restricted stock, performance share units, and in-the-money options for which the sum of the assumed proceeds, including unrecognized compensation expense, exceeds the average stock price during the periods presented. Anti-dilutive shares associated with our stock options relate to those stock options with an exercise price higher than the average market value of our stock during the periods presented.

NOTE 14. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income is reflected as a net increase to shareholders' equity. Changes in the balance of each component of accumulated other comprehensive income during the twenty-six weeks ended June 27, 2014 were as follows (*in thousands*):

	Foreign currency translation adjustment	Unrealized gain (loss) on marketable securities (1)	Total other comprehensive income, net of tax
Balance at beginning of period	$ 2,129	$ (96)	$ 2,033
Current-period other comprehensive income (2)	89	453	542
Balance at end of period	$ 2,218	$ 357	$ 2,575

(1) Consists of deferred compensation plan accounts, which includes mutual funds and available-for-sale securities. Available-for-sale securities which give rise to gains and losses are limited to our investments in select certificates of deposit.

(2) The tax impact of the components of other comprehensive income was immaterial.

NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosure of cash flow information (*in thousands*):

	Twenty-six weeks ended	
	June 27, 2014	June 28, 2013
Cash paid during the period for:		
Interest	$ 540	$ 467
Income taxes	$ 5,820	$ 2,253

As of June 27, 2014 and June 28, 2013, we had acquired $0.4 million of property, plant and equipment on account that was not yet paid. These are considered non-cash investing items.

NOTE 16: SUBSEQUENT EVENTS

Acquisition

Effective June 30, 2014, we completed the acquisition of all of the outstanding equity interests of Staffing Solutions Holdings, Inc. (“Seaton”). Seaton provides outsourcing solutions, such as high-volume employee recruitment, managed services provider and strategic outsourced workforce management, primarily through its Staff Management, PeopleScout, and HRX service lines. This acquisition expands the customers we serve and allows us to offer our customers a broader range of specialized solutions to help them better manage their workforce. The purchase price of $310.0 million includes estimated working capital of approximately $50.0 million and is subject to normal working capital adjustments. The purchase price was paid using $187.0 million from our secured revolving credit facility entered into on June 30, 2014 and cash from operations. We are in the process of performing a purchase price allocation for this acquisition.

Second Amended and Restated Credit Agreement

Effective June 30, 2014, we entered into a Second Amended and Restated Credit Agreement for a secured revolving credit facility of $300.0 million with Bank of America, N.A., Wells Fargo Bank, National Association, and PNC Capital Markets LLC (the "Amended Credit Facility") in connection with our acquisition of Seaton. The Amended Credit Facility, which matures June 30, 2019, amends and restates our existing credit facility (as discussed in Note 8: Debt), and replaces the Seaton credit facility.

The maximum amount we can borrow under the Amended Credit Facility is subject to certain borrowing limits. Specifically, we are limited to the sum of 90% of our eligible billed accounts receivable, plus 85% of our eligible unbilled accounts receivable limited to 15% of all our eligible receivables, plus the value of our Tacoma headquarters office building. The real estate lending limit is $17.4 million, and is reduced quarterly by $0.4 million beginning on October 1, 2014. The borrowing limit is further reduced by the sum of a reserve in an amount equal to the payroll and payroll taxes for our temporary employees for one payroll cycle and other reserves, if deemed applicable.

The Amended Credit Facility requires that we maintain an excess liquidity of $37.5 million. Excess liquidity is an amount equal to the unused borrowing capacity under the Amended Credit Facility plus certain unrestricted cash, cash equivalents, and marketable securities. We are required to satisfy a fixed charge coverage ratio in the event we do not meet that requirement.

Under the terms of the Amended Credit Facility we pay a variable rate of interest on funds borrowed that is based on London Interbank Offered Rate (LIBOR) plus an applicable spread between 1.25% and 2.00%. Alternatively, at our option, we may pay interest based upon a base rate plus an applicable spread between 0.25% and 1.00%. The applicable spread is determined by certain liquidity to debt ratios. The base rate is the greater of the prime rate (as announced by Bank of America), the federal funds rate plus 0.50% or the one-month LIBOR rate plus 1.0%. Until October 1, 2014, the applicable spread on LIBOR is 1.75% and the applicable spread on the base rate is 0.75%. As of June 30, 2014, the interest rate was 2.0%.

A fee on unused borrowing capacity of 0.375% when utilization is less than 25%, or 0.25% when utilization is greater than or equal to 25%, is also applied against the unused portion of the Amended Credit Facility. Letters of credit are priced at the margin in effect for LIBOR loans, plus a fronting fee of 0.125%.

Obligations under the Amended Credit Facility are secured by substantially all our domestic personal property and our headquarters located in Tacoma, Washington.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note About Forward-Looking Statements

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including the following sections: "Management's Discussion and Analysis," and "Risk Factors." Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. Actual events or results may differ materially. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. We describe risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements in "Risk Factors" (Part II, Item 1A of this Form 10-Q), "Quantitative and Qualitative Disclosures about Market Risk" (Part I, Item 3), and "Management's Discussion and Analysis" (Part I, Item 2). We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events, or otherwise.

OVERVIEW

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of TrueBlue. Our MD&A is provided as a supplement to, and should be read in conjunction with, our Annual Report on Form 10-K for the fiscal year ended December 27, 2013, and our subsequently filed Quarterly Report on Form 10-Q. The MD&A is designed to provide the reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors that may affect future results. Our MD&A is presented in the following sections:

- Results of Operations
- Liquidity and Capital Resources
- Contractual Obligations and Commitments
- Summary of Critical Accounting Estimates
- New Accounting Standards

Revenue grew to $453.2 million for the thirteen weeks ended June 27, 2014, a 7.3% increase compared to the same period in the prior year. Approximately 4% of the revenue growth was generated from the acquisition of The Work Connection, Inc. ("TWC") effective October 1, 2013 and the remainder was generated from organic revenue growth across most geographies and industries we serve.

Gross profit as a percentage of revenue for the thirteen weeks ended June 27, 2014 remained relatively constant at 26.4% as compared to 26.5% for the same period in 2013. This is due largely to the impact of the acquisition of TWC, which carried a lower gross margin in comparison with our blended company average, offset by the favorable impact from disciplined management of bill rates.

Selling, general, and administrative expenses as a percentage of revenue remained relatively constant at 21.3% for the thirteen weeks ended June 27, 2014 as compared to 21.2% for the same period in 2013. We consolidated 18 branches during this quarter and expect to consolidate additional branches over the remainder of the year. We expect the leverage benefit from branch consolidations in the future. We continue to make investments in our strategy to align the dedicated sales, recruiting, and services of our branch-based service lines to better serve our customers and enable further branch consolidation and centralization of services which will increase our operating efficiency.

Non-recurring costs related to acquisitions were relatively constant in comparison with the same quarter a year ago. We completed the acquisition of all of the outstanding equity interests of Staffing Solutions Holdings, Inc. ("Seaton") effective June 30, 2014, the first business day of our third quarter. Through the acquisition, we added industry leaders PeopleScout, Staff Management | SMX, and Australia-based HRX that provide specialized, workforce outsourcing solutions. In addition to the temporary staffing services we have traditionally provided, we can now do more for customers through sourcing, screening, and on-boarding their

on-premise temporary workers and permanent employees. During the second quarter ended June 27, 2014, we incurred $2.0 million of costs related to our acquisition of Seaton. Effective February 4, 2013, we acquired substantially all of the assets and assumed certain liabilities of MDT, the third-largest general-labor staffing provider in the United States. We completed the integration related activities of MDT during the second quarter of 2013 and incurred $1.8 million of remaining integration related costs in the second quarter ended June 28, 2013.

Income tax expense for the thirteen weeks ended June 27, 2014 included increased Work Opportunity Tax Credit benefits of approximately $5.0 million. The Work Opportunity Tax Credit program has not been renewed for 2014 new hires. However, we continue to generate benefits from prior year programs. The increased credits are primarily due to qualified workers working longer, mix of workers generating higher credits, such as veterans, and states processing a backlog of credit applications with higher than expected certification rates.

Net income grew to $16.1 million, or $0.39 per diluted share, for the thirteen weeks ended June 27, 2014, compared to $12.5 million, or $0.31 per diluted share, for the same period in 2013.

RESULTS OF OPERATIONS

The following table presents selected financial data (*in thousands, except percentages and per share amounts*):

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Revenue from services	$ 453,227	$ 422,310	$ 849,290	$ 768,809
Total revenue growth %	7.3%	19.2%	10.5%	15.5%
Gross profit	$ 119,583	$ 111,873	$ 219,142	$ 198,513
Gross profit as a % of revenue	26.4%	26.5%	25.8%	25.8%
Selling, general and administrative expenses	$ 96,354	$ 89,339	$ 188,336	$ 177,771
Selling, general and administrative expenses as a % of revenue	21.3%	21.2%	22.2%	23.1%
Income from operations	$ 17,982	$ 17,331	$ 20,398	$ 10,380
Income from operations as a % of revenue	4.0%	4.1%	2.4%	1.4%
Net income	$ 16,082	$ 12,537	$ 17,739	$ 11,462
Net income per diluted share	$ 0.39	$ 0.31	$ 0.43	$ 0.28

Our business experiences seasonal fluctuations. Our quarterly operating results are affected by the seasonality of our customers' businesses as well as timing and duration of project work. Demand for our staffing services is higher during the second and third quarters of the year with demand peaking in the third quarter and is lower during the first and fourth quarters, in part due to limitations to outside work during the winter months.

Our year over year trends are impacted by acquisitions. Effective February 4, 2013, we acquired substantially all of the assets and assumed certain liabilities of MDT, the third-largest general-labor staffing provider in the United States. MDT supplied blue-collar labor to industries similar to those served by TrueBlue, including construction, event staffing, disaster recovery, hospitality, and manufacturing through its network of 105 branches in 25 states. MDT operations were primarily integrated with our Labor Ready service line. We consolidated 65 branch locations, blended our sales and service teams, and fully integrated all former MDT locations into our enterprise systems. The acquisition of MDT has both deepened our expertise and strengthened our position in the key industries we serve. The customers of MDT have been fully integrated with our existing customer base and are serviced by our blended operations. We completed the integration of all remaining administrative services during the second quarter of 2013. Due to full consolidation of the MDT branches, blending our sales and service teams, and fully integrating all former MDT locations into our enterprise systems, we cannot accurately segregate the acquisition revenue from our organic revenue growth.

Effective October 1, 2013, we acquired substantially all of the assets and assumed certain liabilities of TWC, a light industrial staffing provider with 37 branches located predominantly in the Midwest with minimal overlap with existing TrueBlue branch offices. TWC delivered specialized blue-collar staffing solutions for more than 25 years to customers in industries similar to those served by

TrueBlue. TWC's operations were primarily integrated with those of our Spartan Staffing service line during the fourth quarter of 2013.

We completed the acquisition of Seaton on June 30, 2014, the first business day of our third quarter, and we are now the largest industrial staffing provider in the U.S. Through the acquisition, we added industry leaders PeopleScout, Staff Management | SMX, and Australia-based HRX to our service lines and now offer a broader range of outsourcing workforce solutions to all our customers. In addition to the temporary staffing services we have traditionally provided, we can now do more for customers through sourcing, screening, and on-boarding their on-premise temporary workers and permanent employees.

Revenue

Revenue from services was as follows *(in thousands, except percentages)*:

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Revenue from services	$ 453,227	$ 422,310	$ 849,290	$ 768,809
Total revenue growth %	7.3%	19.2%	10.5%	15.5%

Revenue grew to $453.2 million and $849.3 million for the thirteen and twenty-six weeks ended June 27, 2014, respectively, a 7.3% and 10.5% increase compared to the same periods in the prior year. The increase was due to revenue generated from the acquisitions of MDT and TWC. In addition, we returned to strong organic revenue growth across most of the geographies and industries we serve during the second quarter of 2014. Demand for our services slowed during the first quarter of 2014 due to severe weather conditions, which slowed economic activity. However, economic activity returned to normal levels during the course of the second quarter of 2014 with strong revenue growth in June 2014 as seasonal business ramped up.

Gross profit

Gross profit was as follows (*in thousands, except percentages*):

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Gross profit	$ 119,583	$ 111,873	$ 219,142	$ 198,513
Percentage of revenue	26.4%	26.5%	25.8%	25.8%

Gross profit represents revenues from services less direct costs of services, which consist of payroll, payroll taxes, workers' compensation costs, and reimbursable costs. Gross profit as a percentage of revenue for the thirteen weeks ended June 27, 2014 remained relatively constant at 26.4% compared to 26.5% for the same period in the prior year. This was due largely to the impact of the acquisition of TWC, which carried lower gross margins in comparison with our blended company average, offset by the favorable impact from disciplined management of bill rates. Gross profit as a percentage of revenue for the twenty-six weeks ended June 27, 2014 remained constant at 25.8% compared to the same period in the prior year. This was due largely to the impact of the acquisition of MDT and TWC in fiscal 2013, which carried lower gross margins in comparison with our blended company average, offset by the favorable impact from disciplined management of bill rates.

Workers' compensation expense as a percentage of revenue remained constant at 3.9% for the thirteen and twenty-six weeks ended June 27, 2014 compared to the same periods in the prior year. We actively manage workers' compensation expense through safety of our temporary workers with our safety programs and actively control costs with our network of service providers. These actions have had a positive impact creating favorable adjustments to workers' compensation liabilities recorded in prior periods. Continued favorable adjustments to our workers' compensation liabilities are dependent on our ability to continue to aggressively lower accident rates and costs of our claims. We expect diminishing favorable adjustments to our workers' compensation liabilities as the opportunity for significant reduction to frequency and severity of accident rates diminishes.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses were as follows (*in thousands, except percentages*):

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Selling, general and administrative expenses	$ 96,354	$ 89,339	$ 188,336	$ 177,771
Percentage of revenue	21.3%	21.2%	22.2%	23.1%

SG&A spending increased $7.0 million to $96.4 million for the thirteen weeks ended June 27, 2014 due to ongoing costs from the TWC acquisition, variable costs associated with organic revenue growth, and costs related to strategic initiatives. SG&A spending on non-recurring costs related to acquisitions were relatively constant in comparison with the same quarter a year ago. During the second quarter ended June 27, 2014, we incurred $2.0 million of costs related to our acquisition of Seaton as compared to $1.8 million of remaining integration related costs related to completion of our integration of MDT in the second quarter of the prior year.

SG&A as a percentage of revenue remained relatively constant at 21.3% for the thirteen weeks ended June 27, 2014 as compared to 21.2% for the same period in 2013. We consolidated 18 branches during the current quarter and expect to consolidate additional branches over the remainder of the year. We expect the leverage benefit from branch consolidations in the future. We continue to make investments in our strategy to align the dedicated sales, recruiting, and services of our branch-based service lines to better serve our customers and enable further branch consolidation and centralization of services, which will increase our operating efficiency.

SG&A spending increased $10.6 million to $188.3 million for the twenty-six weeks ended June 27, 2014 due to ongoing costs from the MDT and TWC acquisitions, variable costs associated with organic revenue growth, and costs related to strategic initiatives. Increased spending was partially offset by a decline in non-recurring costs related to acquisitions. During the twenty-six weeks ended June 27, 2014 we incurred $2.0 million of costs related to our acquisition of Seaton as compared to total non-recurring acquisition and integration costs for MDT of $6.0 million during the twenty-six weeks ended June 28, 2013. Integration costs consisted of closing, consolidating, and relocating certain branch and administrative operations, eliminating redundant assets, and reducing excess administrative workforce and capacity together with other integration program costs. Excluding non-recurring acquisition and integration costs, SG&A as a percentage of revenue declined to 21.9% for the twenty-six weeks ended June 27, 2014 from 22.4% for the same period in 2013.

We consolidated 38 branches during the twenty-six weeks ended June 27, 2014 and expect to consolidate additional branches over the remainder of the year. We expect further leverage benefit from branch consolidations in the future. We continue to make investments in our strategy to align the dedicated sales, recruiting, and services of our branch-based service lines to better serve our customers and enable further branch consolidation and centralization of services, which will increase our operating efficiency.

Income taxes

The income tax expense (benefit) and the effective income tax rate were as follows *(in thousands, except percentages)*:

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Income tax expense (benefit)	$ 2,350	$ 5,069	$ 3,453	$ (330)
Effective income tax rate	12.7%	28.8%	16.3%	(3.0)%

Our tax provision or benefit from income taxes for interim periods is determined using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Our quarterly tax provision and our quarterly estimate of our annual effective tax rate are subject to variation due to several factors, including variability in accurately predicting our pre-tax and taxable income and loss and the mix of jurisdictions to which they relate, audit developments, changes in law, regulations and administrative practices, and relative changes of expenses or losses for which tax benefits are not recognized. Additionally, our effective tax rate can be more or less volatile based on the amount of pre-tax income. For example, the impact of discrete items, tax credits and non-deductible expenses on our effective tax rate is greater when our pre-tax income is lower.

Our effective tax rate on earnings for thethirteen and twenty-six weeks ended June 27, 2014, was 12.7% and 16.3%, respectively, compared to 28.8% and (3.0)%, respectively, for the same periods in 2013. The principal difference between the statutory federal income tax rate of 35.0% and our effective income tax rate results from state income taxes, certain non-deductible expenses, and the Work Opportunity Tax Credit ("WOTC"). WOTC expired in 2013 and has not yet been renewed by Congress for 2014 new hires.

Changes to our tax provision as a result of the WOTC were as follows:

	Thirteen weeks ended		Twenty-six weeks ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Effective income tax rate without WOTC	41.7 %	41.8 %	41.7 %	41.9 %
WOTC estimate from current year wages	(1.8)%	(7.5)%	(1.8)%	(7.5)%
Effective income tax rate before discrete adjustments	39.9 %	34.3 %	39.9 %	34.4 %
Additional WOTC from prior year wages	(27.2)%	(5.5)%	(23.6)%	(37.4)%
Effective income tax rate with WOTC	12.7 %	28.8 %	16.3 %	(3.0)%

The comparability of net income for thethirteen weeks ended June 27, 2014, to the same period in 2013, was impacted by discrete adjustments to income taxes for WOTC. This tax credit is designed to encourage employers to hire workers from certain targeted groups with higher than average unemployment rates. During the thirteen weeks ended June 27, 2014, we generated substantially more prior year credits because more veterans with higher credits were certified than expected, our qualified workers worked longer generating more credits than expected, and many states processed a backlog of credit applications with higher than expected certification rates. These factors generated additional WOTC benefits of $5.0 million,which were recognized during the twenty-six weeks ended June 27, 2014. This tax credit benefit decreased our effective tax rate for the twenty-six weeks ended June 27, 2014 from our expected 2014 rate of 39.9% to 16.3%.

The effective income tax rate in the prior year was due primarily to the retroactive restoration of the WOTC. The American Taxpayer Relief Act of 2012 ("the Act") was signed into law on January 2, 2013, retroactively restored the WOTC. Because a change in tax law is accounted for in the period of enactment, the retroactive effect of the Act on our U.S. federal taxes for 2012 was recognized in the twenty-six weeks ended June 28, 2013. The effective tax rate was also favorably impacted by the estimated increase to our WOTC benefits from the IRS extension of the 2012 WOTC certification request deadline to April 29, 2013, and by receipt of additional WOTC certification approvals related to years prior to 2012. These factors generated additional worker opportunity tax credit benefits of $4.2 million which were recognized during the twenty-six weeks ended June 27, 2014. This tax credit benefit decreased our effective tax rate for the twenty-six weeks ended June 28, 2013 from our expected 2013 rate of 34.4% to (3.0)%.

Results of Operations Future Outlook

The following highlights represent our expectations regarding operating trends for the remainder of fiscal year2014. These expectations are subject to revision as our business changes with the overall economy:

- Our top priority is to produce strong organic revenue and gross profit growth and leverage our cost structure to generate increasing operating income as a percentage of revenue. We will continue to invest in our specialized sales, recruiting, and customer service programs, which we believe will enhance our ability to capitalize on further revenue growth and customer retention. As with all of our investments, we will monitor the success of these investments and make adjustments if necessary. Where possible, we plan to expand the presence of our service lines by sharing existing locations to achieve cost synergies.
- Acquisitions are a key element of our growth strategy. We have been successful at acquiring and integrating companies and believe we have a strong business competence to continue to do so. On June 30, 2014, we completed the acquisition of Seaton and, as a result, we will be able to offer a broader range of outsourcing workforce solutions to all our customers. We can now do more for our customers through sourcing, screening, and on-boarding their on-premise temporary workers and permanent employees. Through the Seaton acquisition we added industry leaders People Scout, Staff Management | SMX, and Australia-based HRX to our service lines. The new service lines are expected to add approximately $730.0 million to $750.0 million of revenue to our consolidated results for the first twelve months of ownership.
- Commencing in 2015, we will be required by the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the “ACA”) to offer health care benefits to our temporary workers. While we currently offer health care benefits to our permanent employees, we do not currently offer health care benefits

to the majority of our temporary workers. In order to comply with the ACA, we intend to begin offering health care coverage in 2015 to all temporary employees eligible for coverage under the ACA. We intend to increase our customer bill rates for the cost increases related to offering this healthcare coverage to our temporary workers. Our best estimate of this increased cost is approximately 0.4% to 0.8% of revenue. This estimate is based upon various assumptions regarding our temporary workers and their participation rates and related factors which may change. As the regulatory implementation requirements continue to be modified and clarified, any such modifications and clarifications may impact the estimated cost to us. We will continue to evaluate the requirements of the ACA and the costs related to implementing the ACA. Although we intend to pass on to our customers any cost increases related to our temporary workers, there is no assurance that we will be fully successful in doing so.

- During 2014 we expect to deploy technology that will enhance our recruiting capabilities. When combined with the mobile dispatch technology deployed during 2013 and electronic pay the year prior, we expect to drive further productivity gains by increasing the size and quality of our applicant pool as well as the number and speed with which jobs are filled and workers paid. Our ability to reach a wide range of applicants is expanding our geographic reach and enabling branch consolidation and centralization which will increase our operating efficiency. We have consolidated 38 branches since the beginning of the year and have a goal of reaching a cumulative total of 60 by the end of the year.

LIQUIDITY AND CAPITAL RESOURCES

As of June 27, 2014, our cash, cash equivalents, and marketable securities totaled $172.3 million compared to $142.7 million as of December 27, 2013, an increase of $29.6 million. This increase in cash, cash equivalents, and marketable securities was primarily driven by cash generated from operations of $28.9 million.

We have investments in various securities, which may include money market funds and certificates of deposit ("CDs"), all of which are highly liquid and available to fund operations, strategic growth opportunities, and share repurchases.

The following discussion highlights our cash flow activities for the twenty-six weeks ended June 27, 2014.

Cash flows from operating activities

Our cash flows from operating activities were as follows (*in thousands*):

	Twenty-six weeks ended	
	June 27, 2014	June 28, 2013
Net income	$ 17,739	$ 11,462
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	10,408	10,362
Provision for doubtful accounts	6,286	6,415
Stock-based compensation	4,987	4,594
Deferred income taxes	(4,088)	(2,564)
Other operating activities	(54)	848
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(15,180)	(8,528)
Income taxes	3,647	(143)
Accounts payable and other accrued expenses	4,725	(443)
Workers' compensation claims reserve	(792)	1,583
Other assets and liabilities	1,244	527
Net cash provided by operating activities	$ 28,922	$ 24,113

Our principal source of liquidity is operating cash flows. Our net income and, consequently, our cash provided from operations are impacted by sales volume, timing of collections, seasonal sales patterns, and profit margins.

Net cash provided by operating activities was $28.9 million for the twenty-six weeks ended June 27, 2014 as compared to $24.1 million for the same period in 2013.

- Accounts receivable followed normal seasonal patterns in the first half of 2014 by increasing from the beginning of the year. Accounts receivable increased due to continued revenue growth and an increase in days sales outstanding. Days

sales outstanding were higher primarily due to a higher mix of larger customers and construction industry customers with longer payment terms compared with prior periods.

- Generally, our workers' compensation reserve for estimated claims increases as temporary labor services increases and decreases as temporary labor services decline. During the twenty-six weeks ended June 27, 2014, our workers' compensation reserve increased as we increased the delivery of temporary labor services, which was partially offset by claim payments.

Cash flows from investing activities

Our cash flows from investing activities were as follows (*in thousands*):

	Twenty-six weeks ended	
	June 27, 2014	**June 28, 2013**
Capital expenditures	$ (6,113)	$ (7,200)
Acquisition of business, net of cash acquired	—	(54,873)
Purchases of marketable securities	(25,057)	(19,915)
Sales and maturities of marketable securities	36,175	—
Change in restricted cash and cash equivalents	19,007	3,709
Purchase of restricted investments	(18,196)	(6,789)
Maturities of restricted investments	7,202	10,871
Net cash used in investing activities	$ 13,018	$ (74,197)

- We made no acquisitions in the first half of 2014. In the prior year, cash flows used in investing activities increased primarily due to our acquisition of MDT for $53.4 million in cash, effective February 4, 2013.
- Our Marketable securities consisted of CDs, VRDNs, corporate debt securities, municipal debt securities, and commercial paper, which are classified as available-for-sale. We sold all of our VRDNs, corporate and municipal debt securities, and commercial paper during the thirteen weeks ended June 27, 2014, in anticipation of our acquisition of Seaton. See Note 16: Subsequent Events, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q for further discussion of our acquisition.
- Restricted cash and investments consist primarily of collateral that has been provided or pledged to insurance carriers and state workers' compensation programs. When combining the change in restricted cash and cash equivalents with purchases of restricted investments net of maturities of restricted investments, restricted cash and investments increased by $8.0 million for the twenty-six weeks ended June 27, 2014. This increase is primarily due to an increase in the collateral requirements by our workers' compensation insurance providers related to growth in operations, which was partially offset by claim payments.
- Capital spending decreased as we completed a major investment in our new mobile dispatch technology during mid-2013. Capital spending in the current year includes investments in technology to improve our sourcing and recruitment of workers.

Cash flows from financing activities

Our cash flows from financing activities were as follows (*in thousands*):

	Twenty-six weeks ended	
	June 27, 2014	June 28, 2013
Net proceeds from stock option exercises and employee stock purchase plans	$ 1,349	$ 6,023
Common stock repurchases for taxes upon vesting of restricted stock	(2,665)	(2,182)
Proceeds from note payable	—	34,000
Payments on debt and other liabilities	(1,133)	(1,115)
Other	1,269	478
Net cash provided by (used in) financing activities	$ (1,180)	$ 37,204

In the prior year, the change in cash provided by financing activities was mainly due to proceeds from our Term Loan Agreement with Synovus Bank of $34.0 million in connection with our acquisition of MDT in February 2013.

Future outlook

Our cash-generating capability provides us with financial flexibility in meeting our operating and investing needs. Our current financial position is highlighted as follows:

- On June 30, 2014, we entered into a credit facility with Bank of America, N.A., Wells Fargo Bank, National Association, and PNC Capital Markets LLC, for a secured revolving credit facility of up to a maximum of $300.0 million (the "Amended Credit Facility"). The Amended Credit Facility amends and restates our existing Amended and Restated Credit Agreement dated as of September 30, 2011 with Bank of America and Wells Fargo Capital Finance, LLC and expires on June 30, 2019. We borrowed $187.0 million under the Amended Credit Facility on June 30, 2014 to purchase Seaton. See Note 16: Subsequent Events, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q.The Amended Credit Facility as an asset backed facility, which is principally based on accounts receivable. We believe the Amended Credit Facility provides adequate borrowing availability. See Note 16: Subsequent Events, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q and our Capital resources discussion below.
- We had cash, cash equivalents, and highly liquid marketable securities of $172.3 million at June 27, 2014 of which $123.0 million was used in the acquisition of Seaton. The acquisition includes working capital of approximately $50.0 million subject to normal working capital adjustments.
- The majority of our workers' compensation payments are made from restricted cash rather than cash from operations.

We believe that cash provided from operations and our capital resources will be adequate to meet our cash requirements for the foreseeable future.

Capital resources

Revolving Credit Facility

See Note 8: Debt, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q for a description of the Credit Facility which was outstanding as of the quarter ended June 27, 2014.

On June 30, 2014, we entered into our Amended Credit Facility, and borrowed $187.0 million to finance a portion of the purchase price for our acquisition of Seaton. See Note 16: Subsequent Events, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q for a complete description of the acquisition of Seaton and the Amended Credit Facility.

Restricted Cash and Investments

Restricted cash and investments consist principally of collateral that has been provided or pledged to insurance carriers for workers' compensation and state workers' compensation programs. Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation. We have agreements with certain financial institutions that allow us to restrict cash and cash equivalents and investments for the purpose of providing collateral instruments to our

insurance carriers to satisfy workers' compensation claims. At June 27, 2014, we had restricted cash and investments totaling approximately $145.9 million. The majority of our collateral obligations are held in a trust at the Bank of New York Mellon ("Trust").

We established investment policy directives for the Trust, with the first priority to ensure sufficient liquidity to pay workers' compensation claims, second to maintain and ensure a high degree of liquidity, and third to maximize after-tax returns. Trust investments must meet minimum acceptable quality standards. The primary investments include U.S. Treasury securities, U.S. agency debentures, U.S. agency mortgages, corporate securities, and municipal securities. For those investments rated by the Nationally Recognized Statistical Rating Organizations the minimum ratings are:

	S&P	Moody's	Fitch
Short-term Rating	A-1/SP-1	P-1/MIG-1	F-1
Long-term Rating	A	A2	A

Workers' compensation insurance, collateral and claims reserves

Workers' compensation insurance

We provide workers' compensation insurance for our temporary and permanent employees. The majority of our current workers' compensation insurance policies cover claims for a particular event above a $2.0 million deductible limit, on a "per occurrence" basis. This results in our being substantially self-insured.

For workers' compensation claims originating in Washington, North Dakota, Ohio, Wyoming, Canada and Puerto Rico (our "monopolistic jurisdictions"), we pay workers' compensation insurance premiums and obtain full coverage under government-administered programs (with the exception of our Labor Ready service line in the state of Ohio where we have a self-insured policy). Accordingly, because we are not the primary obligor, our financial statements do not reflect the liability for workers' compensation claims in these monopolistic jurisdictions.

Workers' compensation collateral

Our insurance carriers and certain state workers' compensation programs require us to collateralize a portion of our workers' compensation obligation, for which they become responsible should we become insolvent. The collateral typically takes the form of cash and cash-backed instruments, highly rated investment grade securities, letters of credit, and/or surety bonds. On a regular basis, these entities assess the amount of collateral they will require from us relative to our workers' compensation obligation. Such amounts can increase or decrease independent of our assessments and reserves. We generally anticipate that our collateral commitments will continue to grow as we grow our business. We pay our premiums and deposit our collateral in installments. The majority of the restricted cash and investments collateralizing our self-insured workers' compensation policies are held in the Trust.

Our total collateral commitments were made up of the following components (*in thousands*):

	June 27, 2014	December 27, 2013
Cash collateral held by insurance carriers	$ 22,707	$ 23,747
Cash and cash equivalents held in Trust (1)	16,874	31,474
Investments held in Trust	96,574	86,678
Letters of credit (2)	7,824	7,867
Surety bonds (3)	15,829	16,099
Total collateral commitments	$ 159,808	$ 165,865

(1) Included in this amount is $0.8 million of accrued interest at June 27, 2014 and December 27, 2013.

(2) We have agreements with certain financial institutions to issue letters of credit as collateral. We had $1.9 million of restricted cash collateralizing our letters of credit as of June 27, 2014 and December 27, 2013.

(3) Our surety bonds are issued by independent insurance companies on our behalf and bear annual fees based on a percentage of the bond, which is determined by each independent surety carrier. These fees do not exceed 2.0% of the bond amount, subject to a minimum charge. The terms of these bonds are subject to review and renewal every one to four years and most bonds can be canceled by the sureties with as little as 60 days' notice.

Workers' compensation reserve

The following table provides a reconciliation of our collateral commitments to our workers' compensation reserve as of the period end dates presented (*in thousands*):

	June 27, 2014	December 27, 2013
Total workers' compensation reserve	$ 214,037	$ 214,829
Add back discount on workers' compensation reserve (1)	18,400	19,624
Less excess claims reserve (2)	(34,241)	(34,100)
Reimbursable payments to insurance provider (3)	9,329	9,500
Less portion of workers' compensation not requiring collateral (4)	(47,717)	(43,988)
Total collateral commitments	$ 159,808	$ 165,865

(1) Our workers' compensation reserves are discounted to their estimated net present value while our collateral commitments are based on the gross, undiscounted reserve.

(2) Excess claims reserve includes the estimated obligation for claims above our deductible limits. These are the responsibility of the insurance carriers against which there are no collateral requirements.

(3) This amount is included in restricted cash and represents a timing difference between claim payments made by our insurance carrier and the reimbursement from cash held in the Trust. When claims are paid by our carrier, the amount is removed from the workers' compensation reserve but not removed from collateral until reimbursed to the carrier.

(4) Represents deductible and self-insured reserves where collateral is not required.

Our workers' compensation reserve is established using estimates of the future cost of claims and related expenses, which are discounted to their estimated net present value. The discounted workers' compensation claims reserve was $214.0 million at June 27, 2014.

Our workers' compensation reserve for deductible and self-insured claims is established using estimates of the future cost of claims and related expenses that have been reported but not settled, as well as those that have been incurred but not reported. Reserves are estimated for claims incurred in the current year, as well as claims incurred during prior years. Management evaluates the adequacy of the workers' compensation reserves in conjunction with an independent quarterly actuarial assessment. Factors considered in establishing and adjusting these reserves include, among other things:

- Changes in medical and time loss ("indemnity") costs;
- Mix changes between medical only and indemnity claims;
- Regulatory and legislative developments impacting benefits and settlement requirements;
- Type and location of work performed;
- The impact of safety initiatives; and
- Positive or adverse development of claims.

Our workers' compensation claims reserves are discounted to their estimated net present value using discount rates based on returns of "risk-free" U.S. Treasury instruments with maturities comparable to the weighted average lives of our workers' compensation claims. At June 27, 2014, the weighted average rate was 2.0%. The claim payments are made over an estimated weighted average period of approximately 5.4 years.

Our workers' compensation reserves include estimated expenses related to claims above our deductible limits ("excess claims"), and a corresponding receivable for the insurance coverage on excess claims based on the contractual policy agreements we have with insurance carriers. We discount this reserve and corresponding receivable to its estimated net present value using the discount rates based on average returns of "risk-free" U.S. Treasury instruments available during the year in which the liability was incurred. At June 27, 2014, the weighted average rate was 3.9%. The claim payments are made and the corresponding reimbursements from our insurance carriers are received over an estimated weighted average period of approximately 15.6 years. The discounted workers' compensation reserve for excess claims and the corresponding receivable for the insurance on excess claims were $34.2 million and $34.1 million as of June 27, 2014 and December 27, 2013, respectively.

Certain workers' compensation insurance companies with which we formerly did business are in liquidation and have failed to pay a number of excess claims to date. We have recorded a valuation allowance against all of the insurance receivables from the insurance companies in liquidation.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There have been no material changes during the period covered by this quarterly report, outside of the ordinary course of our business, to the contractual obligations specified in the table of contractual obligations included in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 27, 2013.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates are discussed in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; Summary of Critical Accounting Estimates" in our Annual Report on Form 10-K for the fiscal year ended December 27, 2013.

Goodwill and intangible assets

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. We allocate goodwill to reporting units based on the reporting units that are expected to benefit from the business combination.

We evaluate goodwill for impairment on an annual basis as of the first day of our second fiscal quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. We monitor the existence of potential impairment indicators throughout the fiscal year.

We test for goodwill impairment at the reporting unit level. We consider Labor Ready, Spartan Staffing, CLP Resources, PlaneTechs, and Centerline service lines to be our reporting units for goodwill impairment testing. There have been no changes to our reporting units since fiscal 2013 to the date of our impairment analysis. The impairment test involves comparing the fair value of each reporting unit to its carrying value, including goodwill. Fair value reflects the price a market participant would be willing to pay in a potential sale of the reporting unit. If the fair value exceeds carrying value, then we conclude that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, a second step is required to measure possible goodwill impairment loss. The second step includes hypothetically valuing the tangible and intangible assets and liabilities of the reporting unit as if the reporting unit had been acquired in a business combination. Then, the implied fair value of the reporting unit's goodwill is compared to the carrying value of that goodwill. If the carrying value of the reporting unit's goodwill exceeds the implied fair value of the goodwill, we recognize an impairment loss in an amount equal to the excess, not to exceed the carrying value.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions to evaluate the impact of operating and macroeconomic changes on each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital, which is risk-adjusted to reflect the specific risk profile of the reporting unit being tested. Our weighted average cost of capital for our most recent impairment test ranged from 13% - 15%.

We also identify similar publicly traded companies and develop a correlation, referred to as a multiple, to apply to the operating results of the reporting units. The primary market multiples we compare to are revenue and earnings before interest, taxes, depreciation, and amortization. These combined fair values are then reconciled to our aggregate market value of our shares of common stock on the date of valuation, while considering a reasonable control premium.

We base fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. Based on our test, all of our reporting units' fair values were significantly in excess of their carrying values. We consider a reporting unit's fair value to be substantially in excess of its carrying value at 20% or greater. Accordingly, no impairment loss was required to be recognized. In our previous annual impairment test, performed as of September 27, 2013, our reporting units' fair values were significantly in excess of their carrying values. The estimated fair value of our PlaneTechs reporting unit was in excess of its carrying value, however, the operations of this reporting unit continue to be in the process of transitioning from a concentrated portfolio with one significant customer in the aviation industry to a more diversified customer portfolio, which includes military aircraft maintenance and the emerging business of diesel mechanics for ground transportation. As such, we believe this reporting unit carries more risk of impairment in relative comparison to other reporting units. We will continue to closely monitor the operational performance of the PlaneTechs reporting unit.

The blue-collar staffing market is subject to volatility based on overall economic conditions. As a consequence, our revenues tend to increase quickly when the economy begins to grow. Conversely, our revenues also decrease quickly when the economy begins to weaken, as occurred during the most recent recession. If actual results were to significantly deviate from management's estimates and assumptions of future performance, we could experience a material impairment to our goodwill.

We have indefinite-lived intangible assets related to our CLP Resources and Spartan Staffing trade names. We test our trade names annually for impairment, or when indications of potential impairment exist. We utilize the relief from royalty method to determine the fair value of each of our trade names. If the carrying value exceeds the fair value, we recognize an impairment loss in an amount equal to the excess. Considerable management judgment is necessary to determine key assumptions, including projected revenue, royalty rates and appropriate discount rates. We performed our annual indefinite-lived intangible asset impairment test as the first day of our second fiscal quarter and determined that the estimated fair value exceeded the carrying amount. Accordingly, no impairment loss was required to be recognized.

An impairment assessment of physical assets is necessary whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. In such cases, the asset must be written down to the greater of the net realizable value or fair market value.

NEW ACCOUNTING STANDARDS

See Note 1: Accounting Principles and Practices, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our quantitative and qualitative disclosures about market risk are discussed in Part 1, "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 27, 2013.

Item 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer (CEO) and our Chief Financial Officer (CFO) as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of management, including our CEO and CFO, of the effectiveness of the design and operation of the disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our CEO and CFO concluded that, as of June 27, 2014, our disclosure controls and procedures are effective.

During the fiscal quarter ended June 27, 2014, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that materially affected or are reasonably likely to materially affect internal control over financial reporting.

The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits 31.1 and 31.2, respectively, to this Quarterly Report on Form 10-Q.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 9: Commitments and Contingencies, to our Consolidated Financial Statements found in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Item 1A. RISK FACTORS

Investing in our securities involves risk. The following risk factors and all other information set forth in this Quarterly Report on Form 10-Q should be considered in evaluating our future prospects. In particular, keep these risk factors in mind when you read "forward-looking" statements elsewhere in this report. Forward-looking statements relate to our expectations for future events and time periods. Generally, the words such as "anticipate," "believe," "may," "expect," "intend," "plan" and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. If any of the events described below occurs, our business, financial condition, reputation, results of operations, liquidity, access to the capital markets, or stock price could be materially and adversely affected.

Our business is significantly affected by fluctuations in general economic conditions.

The demand for our blue-collar staffing services is highly dependent upon the state of the economy and upon the staffing needs of our customers. As economic activity slows, companies tend to reduce their use of temporary employees before terminating their permanent employees. Significant declines in demand and corresponding revenues can result in expense de-leveraging, which would result in lower profit levels. Any variation in the economic condition or unemployment levels of the United States, Puerto Rico, or Canada or in the economic condition of any region or specific industry in which we have a significant presence may severely reduce the demand for our services and thereby significantly decrease our revenues and profits. Deterioration in economic conditions or the financial or credit markets could also have adverse impacts on our customers' ability to pay us for services we have already provided.

Our business is subject to extensive government regulation that could materially harm our business.

Our business is subject to extensive regulation. The cost to comply, and any inability to comply, with government regulation could materially harm our business. Our business entails employing individuals on a temporary basis and placing such individuals in customers' workplaces. Increased government regulation of the workplace or of the employer-employee relationship, or judicial or administrative proceedings related to such regulation, could materially harm our business.

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA") include various healthcare and insurance-related provisions to take effect through 2015, including requiring most individuals to have health insurance and establishing new regulations on health plans. Although the ACA does not mandate that employers offer health insurance, beginning in 2015 tax penalties will be assessed on large employers who do not offer health insurance that meets certain affordability or minimum value requirements. Providing such additional health insurance benefits to our temporary workers, or the payment of tax penalties if such coverage does not satisfy the requirements of the statute, will increase our costs. If we are unable to sufficiently raise the rates we charge our customers to cover these costs, such increases in costs could materially harm our business.

We may incur employment related and other claims that could materially harm our business.

We employ individuals on a temporary basis and place them in our customers' workplaces. We have minimal control over our customers' workplace environments. As the employer of record of our temporary workers, we incur a risk of liability for various workplace events, including claims for personal injury, wage and hour violations, discrimination, harassment, and other liabilities arising from the actions of our customers and temporary workers. In addition, some or all of these claims may give rise to litigation including class action litigation. A material adverse impact on our financial statements could occur for the period in which the effect of an unfavorable final outcome becomes probable and can be reasonably estimated.

We maintain insurance with respect to certain of such claims. We cannot be certain that our insurance will be available, or if available, in sufficient amount or scope to cover all claims that may be asserted against us. Should the ultimate judgments or settlements exceed our insurance coverage, they could have a material effect on our business. We cannot be certain we will be able to obtain appropriate types or levels of insurance in the future, that adequate replacement policies will be available on acceptable

terms, or at all, or that the companies from which we have obtained insurance will be able to pay claims we make under such policies.

Significant increases in payroll-related costs could adversely affect our business.

The wage rates we pay to temporary workers are based on many factors, including applicable minimum wage requirements. Increases in the minimum wage in regions across the country, or nationally, will increase our costs. With these wages, we pay a number of government mandated payroll-related costs and expenses, including unemployment insurance taxes. Unemployment insurance taxes paid by employers typically increase during periods of increased levels of unemployment. If we are not able to increase the fees charged to customers to absorb any increased costs related to minimum wages or other payroll-related costs and expenses our results of operations and financial condition could be adversely affected.

We are dependent on workers' compensation insurance coverage at commercially reasonable terms.

We provide workers' compensation insurance for our temporary workers. Our workers' compensation insurance policies are renewed annually. The majority of our insurance policies are with AIG. Our insurance carriers require us to collateralize a significant portion of our workers' compensation obligation. The majority of collateral is held in trust by a third party for the payment of these claims. The loss or decline in value of the collateral could require us to seek additional sources of capital to pay our workers' compensation claims. We cannot be certain we will be able to obtain appropriate types or levels of insurance in the future or that adequate replacement policies will be available on acceptable terms. As our business grows or if our financial results deteriorate, the amount of collateral required will likely increase and the timing of providing collateral could be accelerated. Resources to meet these requirements may not be available. The loss of our workers' compensation insurance coverage would prevent us from doing business in the majority of our markets. Further, we cannot be certain that our current and former insurance carriers will be able to pay claims we make under such policies.

Unexpected changes in claim trends on our worker's compensation may negatively impact our financial condition.

We self-insure, or otherwise bear financial responsibility for, a significant portion of expected losses under our workers' compensation program. Unexpected changes in claim trends, including the severity and frequency of claims, changes in state laws regarding benefit levels and allowable claims, actuarial estimates, or medical cost inflation, could result in costs that are significantly different than initially reported. There can be no assurance that we will be able to increase the fees charged to our customers in a timely manner and in a sufficient amount to cover increased costs as a result of any changes in claims-related liabilities.

We actively manage the safety of our temporary workers with our safety programs and actively control costs with our network of service providers. These activities have had a positive impact creating favorable adjustments to workers’ compensation liabilities recorded in prior periods. There can be no assurance that we will be able to continue to reduce accident rates and control costs to produce these results in the future.

Our level of debt and restrictions in our credit agreement could negatively affect our operations and limit our liquidity and our ability to react to changes in the economy.

Extensions of credit under our Amended Credit Facility are permitted based on a borrowing base, which is an agreed percentage of eligible accounts receivable, less required reserves and other adjustments. If the amount or quality of our accounts receivable deteriorates, then our ability to borrow under the Credit Facility will be directly affected. Our lenders can impose additional conditions which may reduce the amounts available to us under the credit facility.

Our principal sources of liquidity are funds generated from operating activities, available cash and cash equivalents, and borrowings under our Credit Facility. We must have sufficient sources of liquidity to meet our working capital requirements, fund our workers' compensation collateral requirements, service our outstanding indebtedness, and finance investment opportunities. Without sufficient liquidity, we could be forced to curtail our operations or we may not be able to pursue promising business opportunities.

Our failure to comply with the restrictive covenants under our revolving credit facility and/or term loan could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms, or are unable to refinance at all, our results of operations and financial condition could be materially adversely affected by increased costs and rates.

Our increased debt levels could have significant consequences for the operation of our business, including: requiring us to dedicate a significant portion of our cash flow from operations to servicing our debt rather than using it for our operations; limiting our ability to obtain additional debt financing for future working capital, capital expenditures, or other corporate purposes; limiting our ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; and putting us at a competitive disadvantage compared to competitors with less leverage.

Acquisitions and new business initiatives may have an adverse effect on our business.

We expect to continue making acquisitions and entering into new business initiatives as part of our business strategy. This strategy may be impeded, however, if we cannot identify suitable acquisition candidates or new business initiatives, or if acquisition candidates are not available under terms that are acceptable to us. Future acquisitions could result in our incurring debt and contingent liabilities, an increase in interest expense, an increase in amortization expense, and/or significant charges related to integration costs. Acquisitions and new business initiatives involve significant challenges and risks, including that they may not advance our business strategy, we may not realize our anticipated return on our investment, we may experience difficulty in integrating operations, or management's attention may be diverted from our other business. These events could cause material harm to our business, operating results, or financial condition.

If our acquired intangible assets become impaired we may be required to record a significant charge to earnings.

We may not realize all the economic benefit from our acquisitions, which could result in future impairment of acquired intangibles. Under accounting principles generally accepted in the United States we review acquired intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. We test goodwill and indefinite lived intangible assets for impairment at least annually. Factors that may be considered a change in circumstances, indicating that the carrying value of the intangible assets may not be recoverable, include a decline in stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in our industry. We may be required to record a significant charge in our financial statements during the period in which we determine an impairment of our acquired intangible assets [is appropriate / has occurred], negatively impacting our results of operations.

We operate in a highly competitive business and may be unable to retain customers or market share.

The staffing services business is highly competitive, rapidly innovating, and the barriers to entry are low. Large, well-financed competitors, as well as small new competitors, may increase pricing pressures. We also experience competition from internet-based companies providing a variety of flexible workforce solutions. We expect this form of competition to grow in the future and require innovation and changes in the way we do business to remain relevant to our customers. In addition, long-term contracts form only a small portion of our revenue. Therefore, there can be no assurance that we will be able to retain customers or market share in the future. Nor can there be any assurance that we will, in light of competitive pressures, be able to remain profitable or, if profitable, maintain our current profit margins.

The loss of or substantial decline in revenue from a major customer could have a material adverse effect on our revenues, profitability, and liquidity.

We have experienced increased revenue concentration with large customers. The loss of, or reduced demand for our services related to major customers could have a material adverse effect on our business, financial condition and results of operations. In addition, customer concentration exposes us to concentrated credit risk, as a significant portion of our accounts receivable may be from a small number of customers.

Our management information systems may not perform as anticipated and are vulnerable to damage and interruption.

The efficient operation of our business is dependent on our management information systems. We rely heavily on proprietary management information systems to manage our order entry, order fulfillment, pricing, and collections, as well as temporary worker recruitment, dispatch, and payment. Our management information systems, mobile device technology and related services, and other technology may not yield the intended results. Our systems may experience problems with functionality and associated delays. The failure of our systems to perform as we anticipate could disrupt our business and could result in decreased revenue and increased overhead costs, causing our business and results of operations to suffer materially. Our primary computer systems and operations are vulnerable to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events, and errors in usage by our employees. Failure of our systems to perform may require significant additional capital and management resources to resolve, causing material harm to our business.

Our results of operations could materially deteriorate if we fail to attract, develop and retain qualified employees.

Our performance is dependent on attracting and retaining qualified employees who are able to meet the needs of our customers. We believe our competitive advantage is providing unique solutions for each individual customer, which requires us to have trained and engaged employees. Our success depends upon our ability to attract, develop and retain a sufficient number of qualified employees, including management, sales, recruiting, service and administrative personnel. The turnover rate in the staffing industry is high, and qualified individuals of the requisite caliber and number needed to fill these positions may be in short supply. Our inability to recruit, train, and motivate a sufficient number of qualified individuals may delay or affect the speed of our planned

growth or strategy change. Delayed expansion, significant increases in employee turnover rates or significant increases in labor costs could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to attract, manage, and retain sufficient qualified temporary workers.

We compete with other temporary staffing companies to meet our customer needs and we must continually attract qualified temporary workers to fill positions. Attracting and retaining skilled temporary employees depends on factors such as desirability of the assignment, location, and the associated wages and other benefits. We have in the past experienced worker shortages and we may experience such shortages in the future. Further, if there is a shortage of temporary workers, the cost to employ these individuals could increase. If we are unable to pass those costs through to our customers, it could materially and adversely affect our business. Organized labor periodically engages in efforts to represent various groups of our temporary workers. If we are subject to unreasonable collective bargaining agreements or work disruptions, our business could be adversely affected.

We may have additional tax liabilities that exceed our estimates.

We are subject to federal taxes and a multitude of state and local taxes in the United States and taxes in foreign jurisdictions. In the ordinary course of our business, there are transactions and calculations where the ultimate tax determination is uncertain. We are regularly subject to audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax provisions and accruals. The results of an audit or litigation could materially harm our business.

Improper disclosure of, or access to, our confidential and/or proprietary information or our employees' or customers' information could materially harm our business.

Our business involves the use, storage, and transmission of information about employees and customer. Additionally, our temporary workers may have access or exposure to confidential customer information. Failure to protect the integrity and security of such confidential and/or proprietary information, or employees' and customers' information, could expose us to litigation and materially damage our relationship with our employees and our customers. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions. Our failure to adhere to or successfully implement changes in response to the changing regulatory requirements could result in legal liability, additional compliance costs, and damage to our reputation.

Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting.

If our management is unable to certify the effectiveness of our internal controls or if our independent registered public accounting firm cannot render an opinion on the effectiveness of our internal control over financial reporting, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause our stock price to fall.

Outsourcing certain aspects of our business could result in disruption and increased costs.

We have outsourced certain aspects of our business to third party vendors that subject us to risks, including disruptions in our business and increased costs. For example, we have engaged third parties to host and manage certain aspects of our data center, information and technology infrastructure, mobile texting and electronic pay solutions, to provide certain back office support activities, and to support business process outsourcing for our customers. Accordingly, we are subject to the risks associated with the vendor's ability to provide these services to meet our needs. If the cost of these services is more than expected, or if we or the vendor are unable to adequately protect our data and information is lost, or our ability to deliver our services is interrupted, then our business and results of operations may be negatively impacted.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below includes repurchases of our common stock pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs during the thirteen weeks ended June 27, 2014.

Period	Total number of shares purchased (1)	Weighted average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares (or approximate dollar value) that may yet be purchased under plans or programs at period end (3)
3/29/14 through 4/25/14	1,564	$28.42	—	$35.2 million
4/26/14 through 5/23/14	2,114	$27.16	—	$35.2 million
5/24/14 through 6/27/14	688	$28.05	—	$35.2 million
Total	4,366	$27.75	—	

(1) During the thirteen weeks ended June 27, 2014, we purchased 4,366 shares in order to satisfy employee tax withholding obligations upon the vesting of restricted stock. These shares were not acquired pursuant to any publicly announced purchase plan or program.

(2) Weighted average price paid per share does not include any adjustments for commissions.

(3) Our Board of Directors authorized a $75 million share repurchase program in July 2011 that does not have an expiration date. As of June 27, 2014, $35.2 million remains available for repurchase of our common stock under the current authorization.

Item 6. EXHIBITS

Exhibit Number	Description of Exhibits
10.1	Second Amended and Restated Credit Agreement among Bank of America, N.A., Wells Fargo Bank, National Association, PNC Capital Markets LLC, the other lenders parties thereto, and TrueBlue, Inc. and each of its subsidiaries party thereto dated June 30, 2014.
10.2	Stock Purchase Agreement among TrueBlue, Inc., Staffing Solutions Holdings, Inc. ("Seaton"), the holders of Seaton's Preferred Stock, Common Stock, Preferred Warrants, and Common Warrants, and the Securityholder Representative party thereto dated June 1, 2014.
31.1	Certification of Steven C. Cooper, Chief Executive Officer of TrueBlue, Inc., Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Derrek L. Gafford, Chief Financial Officer of TrueBlue, Inc., Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Steven C. Cooper, Chief Executive Officer of TrueBlue, Inc. and Derrek L. Gafford, Chief Financial Officer of TrueBlue, Inc., Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TrueBlue, Inc.

s/ Steven C. Cooper	7/28/2014
Signature	Date

By: Steven C. Cooper, Director, Chief Executive Officer and President

s/ Derrek L. Gafford	7/28/2014
Signature	Date

By: Derrek L. Gafford, Chief Financial Officer and Executive Vice President

s/ Norman H. Frey	7/28/2014
Signature	Date

By: Norman H. Frey, Chief Accounting Officer and Vice President

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement"), is entered into as of June 30, 2014, by and among the lenders identified on the signature pages hereof (each of such lenders, together with its successors and permitted assigns, is referred to hereinafter as a "Lender", as that term is hereinafter further defined), **BANK OF AMERICA, N.A.**, a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent") and **TRUEBLUE, INC.**, a Washington corporation ("First Borrower") and the direct and indirect Subsidiaries of First Borrower identified on the signature pages hereof (such Subsidiaries, together with First Borrower, are referred to hereinafter each individually as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers").

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified therefor on Schedule 1.1.

1.2 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with GAAP; provided, that if Borrowers notify Agent that Borrowers request an amendment to any provision hereof to eliminate the effect of any Accounting Change occurring after the Closing Date or in the application thereof on the operation of such provision (or if Agent notifies Borrowers 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 Accounting Change or in the application thereof, then Agent and Borrowers agree that they will negotiate in good faith amendments to the provisions of this Agreement that are directly affected by such Accounting Change with the intent of having the respective positions of the Lenders and Borrowers after such Accounting Change conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon and agreed to by the Required Lenders, the provisions in this Agreement shall be calculated as if no such Accounting Change had occurred. When used herein, the term "financial statements" shall include the notes and schedules thereto. Whenever the term "Borrowers" is used in respect of a financial covenant or a related definition, it shall be understood to mean Borrowers and their Subsidiaries on a consolidated basis, unless the context clearly requires otherwise. Notwithstanding anything to the contrary contained herein, (a) all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards No. 159 (or any similar accounting principle) permitting a Person to value its financial liabilities or Indebtedness at the fair value thereof, and (b) the term "unqualified opinion" as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is (i) unqualified, and (ii) does not include any explanation, supplemental comment, or other comment concerning the ability of the applicable Person to continue as a going concern or concerning the scope of the audit

1.3 **Code.** Any terms used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein; provided, that to the extent that the Code is used to define any term herein and such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern.

1.4 **Construction.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the

case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). 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. Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean (a) the payment or repayment in full in immediately available funds of (i) the principal amount of, and interest accrued and unpaid with respect to, all outstanding Loans, together with the payment of any premium applicable to the repayment of the Loans, (ii) all Lender Group Expenses that have accrued and are unpaid and that have been invoiced to Borrowers or for which demand has been made therefor, (iii) all fees or charges that have accrued hereunder or under any other Loan Document (including the Letter of Credit Fee and the Unused Line Fee) and are unpaid, (b) in the case of contingent reimbursement obligations with respect to Letters of Credit, providing Letter of Credit Collateralization, (c) in the case of obligations with respect to Bank Products in excess of $100,000 (other than Hedge Obligations), providing Bank Product Collateralization, (d) the receipt by Agent of cash collateral in order to secure any other contingent Obligations for which a claim or demand for payment has been rightfully made, (e) the payment or repayment in full in immediately available funds of all outstanding Hedge Obligations to the extent required under the related Hedge Agreements provided by Hedge Providers) other than (i) unasserted contingent indemnification Obligations, (ii) any Bank Product Obligations (other than Hedge Obligations) that, at such time, are allowed by the applicable Bank Product Provider to remain outstanding without being required to be repaid or cash collateralized, and (iii) any Hedge Obligations that, at such time, are allowed by the applicable Hedge Provider to remain outstanding without being required to be repaid, and (f) the termination of all of the Commitments of the Lenders. Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record.

1.5 **Time References.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, all references to time of day refer to Pacific standard time or Pacific daylight saving time, as in effect in Los Angeles, California on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to and including"; provided that, with respect to a computation of fees or interest payable to Agent or any Lender, such period shall in any event consist of at least one full day.

1.6 **Schedules and Exhibits.** All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

2. LOANS AND TERMS OF PAYMENT.

2.1 **Advances.**

(a) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each Revolving Lender agrees (severally, not jointly or jointly and severally) to make Advances ("Advances") to Borrowers in an amount at any one time outstanding not to exceed *the lesser of:*

(i) such Lender's Revolver Commitment, or

(ii) such Lender's Pro Rata Share of an amount equal to *the lesser of:*

(A) the amount equal to (1) the Maximum Revolver Amount *less* (2) the sum of (y) the Letter of Credit Usage at such time, *plus* (z) the principal amount of Swing Loans outstanding at such time, and

(B) the amount equal to (1) the Borrowing Base as of such date (based upon the most recent Borrowing Base Certificate delivered by Borrowers to Agent) *less* the sum of (1) the Letter of Credit Usage at such time, *plus* (2) the principal amount of Swing Loans outstanding at such time.

(b) Amounts borrowed pursuant to this Section 2.1 may be repaid and, subject to the terms and conditions of this Agreement, reborrowed at any time during the term of this Agreement. The outstanding principal amount of the Advances, together with interest accrued and unpaid thereon, shall constitute Obligations and shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(c) Anything to the contrary in this Section 2.1 notwithstanding, Agent shall have the right (but not the obligation), in the exercise of its Permitted Discretion, to establish and increase or decrease reserves against the Borrowing Base with regard to: (i) Receivable Reserves, Dilution Reserves, Bank Product Reserves, Real Estate Reserves, Landlord Reserve, and other Reserves against the Borrowing Base; (ii) sums that Loan Parties are required to pay under any Section of this Agreement or any other Loan Document (such as taxes, assessments, insurance premiums, or, in the case of leased assets, rents or other amounts payable under such leases) and have failed to pay, and (iii) without duplication, amounts owing by Loan Parties to any Person to the extent secured by a Lien on, or trust over, any of the Collateral (other than a Permitted Lien), which Lien or trust, in the Permitted Discretion of Agent likely would have a priority superior to Agent's Liens (such as Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for *ad valorem*, excise, sales, or other taxes were given priority under applicable law) in and to such item of the Collateral. Agent shall endeavor to notify Borrowers at or before the time any such reserve is to be established, but failure to so notify Borrowers shall not be a breach of this Agreement and shall not cause such reserve to be ineffective.

2.2 **[Intentionally Omitted].**

2.3 **Borrowing Procedures and Settlements.**

(a) **Procedure for Borrowing Advances.** Each Borrowing shall be made by a written request by an Authorized Person delivered to Agent and received by Agent no later than 10:00 a.m. (i) on the Business Day that is the requested Funding Date in the case of a request for a Swing Loan, and (ii) on the Business Day that is 1 Business Day prior to the requested Funding Date in the case of all other requests, specifying (A) the amount of such Borrowing, and (B) the requested Funding Date (which shall be a Business Day); provided, that Agent may, in its sole discretion, elect to accept as timely requests that are received later than 10:00 a.m. on the applicable Business Day. At Agent's election, in lieu of delivering the above-described written request, any Authorized Person may give Agent telephonic notice of such request by the required time. In such circumstances, Borrowers agree that any such telephonic notice will be confirmed in writing within 24 hours of the giving of such telephonic notice, but the failure to provide such written confirmation shall not affect the validity of the request.

(b) **Making of Swing Loans.** In the case of a request for an Advance and so long as either (i) the aggregate amount of Swing Loans made since the last Settlement Date, *minus* all payments or other amounts applied to Swing Loans since the last Settlement Date, plus the amount of the requested Swing Loan does not exceed 10% of the Maximum Revolver Amount, or (ii) Swing Lender, in its sole discretion, agrees to make a Swing Loan notwithstanding the foregoing limitation. Swing Lender shall make an Advance (any such Advance made by Swing Lender pursuant to this Section 2.3(b) being referred to as a "Swing Loan" and all such Advances being referred to as "Swing Loans") available to Borrowers on the Funding Date applicable thereto by transferring immediately available funds in the amount of such requested Borrowing to the Designated Account. Each Swing Loan shall be deemed to be an Advance hereunder and shall be subject to all the terms and conditions (including Section 3) applicable to other Advances, except that all payments (including interest) on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of Section 2.3(d)(ii), Swing Lender shall not make and shall not be obligated to make any Swing Loan if Swing Lender has actual knowledge that (i) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing, or (ii) the requested Borrowing would exceed the Availability on such

Funding Date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in Section 3 have been satisfied on the Funding Date applicable thereto prior to making any Swing Loan. The Swing Loans shall be secured by Agent's Liens, constitute Advances and Obligations hereunder, and bear interest at a per annum rate as in effect on any day equal to (i) the LIBOR Daily Floating Rate plus the LIBOR Rate Margin prior to the Settlement Date for each Swing Loan and (ii) the Base Rate plus the Base Rate Margin on and after the Settlement Date for each Swing Loan.

(c) **Making of Advances.**

(i) In the event that Swing Lender is not obligated to make a Swing Loan, then after receipt of a request for a Borrowing pursuant to Section 2.3(a), Agent shall notify the Lenders by telecopy, telephone, email, or other electronic form of transmission, of the requested Borrowing; such notification to be sent on the Business Day that is 1 Business Day prior to the requested Funding Date. If Agent has notified the Lenders of a requested Borrowing on the Business Day that is 1 Business Day prior to the Funding Date, then each Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to Agent's Account, not later than 10:00 a.m. on the Business Day that is the requested Funding Date. After Agent's receipt of the proceeds of such Advances from the Lenders, Agent shall make the proceeds thereof available to Borrowers on the applicable Funding Date by transferring immediately available funds equal to such proceeds received by Agent to the Designated Account; provided, that, subject to the provisions of Section 2.3(d)(ii), no Lender shall have an obligation to make any Advance, if (1) one or more of the applicable conditions precedent set forth in Section 3 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived, or (2) the requested Borrowing would exceed the Availability on such Funding Date.

(ii) Unless Agent receives notice from a Lender prior to 9:30 a.m. on the Business Day that is the requested Funding Date relative to a requested Borrowing as to which Agent has notified the Lenders of a requested Borrowing that such Lender will not make available as and when required hereunder to Agent for the account of Borrowers the amount of that Lender's Pro Rata Share of the Borrowing, Agent may assume that each Lender has made or will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrowers a corresponding amount. If, on the requested Funding Date, any Lender shall not have remitted the full amount that it is required to make available to Agent in immediately available funds and if Agent has made available to Borrowers such amount on the requested Funding Date, then such Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to Agent's Account, no later than 10:00 a.m. on the Business Day that is the first Business Day after the requested Funding Date (in which case, the interest accrued on such Lender's portion of such Borrowing for the Funding Date shall be for Agent's separate account). If any Lender shall not remit the full amount that it is required to make available to Agent in immediately available funds as and when required hereby and if Agent has made available to Borrowers such amount, then that Lender shall be obligated to immediately remit such amount to Agent, together with interest at the Defaulting Lender Rate for each day until the date on which such amount is so remitted. A notice submitted by Agent to any Lender with respect to amounts owing under this Section 2.3(c)(ii) shall be conclusive, absent manifest error. If the amount that a Lender is required to remit is made available to Agent, then such payment to Agent shall constitute such Lender's Advance for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Funding Date, Agent will notify Borrowers of such failure to fund and the provisions of Section 2.3(g) shall apply.

(d) **Protective Advances and Optional Overadvances.**

(i) Any contrary provision of this Agreement or any other Loan Document notwithstanding, at any time (A) after the occurrence and during the continuance of a Default or an Event of Default, or (B) that any of the other applicable conditions precedent set forth in Section 3 are not satisfied, Agent hereby is authorized by Borrowers and the Lenders, from time to time, in Agent's sole discretion, to make Advances to, or for the benefit of, Borrowers, on behalf of the Revolving Lenders (in an aggregate amount for all

such Protective Advances taken together not exceeding 10% of the Maximum Revolver Amount outstanding at any one time), that Agent, in its Permitted Discretion, deems necessary or desirable (1) to preserve or protect the Collateral, or any portion thereof, or (2) to enhance the likelihood of repayment of the Obligations (other than the Bank Product Obligations) (the Advances described in this Section 2.3(d)(i) shall be referred to as "Protective Advances").

(ii) Any contrary provision of this Agreement or any other Loan Document notwithstanding, the Lenders hereby authorize Agent or Swing Lender, as applicable, and either Agent or Swing Lender, as applicable, may, but is not obligated to, knowingly and intentionally, continue to make Advances (including Swing Loans) to Borrowers notwithstanding that an Overadvance exists or would be created thereby, so long as (A) after giving effect to such Advances, the outstanding Revolver Usage does not exceed the Borrowing Base by more than an amount greater than 10% of the Maximum Revolver Amount then in effect, and (B) after giving effect to such Advances, the outstanding Revolver Usage (except for and excluding amounts charged to the Loan Account for interest, fees, or Lender Group Expenses) does not exceed the Maximum Revolver Amount. In the event Agent obtains actual knowledge that the Revolver Usage exceeds the amounts permitted by the immediately foregoing provisions, regardless of the amount of, or reason for, such excess, Agent shall notify the Lenders as soon as practicable (and prior to making any (or any additional) intentional Overadvances (except for and excluding amounts charged to the Loan Account for interest, fees, or Lender Group Expenses) unless Agent determines that prior notice would result in imminent harm to the Collateral or its value, in which case Agent may make such Overadvances and provide notice as promptly as practicable thereafter), and the Lenders with Revolver Commitments thereupon shall, together with Agent, jointly determine the terms of arrangements that shall be implemented with Borrowers intended to reduce, within a reasonable time, the outstanding principal amount of the Advances to Borrowers to an amount permitted by the preceding sentence. In such circumstances, if any Lender with a Revolver Commitment objects to the proposed terms of reduction or repayment of any Overadvance, the terms of reduction or repayment thereof shall be implemented according to the determination of the Required Lenders. In any event: (x) if any unintentional Overadvance remains outstanding for more than 30 days, unless otherwise agreed to by the Required Lenders, Borrower shall immediately repay Advances in an amount sufficient to eliminate all such unintentional Overadvances, and (y) after the date all such Overadvances have been eliminated, there must be at least five consecutive days before intentional Overadvances are made. The foregoing provisions are meant for the benefit of the Lenders and Agent and are not meant for the benefit of Borrowers, which shall continue to be bound by the provisions of Section 2.4(e)(i). Each Lender with a Revolver Commitment shall be obligated to settle with Agent as provided in Section 2.3(e) (or Section 2.3(g), as applicable) for the amount of such Lender's Pro Rata Share of any unintentional Overadvances by Agent reported to such Lender, any intentional Overadvances made as permitted under this Section 2.3(d)(ii), and any Overadvances resulting from the charging to the Loan Account of interest, fees, or Lender Group Expenses.

(iii) Each Protective Advance and each Overadvance (each, an "Extraordinary Advance") shall be deemed to be an Advance hereunder, except that no Extraordinary Advance shall be eligible to be a LIBOR Rate Loan and, prior to Settlement therefor, all payments on the Extraordinary Advances shall be payable to Agent solely for its own account. The Extraordinary Advances shall be repayable on demand, secured by Agent's Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Advances that are Base Rate Loans. The ability of Agent to make Protective Advances is separate and distinct from its ability to make Overadvances and its ability to make Overadvances is separate and distinct from its ability to make Protective Advances; for the avoidance of doubt, the limitations on Agent's ability to make Protective Advances do not apply to Overadvances and the limitations on Agent's ability to make Overadvances do not apply to Protective Advances. The provisions of this Section 2.3(d) are for the exclusive benefit of Agent, Swing Lender, and the Lenders and are not intended to benefit Borrowers (or any other Loan Party) in any way.

(iv) Notwithstanding anything contained in this Agreement or any other Loan Document to the contrary: (A) no Extraordinary Advance may be made by Agent if such Extraordinary Advance would cause the aggregate principal amount of Extraordinary Advances outstanding to exceed an amount equal to 10% of the Maximum Revolver Amount; and (B) to the extent that the making of any Extraordinary Advance causes the aggregate Revolver Usage to exceed the Maximum Revolver Amount, such portion of such

Extraordinary Advance shall be for Agent's sole and separate account and not for the account of any Lender and shall be entitled to priority in repayment in accordance with Section 2.4(b).

(e) **Settlement.** It is agreed that each Lender's funded portion of the Advances is intended by the Lenders to equal, at all times, such Lender's Pro Rata Share of the outstanding Advances. Such agreement notwithstanding, Agent, Swing Lender, and the other Lenders agree (which agreement shall not be for the benefit of Borrowers) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among the Lenders as to the Advances, the Swing Loans, and the Extraordinary Advances shall take place on a periodic basis in accordance with the following provisions:

(i) Agent shall request settlement ("Settlement") with the Lenders on a weekly basis, or on a more frequent basis if so determined by Agent in its sole discretion; (1) on behalf of Swing Lender, with respect to the outstanding Swing Loans, (2) for itself, with respect to the outstanding Extraordinary Advances, and (3) with respect to Borrowers' or any of their Subsidiaries' payments or other amounts received, as to each by notifying the Lenders by telecopy, telephone, or other similar form of transmission, of such requested Settlement, no later than 2:00 p.m. on the Business Day immediately prior to the date of such requested Settlement (the date of such requested Settlement being the "Settlement Date"). Such notice of a Settlement Date shall include a summary statement of the amount of outstanding Advances, Swing Loans, and Extraordinary Advances for the period since the prior Settlement Date. Subject to the terms and conditions contained herein (including Section 2.3(g)): (y) if the amount of the Advances (including Swing Loans, and Extraordinary Advances) made by a Lender that is not a Defaulting Lender exceeds such Lender's Pro Rata Share of the Advances (including Swing Loans, and Extraordinary Advances) as of a Settlement Date, then Agent shall, by no later than 12:00 p.m. on the Settlement Date, transfer in immediately available funds to a Deposit Account of such Lender (as such Lender may designate), an amount such that each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Pro Rata Share of the Advances (including Swing Loans, and Extraordinary Advances), and (z) if the amount of the Advances (including Swing Loans, and Extraordinary Advances) made by a Lender is less than such Lender's Pro Rata Share of the Advances (including Swing Loans, and Extraordinary Advances) as of a Settlement Date, such Lender shall no later than 12:00 p.m. on the Settlement Date transfer in immediately available funds to Agent's Account, an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Pro Rata Share of the Advances (including Swing Loans and Extraordinary Advances). Such amounts made available to Agent under clause (z) of the immediately preceding sentence shall be applied against the amounts of the applicable Swing Loans or Extraordinary Advances and, together with the portion of such Swing Loans or Extraordinary Advances representing Swing Lender's Pro Rata Share thereof, shall constitute Advances of such Lenders. If any such amount is not made available to Agent by any Lender on the Settlement Date applicable thereto to the extent required by the terms hereof, Agent shall be entitled to recover for its account such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate.

(ii) In determining whether a Lender's balance of the Advances, Swing Loans, and Extraordinary Advances is less than, equal to, or greater than such Lender's Pro Rata Share of the Advances, Swing Loans, and Extraordinary Advances as of a Settlement Date, Agent shall, as part of the relevant Settlement, apply to such balance the portion of payments actually received in good funds by Agent with respect to principal, interest, fees payable by Borrowers and allocable to the Lenders hereunder, and proceeds of Collateral.

(iii) Between Settlement Dates, Agent, to the extent Extraordinary Advances or Swing Loans are outstanding, may pay over to Agent or Swing Lender, as applicable, any payments or other amounts received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Advances, for application to the Extraordinary Advances or Swing Loans. Between Settlement Dates, Agent, to the extent no Extraordinary Advances or Swing Loans are outstanding, may pay over to Swing Lender any payments or other amounts received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Advances, for application to Swing Lender's Pro Rata Share of the Advances. If, as of any Settlement Date, payments or other amounts of Borrowers or its Subsidiaries received since the then immediately preceding Settlement Date have been applied to Swing Lender's Pro Rata Share of the Advances other than to Swing Loans, as provided for in the previous sentence, Swing Lender shall pay to Agent for the accounts of the

Lenders, and Agent shall pay to the Lenders (other than a Defaulting Lender if Agent has implemented the provisions of Section 2.3(g)), to be applied to the outstanding Advances of such Lenders, an amount such that each such Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Pro Rata Share of the Advances. During the period between Settlement Dates, Swing Lender with respect to Swing Loans, Agent with respect to Extraordinary Advances, and each Lender with respect to the Advances other than Swing Loans and Extraordinary Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the daily amount of funds employed by Swing Lender, Agent, or the Lenders, as applicable.

(iv) Anything in this Section 2.3(e) to the contrary notwithstanding, in the event that a Lender is a Defaulting Lender, Agent shall be entitled to refrain from remitting settlement amounts to the Defaulting Lender and, instead, shall be entitled to elect to implement the provisions set forth in Section 2.3(g).

(f) **Notation.** Agent, as a non-fiduciary agent for Borrowers, shall maintain a register showing the principal amount of the Advances, owing to each Lender, including the Swing Loans owing to Swing Lender, and Extraordinary Advances owing to Agent, and the interests therein of each Lender, from time to time, and such register shall, absent manifest error, conclusively be presumed to be correct and accurate.

(g) **Defaulting Lenders.**

(i) Notwithstanding the provisions of Section 2.4(b)(ii), Agent shall not be obligated to transfer to a Defaulting Lender any payments made by Borrowers to Agent for the Defaulting Lender's benefit or any proceeds of Collateral that would otherwise be remitted hereunder to the Defaulting Lender, and, in the absence of such transfer to the Defaulting Lender, Agent shall transfer any such payments (A) first, to Swing Lender to the extent of any Swing Loans that were made by Swing Lender and that were required to be, but were not, paid by the Defaulting Lender, (B) second, to Issuing Bank, to the extent of the portion of a Letter of Credit Disbursement that was required to be, but was not, paid by the Defaulting Lender, (C) third, to each Non-Defaulting Lender ratably in accordance with their Commitments (but, in each case, only to the extent that such Defaulting Lender's portion of an Advance (or other funding obligation) was funded by such other Non-Defaulting Lender), (D) to a suspense account maintained by Agent, the proceeds of which shall be retained by Agent and may be made available to be re-advanced to or for the benefit of Borrowers (upon the request of Borrowers and subject to the conditions set forth in Section 3.2) as if such Defaulting Lender had made its portion of Advances (or other funding obligations) hereunder, and (E) from and after the date on which all other Obligations have been paid in full, to such Defaulting Lender in accordance with tier (L) of Section 2.4(b)(ii). Subject to the foregoing, Agent may hold and, in its discretion, re-lend to Borrowers for the account of such Defaulting Lender the amount of all such payments received and retained by Agent for the account of such Defaulting Lender. Solely for the purposes of voting or consenting to matters with respect to the Loan Documents (including the calculation of Pro Rata Share in connection therewith) and for the purpose of calculating the fee payable under Section 2.10(b), such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero; provided, that the foregoing shall not apply to any of the matters governed by Section 14.1(a)(i) through (iii). The provisions of this Section 2.3(g) shall remain effective with respect to such Defaulting Lender until the earlier of (y) the date on which all of the Non-Defaulting Lenders, Agent, Issuing Bank, and Borrowers shall have waived, in writing, the application of this Section 2.3(g) to such Defaulting Lender, or (z) the date on which such Defaulting Lender makes payment of all amounts that it was obligated to fund hereunder, pays to Agent all amounts owing by Defaulting Lender in respect of the amounts that it was obligated to fund hereunder, and, if requested by Agent, provides adequate assurance of its ability to perform its future obligations hereunder (on which earlier date, so long as no Event of Default has occurred and is continuing, any remaining cash collateral held by Agent pursuant to Section 2.3(g)(ii) shall be released to Borrowers). The operation of this Section 2.3(g) shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by any Borrower of its duties and obligations hereunder to Agent, Issuing Bank, or to the Lenders other than such Defaulting Lender. Any failure by a Defaulting Lender to fund amounts that it was obligated to fund hereunder shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle Borrowers, at their option, upon written notice to Agent, to arrange for a substitute Lender to assume the Commitment of such Defaulting Lender,

such substitute Lender to be reasonably acceptable to Agent. In connection with the arrangement of such a substitute Lender, the Defaulting Lender shall have no right to refuse to be replaced hereunder, and agrees to execute and deliver a completed form of Assignment and Acceptance in favor of the substitute Lender (and agrees that it shall be deemed to have executed and delivered such document if it fails to do so) subject only to being paid its share of the outstanding Obligations (other than Bank Product Obligations, but including (1) all interest, fees, and other amounts that may be due and payable in respect thereof, and (2) an assumption of its Pro Rata Share of its participation in the Letters of Credit); provided, that any such assumption of the Commitment of such Defaulting Lender shall not be deemed to constitute a waiver of any of the Lender Groups' or Borrowers' rights or remedies against any such Defaulting Lender arising out of or in relation to such failure to fund. In the event of a direct conflict between the priority provisions of this Section 2.3(g) and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.3(g) shall control and govern.

(ii) If any Swing Loan or Letter of Credit is outstanding at the time that a Lender becomes a Defaulting Lender then:

(A) such Defaulting Lender's Swing Loan Exposure and Letter of Credit Exposure shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares but only to the extent (x) the sum of all Non-Defaulting Lenders' Advance Exposures plus such Defaulting Lender's Swing Loan Exposure and Letter of Credit Exposure does not exceed the total of all Non-Defaulting Lenders' Revolver Commitments and (y) the conditions set forth in Section 3.2 are satisfied at such time;

(B) if the reallocation described in clause (A) above cannot, or can only partially, be effected, Borrowers shall within one Business Day following notice by Agent (x) first, prepay such Defaulting Lender's Swing Loan Exposure (after giving effect to any partial reallocation pursuant to clause (A) above) and (y) second, cash collateralize such Defaulting Lender's Letter of Credit Exposure (after giving effect to any partial reallocation pursuant to clause (A) above), pursuant to a cash collateral agreement to be entered into in form and substance reasonably satisfactory to Agent, for so long as such Letter of Credit Exposure is outstanding; provided, that Borrowers shall not be obligated to cash collateralize any Defaulting Lender's Letter of Credit Exposure if such Defaulting Lender is also the Issuing Bank;

(C) if Borrowers cash collateralize any portion of such Defaulting Lender's Letter of Credit Exposure pursuant to this Section 2.3(g)(ii), Borrowers shall not be required to pay any Letter of Credit Fees to Agent for the account of such Defaulting Lender pursuant to Section 2.6(b) with respect to such cash collateralized portion of such Defaulting Lender's Letter of Credit Exposure during the period such Letter of Credit Exposure is cash collateralized;

(D) to the extent the Letter of Credit Exposure of the Non-Defaulting Lenders is reallocated pursuant to this Section 2.3(g)(ii), then the Letter of Credit Fees payable to the Non-Defaulting Lenders pursuant to Section 2.6(b) shall be adjusted in accordance with such Non-Defaulting Lenders' Letter of Credit Exposure;

(E) to the extent any Defaulting Lender's Letter of Credit Exposure is neither cash collateralized nor reallocated pursuant to this Section 2.3(g)(ii), then, without prejudice to any rights or remedies of the Issuing Bank or any Lender hereunder, all Letter of Credit Fees that would have otherwise been payable to such Defaulting Lender under Section 2.6(b) with respect to such portion of such Letter of Credit Exposure shall instead be payable to the Issuing Bank until such portion of such Defaulting Lender's Letter of Credit Exposure is cash collateralized or reallocated;

(F) so long as any Lender is a Defaulting Lender, the Swing Lender shall not be required to make any Swing Loan and the Issuing Bank shall not be required to issue, amend, or increase any

Letter of Credit, in each case, to the extent (x) the Defaulting Lender's Pro Rata Share of such Swing Loans or Letter of Credit can not be reallocated pursuant to this Section 2.3(g)(ii) or (y) the Swing Lender or Issuing Bank, as applicable, has not otherwise entered into arrangements reasonably satisfactory to the Swing Lender or Issuing Bank, as applicable, and Borrowers to eliminate the Swing Lender's or Issuing Bank's risk with respect to the Defaulting Lender's participation in Swing Loans or Letters of Credit; and

(G) Agent may release any cash collateral provided by Borrowers pursuant to this Section 2.3(g)(ii) to the Issuing Bank and the Issuing Bank may apply any such cash collateral to the payment of such Defaulting Lender's Pro Rata Share of any Letter of Credit Disbursement that is not reimbursed by Borrowers pursuant to Section 2.11(d).

(h) **Independent Obligations.** All Advances (other than Swing Loans and Extraordinary Advances) shall be made by the Lenders contemporaneously and in accordance with their Pro Rata Shares. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Advance (or other extension of credit) hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, and (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder.

2.4 **Payments; Reductions of Commitments; Prepayments.**

(a) **Payments by Borrowers.**

(i) Except as otherwise expressly provided herein, all payments by Borrowers shall be made to Agent's Account for the account of the Lender Group and shall be made in immediately available funds, no later than 11:00 a.m. on the date specified herein. Any payment received by Agent later than 11:00 a.m. shall be deemed to have been received (unless Agent, in its sole discretion, elects to credit it on the date received) on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(ii) Unless Agent receives notice from Borrowers prior to the date on which any payment is due to the Lenders that Borrowers will not make such payment in full as and when required, Agent may assume that Borrowers have made (or will make) such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrowers do not make such payment in full to Agent on the date when due, each Lender severally shall repay to Agent on demand such amount distributed to such Lender, together with interest thereon at the Defaulting Lender Rate for each day from the date such amount is distributed to such Lender until the date repaid.

(b) **Apportionment and Application.**

(i) So long as no Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, all principal and interest payments received by Agent shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Obligations to which such payments relate held by each Lender) and all payments of fees and expenses received by Agent (other than fees or expenses that are for Agent's separate account or for the separate account of Issuing Bank) shall be apportioned ratably among the Lenders having a Pro Rata Share of the type of Commitment or Obligation to which a particular fee or expense relates. Subject to Section 2.4(b)(iv) and Section 2.4(e), all payments to be made hereunder by Borrowers shall be remitted to Agent and all such payments, and all proceeds of Collateral received by Agent, shall be applied, so long as no Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, to reduce the balance of the Advances outstanding and, thereafter, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(ii) At any time that an Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, all payments remitted to Agent and all proceeds of Collateral received by Agent shall be applied as follows:

(A) first, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to Agent under the Loan Documents, until paid in full,

(B) second, to pay any fees or premiums then due to Agent under the Loan Documents until paid in full,

(C) third, to pay interest due in respect of all Protective Advances until paid in full,

(D) fourth, to pay the principal of all Protective Advances until paid in full,

(E) fifth, ratably, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to any of the Lenders under the Loan Documents, until paid in full,

(F) sixth, ratably, to pay any fees or premiums then due to any of the Lenders under the Loan Documents until paid in full,

(G) seventh, to pay interest accrued in respect of the Swing Loans, until paid in full,

(H) eighth, to pay the principal of all Swing Loans, until paid in full,

(I) ninth, ratably, to pay interest accrued in respect of the Advances (other than Protective Advances), until paid in full,

(J) tenth, ratably

i. ratably, to pay the principal of all Advances, until paid in full,

ii. to Agent, to be held by Agent, for the benefit of Issuing Bank (and for the ratable benefit of each of the Lenders that have an obligation to pay to Agent, for the account of Issuing Bank, a share of each Letter of Credit Disbursement), as cash collateral in an amount up to 105% of the Letter of Credit Usage (to the extent permitted by applicable law, such cash collateral shall be applied to the reimbursement of any Letter of Credit Disbursement as and when such disbursement occurs and, if a Letter of Credit expires undrawn, the cash collateral held by Agent in respect of such Letter of Credit shall, to the extent permitted by applicable law, be reapplied pursuant to this Section 2.4(b)(ii), beginning with tier (A) hereof),

(K) eleventh, to pay principal, interest and such other Obligations as may arise with respect to Bank Products,

(L) twelfth, to pay any other Obligations owed,

(M) thirteenth, ratably to pay any Obligations owed to Defaulting Lenders, and

(N) fourteenth, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(iii) Agent promptly shall distribute to each Lender, pursuant to the applicable wire instructions received from each Lender in writing, such funds as it may be entitled to receive, subject to a Settlement delay as provided in Section 2.3(e).

(iv) In each instance, so long as no Application Event has occurred and is continuing, Section 2.4(b)(i) shall not apply to any payment made by Borrowers to Agent and specified by Borrowers to be for the payment of specific Obligations then due and payable (or prepayable) under any provision of this Agreement or any other Loan Document.

(v) For purposes of Section 2.4(b)(ii), "paid in full" of a type of Obligation means payment in cash or immediately available funds of all amounts owing on account of such type of Obligation, including interest accrued after the commencement of any Insolvency Proceeding, default interest, interest on interest, and expense reimbursements, irrespective of whether any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(vi) In the event of a direct conflict between the priority provisions of this Section 2.4 and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, if the conflict relates to the provisions of Section 2.3(g) and this Section 2.4, then the provisions of Section 2.3(g) shall control and govern, and if otherwise, then the terms and provisions of this Section 2.4 shall control and govern.

(c) **Reduction of Commitments.**

(i) **Revolver Commitments**. The Revolver Commitments shall terminate on the Maturity Date. Borrowers may reduce the Revolver Commitments to an amount not less than the greater of (i) $125,000,000 and (ii) sum of (A) the Revolver Usage as of such date, *plus* (B) the principal amount of all Advances not yet made as to which a request has been given by Borrowers under Section 2.3(a), *plus* (C) the amount of all Letters of Credit not yet issued as to which a request has been given by Borrowers pursuant to Section 2.11(a). Each such reduction shall be in an amount which is not less than $10,000,000 and an integral multiple of $5,000,000 (unless the Revolver Commitments are being reduced to zero), shall be made by providing not less than 10 Business Days prior written notice to Agent, and shall be irrevocable. Once reduced, the Revolver Commitments may not be increased. Each such reduction of the Revolver Commitments shall reduce the Revolver Commitments of each Lender proportionately in accordance with its ratable share thereof.

(d) **Optional Prepayments**. Borrowers may prepay the principal of any Advance at any time in whole or in part.

(e) **Mandatory Prepayments.**

(i) **Borrowing Base**. If, at any time, (A) the Revolver Usage on such date exceeds (B) the Borrowing Base reflected in the Borrowing Base Certificate most recently delivered by Borrowers to Agent, then Borrowers shall immediately prepay the Obligations in accordance with Section 2.4(f)(i) in an aggregate amount equal to the amount of such excess.

(f) **Application of Payments.**

(i) Each prepayment pursuant to Section 2.4(e)(i) shall, (A) so long as no Application Event shall have occurred and be continuing, be applied, *first*, to the outstanding principal amount of the Advances until paid in full, and *second*, to cash collateralize the Letters of Credit in an amount equal to 105% of the then outstanding Letter of Credit Usage, and (B) if an Application Event shall have occurred and be continuing, be applied in the manner set forth in Section 2.4(b)(ii).

2.5 **Promise to Pay; Promissory Notes.**

(a) Borrowers agree to pay the Lender Group Expenses within 10 Business Days of the date on which demand therefor is made by Agent (it being acknowledged and agreed that any charging of such costs, expenses or Lender Group Expenses to the Loan Account pursuant to the provisions of Section 2.6(d) shall be permitted without prior demand). Borrowers promise to pay in full (within the meaning of Section 1.4 hereof) all of the Obligations (including principal, interest, premiums, if any, fees, costs, and expenses (including Lender Group Expenses)) in full on the Maturity Date or, if earlier, on the date on which the Obligations (other than the Bank Product Obligations) become due and payable pursuant to the terms of this Agreement. Borrowers agree that their obligations contained in the first sentence of this Section 2.5(a) shall survive payment or satisfaction in full of all other Obligations.

(b) Any Lender may request that any portion of its Commitments or the Loans made by it be evidenced by one or more promissory notes. In such event, Borrowers shall execute and deliver to such Lender the requested promissory notes payable to the order of such Lender in a form furnished by Agent and reasonably satisfactory to Borrowers. Thereafter, the portion of the Commitments and Loans evidenced by such promissory notes and interest thereon shall at all times be represented by one or more promissory notes in such form payable to the order of the payee named therein.

2.6 **Interest Rates and Letter of Credit Fee: Rates, Payments, and Calculations.**

(a) **Interest Rates.** Except as provided in Section 2.6(c), all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest as follows:

(i) if the relevant Obligation is a LIBOR Rate Loan other than a LIBOR Daily Floating Rate Loan, at a *per annum* rate equal to the LIBOR Rate *plus* the LIBOR Rate Margin, and

(ii) if the relevant Obligation is a LIBOR Daily Floating Rate Loan, at a *per annum* rate equal to the LIBOR Daily Floating Rate *plus* the LIBOR Rate Margin, and

(iii) otherwise, at a *per annum* rate equal to the Base Rate *plus* the Base Rate Margin.

(b) **Letter of Credit Fee.** Borrowers shall pay Agent (for the ratable benefit of the Lenders with a Revolver Commitment, subject to any agreements between Agent and individual Lenders), a Letter of Credit fee (in addition to the charges, commissions, fees, and costs set forth in Section 2.11(e) which shall accrue at a per annum rate equal to (i) with respect to the Collateralized Portion, 1.00% and (ii) with respect to the remainder of the Daily Balance of the undrawn amount of all outstanding Underlying Letters of Credit, the applicable Letter of Credit Rate.

(c) **Default Rate.** Upon the occurrence and during the continuation of an Event of Default and at the election of Agent or the Required Lenders,

(i) all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest at a *per annum* rate equal to 2 percentage points above the per annum rate otherwise applicable thereunder, and

(ii) the Letter of Credit Fee shall be increased to 2 percentage points above the *per annum* rate otherwise applicable pursuant to Section 2.6(b).

(d) **Payment.** Except to the extent provided to the contrary in Section 2.10, Section 2.11(k) or Section 2.12(a), (i) all interest, all Letter of Credit Fees and all other fees payable hereunder or under any of the other Loan Documents shall be due and payable, in arrears, on the first day of each month. Borrowers hereby authorize Agent, from time to time without prior notice (provided, however, that upon request from Borrowers, Agent shall deliver a statement of charges with respect to such charges) to charge to the Loan Account (A) on the first day of each month, all interest accrued during the prior month on the Advances hereunder, (B) on the first day

of each month, all Letter of Credit Fees accrued or chargeable hereunder during the prior month, (C) as and when incurred or accrued, all fees and costs provided for in Section 2.11(a) (D) on the first day of each month, the Unused Line Fee accrued during the prior month pursuant to Section 2.10(b), (E) as and when due and payable, all other fees payable hereunder or under any of the other Loan Documents, (F) as and when incurred or accrued, the fronting fees and all commissions, other fees, charges and expenses provided for in Section 2.11(k), and (G) as and when due and payable all other payment obligations payable under any Loan Document or any Bank Product Agreement (including any amounts due and payable to the Bank Product Providers in respect of Bank Products). All amounts (including interest, fees, costs, expenses, Lender Group Expenses, or other amounts payable hereunder or under any other Loan Document or under any Bank Product Agreement) charged to the Loan Account shall thereupon constitute Advances hereunder, shall constitute Obligations hereunder, and shall initially accrue interest at the rate then applicable to Advances that are Base Rate Loans (unless and until converted into LIBOR Rate Loans in accordance with the terms of this Agreement).

(e) **Computation.** All interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year, in each case, for the actual number of days elapsed in the period during which the interest or fees accrue. In the event the Base Rate is changed from time to time hereafter, the rates of interest hereunder based upon the Base Rate automatically and immediately shall be increased or decreased by an amount equal to such change in the Base Rate.

(f) **Intent to Limit Charges to Maximum Lawful Rate.** In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrowers and the Lender Group, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, that, anything contained herein to the contrary notwithstanding, if such rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, *ipso facto*, as of the date of this Agreement, Borrowers are and shall be liable only for the payment of such maximum amount as is allowed by law, and payment received from Borrowers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.7 **Crediting Payments.** The receipt of any payment item by Agent shall not be required to be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to Agent's Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrowers shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into Agent's Account on a Business Day on or before 11:00 a.m. If any payment item is received into Agent's Account on a non-Business Day or after 11:00 a.m. on a Business Day (unless Agent, in its sole discretion, elects to credit it on the date received), it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

2.8 **Designated Account.** Agent is authorized to make the Advances, and Issuing Bank is authorized to issue the Letters of Credit, under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person or, without instructions, if pursuant to Section 2.6(d). Borrowers agree to establish and maintain the Designated Account with the Designated Account Bank for the purpose of receiving the proceeds of the Advances requested by Borrowers and made by Agent or the Lenders hereunder. Unless otherwise agreed by Agent and Borrowers, any Advance or Swing Loan requested by Borrowers and made by Agent or the Lenders hereunder shall be made to the Designated Account.

2.9 **Maintenance of Loan Account; Statements of Obligations.** Agent shall maintain an account on its books in the name of Borrowers (the "Loan Account") on which Borrowers will be charged with all Advances (including Extraordinary Advances and Swing Loans) made by Agent, Swing Lender, or the Lenders to Borrowers or for Borrowers' account, the Letters of Credit issued or arranged by Issuing Bank for Borrowers' account, and

with all other payment Obligations hereunder or under the other Loan Documents, including, accrued interest, fees and expenses, and Lender Group Expenses. In accordance with Section 2.7, the Loan Account will be credited with all payments received by Agent from Borrowers or for Borrowers' account. Agent shall make available to Borrowers monthly statements regarding the Loan Account, including the principal amount of the Advances, interest accrued hereunder, fees accrued or charged hereunder or under the other Loan Documents, and a summary itemization of all charges and expenses constituting Lender Group Expenses accrued hereunder or under the other Loan Documents, and each such statement, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Lender Group unless, (x) with respect to any error or errors in an amount less than $10,000, within 30 days after receipt thereof by Borrower, Borrower shall deliver to Agent written objection thereto describing the error or errors contained in any such statements, and (y) with respect to all other error or errors, within 60 days after receipt thereof by Borrowers, Borrowers shall deliver to Agent written obligation thereto describing the error or errors contained in such statements.

2.10 **Fees.**

(a) **Agent Fees**. Borrowers shall pay to Agent, for the account of Agent, as and when due and payable under the terms of the Fee Letter, the fees set forth in the Fee Letter.

(b) **Unused Line Fee.** Borrowers shall pay to Agent, for the ratable account of the Revolving Lenders, an unused line fee (the "Unused Line Fee") in an amount equal to the Applicable Unused Line Fee Percentage *per annum* times the result of (i) the aggregate amount of the Revolver Commitments, less (ii) the average amount of the Revolver Usage during the immediately preceding month (or portion thereof), which Unused Line Fee shall be due and payable on the first day of each month, from and after the Closing Date up to the first day of the month, prior to the date on which the Obligations are paid in full and on the date on which the Obligations are paid in full.

2.11 **Letters of Credit.**

(a) Subject to the terms and conditions of this Agreement, upon the request of Borrowers made in accordance herewith, the Issuing Lender agrees to issue, or to cause an Underlying Issuer, as Issuing Lender's agent, to issue, a requested Letter of Credit. If Issuing Lender, at its option, elects to cause an Underlying Issuer to issue a requested Letter of Credit, then Issuing Lender agrees that it will obligate itself to reimburse such Underlying Issuer (which may include, among other means, by becoming an applicant with respect to such Letter of Credit or entering into undertakings which provide for reimbursements of such Underlying Issuer with respect to such Letter of Credit; each such obligation or undertaking, irrespective of whether in writing, a "Reimbursement Undertaking") with respect to Letters of Credit issued by such Underlying Issuer. By submitting a request to Issuing Lender for the issuance of a Letter of Credit, Borrowers shall be deemed to have requested that Issuing Lender issue or that an Underlying Issuer issue the requested Letter of Credit and to have requested Issuing Lender to issue a Reimbursement Undertaking with respect to such requested Letter of Credit if it is to be issued by an Underlying Issuer (it being expressly acknowledged and agreed by Borrowers that Borrowers are and shall be deemed to be applicants (within the meaning of Section 5-102(a)(2) of the Code) with respect to each Underlying Letter of Credit). Each request for the issuance of a Letter of Credit, shall be made in writing by an Authorized Person and delivered to the Issuing Lender via hand delivery, telefacsimile, or other electronic method of transmission reasonably in advance of the requested date of issuance, amendment, renewal, or extension. Each such request shall be in form and substance reasonably satisfactory to the Issuing Lender and shall specify (i) the amount of such Letter of Credit, (ii) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (iii) the expiration date of such Letter of Credit, (iv) the name and address of the beneficiary of the Letter of Credit, and (v) such other information (including, in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit. Anything contained herein to the contrary notwithstanding, the Issuing Lender may, but shall not be obligated to, issue or cause the issuance of a Letter of Credit, in either case, that supports the obligations of Borrowers or their Subsidiaries in respect of (1) a lease of real property, or (2) an employment contract. Borrowers agree that this Agreement (along with the terms of the applicable application) will govern each

Letter of Credit and its issuance. Borrowers and the Lender Group acknowledge and agree that certain Letters of Credit may be issued to support letters of credit that already are outstanding as of the Closing Date. Each Letter of Credit shall be in form and substance reasonably acceptable to the Issuing Lender, including the requirement that the amounts payable thereunder must be payable in Dollars. If Issuing Lender makes a payment under a Letter of Credit or an Underlying Issuer makes a payment under an Underlying Letter of Credit, Borrowers shall pay to Agent an amount equal to the applicable Letter of Credit Disbursement not later than 11:00 a.m., on the date that Borrowers receive written or telephonic notice of such Letter of Credit Disbursement if such notice is received prior to 10:00 a.m., or not later than 11:00 a.m. on the following Business Day, if such notice is received after 10:00 a.m., and, in the absence of such payment, the amount of the Letter of Credit Disbursement immediately and automatically shall be deemed to be an Advance hereunder and, initially, shall bear interest at the rate then applicable to Advances that are Base Rate Loans. If a Letter of Credit Disbursement is deemed to be an Advance hereunder, Borrowers' obligation to pay the amount of such Letter of Credit Disbursement to Issuing Lender shall be discharged and replaced by the resulting Advance. Promptly following receipt by Agent of any payment from Borrowers pursuant to this paragraph, Agent shall distribute such payment to the Issuing Lender or, to the extent that Lenders have made payments pursuant to Section 2.11(e) to reimburse the Issuing Lender, then to such Lenders and the Issuing Lender as their interests may appear.

(b) Issuing Bank shall have no obligation to issue a Letter of Credit if any of the following would result after giving effect to the requested issuance:

(i) the Letter of Credit Usage would exceed $125,000,000, or

(ii) the Letter of Credit Usage would exceed the Maximum Revolver Amount *less* the outstanding amount of Advances (including Swing Loans), or

(iii) the Letter of Credit Usage would exceed the Borrowing Base at such time *less* the outstanding principal balance of the Advances (inclusive of Swing Loans) at such time.

(c) In the event there is a Defaulting Lender as of the date of any request for the issuance of a Letter of Credit, the Issuing Bank shall not be required to issue or arrange for such Letter of Credit to the extent (i) the Defaulting Lender's Letter of Credit Exposure with respect to such Letter of Credit may not be reallocated pursuant to Section 2.3(g)(ii), or (ii) the Issuing Bank has not otherwise entered into arrangements reasonably satisfactory to it and Borrowers to eliminate the Issuing Bank's risk with respect to the participation in such Letter of Credit of the Defaulting Lender, which arrangements may include Borrowers cash collateralizing such Defaulting Lender's Letter of Credit Exposure in accordance with Section 2.3(g)(ii). Additionally, Issuing Bank shall have no obligation to issue a Letter of Credit if (A) any order, judgment, or decree of any Governmental Authority or arbitrator shall, by its terms, purport to enjoin or restrain Issuing Bank from issuing such Letter of Credit, or any law applicable to Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over Issuing Bank shall prohibit or request that Issuing Bank refrain from the issuance of letters of credit generally or such Letter of Credit in particular, or (B) the issuance of such Letter of Credit would violate one or more policies of Issuing Bank applicable to letters of credit generally.

(d) Any Issuing Bank (other than Bank of America or any of its Affiliates) shall notify Agent in writing no later than the Business Day immediately following the Business Day on which such Issuing Bank issued any Letter of Credit; provided that (i) until Agent advises any such Issuing Bank that the provisions of Section 3.2 are not satisfied, or (ii) unless the aggregate amount of the Letters of Credit issued in any such week exceeds such amount as shall be agreed by Agent and such Issuing Bank, such Issuing Bank shall be required to so notify Agent in writing only once each week of the Letters of Credit issued by such Issuing Bank during the immediately preceding week as well as the daily amounts outstanding for the prior week, such notice to be furnished on such day of the week as Agent and such Issuing Bank may agree. Borrowers and the Lender Group hereby acknowledge and agree that all Existing Letters of Credit shall constitute Letters of Credit under this Agreement on and after the Closing Date with the same effect as if such Existing Letters of Credit were issued by Issuing Bank at the request of Borrowers on the Closing Date. Each Letter of Credit shall be in form and substance

reasonably acceptable to Issuing Bank, including the requirement that the amounts payable thereunder must be payable in Dollars. If Issuing Bank makes a payment under a Letter of Credit, Borrowers shall pay to Agent an amount equal to the applicable Letter of Credit Disbursement on the Business Day such Letter of Credit Disbursement is made and, in the absence of such payment, the amount of the Letter of Credit Disbursement immediately and automatically shall be deemed to be an Advance hereunder (notwithstanding any failure to satisfy any condition precedent set forth in Section 3) and, initially, shall bear interest at the rate then applicable to Advances that are Base Rate Loans. If a Letter of Credit Disbursement is deemed to be an Advance hereunder, Borrowers' obligation to pay the amount of such Letter of Credit Disbursement to Issuing Bank shall be automatically converted into an obligation to pay the resulting Advance. Promptly following receipt by Agent of any payment from Borrowers pursuant to this paragraph, Agent shall distribute such payment to Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to Section 2.11(e) to reimburse Issuing Bank, then to such Revolving Lenders and Issuing Bank as their interests may appear.

(e) Promptly following receipt of a notice of a Letter of Credit Disbursement pursuant to Section 2.11(d), each Revolving Lender agrees to fund its Pro Rata Share of any Advance deemed made pursuant to Section 2.11(d) on the same terms and conditions as if Borrowers had requested the amount thereof as an Advance and Agent shall promptly pay to Issuing Bank the amounts so received by it from the Revolving Lenders. By the issuance of a Letter of Credit (or an amendment, renewal, or extension of a Letter of Credit) and without any further action on the part of Issuing Bank or the Revolving Lenders, Issuing Bank shall be deemed to have granted to each Revolving Lender, and each Revolving Lender shall be deemed to have purchased, a participation in each Letter of Credit issued by Issuing Bank, in an amount equal to its Pro Rata Share of such Letter of Credit, and each such Revolving Lender agrees to pay to Agent, for the account of Issuing Bank, such Revolving Lender's Pro Rata Share of any Letter of Credit Disbursement made by Issuing Bank under the applicable Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to Agent, for the account of Issuing Bank, such Revolving Lender's Pro Rata Share of each Letter of Credit Disbursement made by Issuing Bank and not reimbursed by Borrowers on the date due as provided in Section 2.11(d), or of any reimbursement payment that is required to be refunded (or that Agent or Issuing Bank elects, based upon the advice of counsel, to refund) to Borrowers for any reason. Each Revolving Lender acknowledges and agrees that its obligation to deliver to Agent, for the account of Issuing Bank, an amount equal to its respective Pro Rata Share of each Letter of Credit Disbursement pursuant to this Section 2.11(e) shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in Section 3. If any such Revolving Lender fails to make available to Agent the amount of such Revolving Lender's Pro Rata Share of a Letter of Credit Disbursement as provided in this Section, such Revolving Lender shall be deemed to be a Defaulting Lender and Agent (for the account of Issuing Bank) shall be entitled to recover such amount on demand from such Revolving Lender together with interest thereon at the Defaulting Lender Rate until paid in full.

(f) Each Borrower hereby agrees to indemnify, save, defend, and hold the Lender Group and each Underlying issuer harmless from any loss, cost, expense, or liability, and reasonable attorneys' fees incurred by Issuing Lender, any other member of the Lender Group, or any Letter of Credit; provided, however, that Borrowers shall not be obligated hereunder to indemnify any such Person for any loss, cost, expense, or liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Person. Each Borrower agrees to be bound by the Underlying Issuer's regulations and interpretations of any Letter of Credit or the Issuing Lender's interpretations of any Reimbursement Undertaking even though this interpretation may be different from such Borrower's own, and each Borrower understands and agrees that none of the Issuing Lender, the Lender Group, or any Underlying Issue shall be liable for any error, negligence, or mistake, whether of omission or commission, in following such Borrower's instructions or those contained in the Letter of Credit or any modifications, amendments, or supplements thereto. Each Borrower understands that the Reimbursement Undertakings may require Issuing Lender to indemnify the Underlying Issuer for certain costs or liabilities arising out of claims by such Borrower against such Underlying Issuer. Each Borrower hereby agrees to indemnify, save, defend, and hold Issuing Lender and the other members of the Lender Group harmless with respect to any loss, cost, expense (including reasonable attorneys' fees), or liability incurred by them as a result of the Issuing Lender's indemnification of an Underlying Issuer; provided, however, that

Borrowers shall not be obligated hereunder to indemnify such Person for any such loss, cost, expense, or liability to the extent that it is caused by the gross negligence or willful misconduct of such Person. Each Borrower hereby acknowledges and agrees that none of the Issuing Lender, any other member of the Lender Group, or any Underlying Issuer shall be responsible for delays, errors, or omissions resulting from the malfunction of equipment in connection with any Letter of Credit.

(g) Issuing Bank shall be deemed to have acted with due diligence and reasonable care if Issuing Bank's conduct is in accordance with Standard Letter of Credit Practice or in accordance with this Agreement. Borrowers' aggregate remedies against Issuing Bank for wrongfully honoring a presentation under any Letter of Credit or wrongfully retaining honored Drawing Documents shall in no event exceed the aggregate amount paid by Borrowers to Issuing Bank in respect of the honored presentation in connection with such Letter of Credit under Section 2.11(d), plus interest at the rate then applicable to Base Rate Loans hereunder. Borrowers shall take action to avoid and mitigate the amount of any damages claimed against Issuing Bank, including by enforcing its rights against the beneficiaries of the Letters of Credit. Any claim by Borrowers under or in connection with any Letter of Credit shall be reduced by an amount equal to the sum of (x) the amount (if any) saved by Borrowers as a result of the breach or alleged wrongful conduct complained of; and (y) the amount (if any) of the loss that would have been avoided had Borrowers taken all reasonable steps to mitigate any loss, and in case of a claim of wrongful dishonor, by specifically and timely authorizing Issuing Bank to effect a cure.

(h) Borrowers are responsible for preparing or approving the final text of the Letter of Credit as issued by Issuing Bank, irrespective of any assistance Issuing Bank may provide such as drafting or recommending text or by Issuing Bank's use or refusal to use text submitted by Borrowers. Borrowers are solely responsible for the suitability of the Letter of Credit for Borrowers' purposes. With respect to any Letter of Credit containing an "automatic amendment" to extend the expiration date of such Letter of Credit, Issuing Bank, in its sole and absolute discretion, may give notice of nonrenewal of such Letter of Credit and, if Borrowers do not at any time want such Letter of Credit to be renewed, Borrowers will so notify Agent and Issuing Bank at least 15 calendar days before Issuing Bank is required to notify the beneficiary of such Letter of Credit or any advising bank of such nonrenewal pursuant to the terms of such Letter of Credit.

(i) Borrowers' reimbursement and payment obligations under this Section 2.11 are absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever, provided, however, that subject to Section 2.11(g) above, the foregoing shall not release Issuing Bank from such liability to Borrowers as may be finally determined in a final, non-appealable judgment of a court of competent jurisdiction against Issuing Bank following reimbursement or payment of the obligations and liabilities, including reimbursement and other payment obligations, of Borrowers to Issuing Bank arising under, or in connection with, this Section 2.11 or any Letter of Credit.

(j) [Intentionally Omitted].

(k) Borrowers shall pay immediately upon demand to Agent for the account of Issuing Bank as non-refundable fees, commissions, and charges (it being acknowledged and agreed that any charging of such fees, commissions, and charges to the Loan Account pursuant to the provisions of Section 2.6(d) shall be deemed to constitute a demand for payment thereof for the purposes of this Section 2.11(k)): (i) a fronting fee which shall be imposed by Issuing Bank upon the issuance of each Letter of Credit of 0.125% per annum of the face amount thereof, *plus* (ii) any and all other customary commissions, fees and charges then in effect imposed by, and any and all expenses incurred by, Issuing Bank, or by any adviser, confirming institution or entity or other nominated person, relating to Letters of Credit, at the time of issuance of any Letter of Credit and upon the occurrence of any other activity with respect to any Letter of Credit (including transfers, assignments of proceeds, amendments, drawings, renewals or cancellations).

(l) If by reason of (x) any Change in Law, or (y) compliance by Issuing Bank or any other member of the Lender Group with any direction, request, or requirement (irrespective of whether having the force

of law) of any Governmental Authority or monetary authority including, Regulation D of the Board of Governors as from time to time in effect (and any successor thereto):

(i) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit issued or caused to be issued hereunder or hereby, or

(ii) there shall be imposed on Issuing Bank or any other member of the Lender Group any other condition regarding any Letter of Credit,

and the result of the foregoing is to increase, directly or indirectly, the cost to Issuing Bank or any other member of the Lender Group of issuing, making, participating in, or maintaining any Letter of Credit or to reduce the amount receivable in respect thereof, then, and in any such case, Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Borrowers, and Borrowers shall pay within 30 days after demand therefor, such amounts as Agent may specify to be necessary to compensate Issuing Bank or any other member of the Lender Group for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Base Rate Loans hereunder; provided, that (A) Borrowers shall not be required to provide any compensation pursuant to this Section 2.11(l) for any such amounts incurred more than 180 days prior to the date on which the demand for payment of such amounts is first made to Borrowers, and (B) if an event or circumstance giving rise to such amounts is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. The determination by Agent of any amount due pursuant to this Section 2.11(l), as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

(m) Unless otherwise expressly agreed by Issuing Bank and Borrowers when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP and the UCP shall apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit.

(n) In the event of a direct conflict between the provisions of this Section 2.11 and any provision contained in any Issuer Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.11 shall control and govern.

2.12 **LIBOR Option.**

(a) **Interest and Interest Payment Dates.** In lieu of having interest charged at the rate based upon the Base Rate, Borrowers shall have the option, subject to Section 2.12(b) below (the "LIBOR Option") to have interest on all or a portion of the Advances be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a LIBOR Rate Loan, or upon continuation of a LIBOR Rate Loan as a LIBOR Rate Loan) at a rate of interest based upon the LIBOR Rate or, with respect to any Advance intended to be a LIBOR Daily Rate Loan, the LIBOR Daily Floating Rate. Interest on LIBOR Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto with respect to LIBOR Loans that are not LIBOR Daily Floating Rate Loans and on the first day of each calendar month with respect to LIBOR Daily Floating Rate Loans; (ii) the date on which all or any portion of the Obligations are accelerated pursuant to the terms hereof, or (iii) the date on which this Agreement is terminated pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Borrowers have properly exercised the LIBOR Option with respect thereto, the interest rate applicable to such LIBOR Rate Loan automatically shall convert to the rate of interest then applicable to Base Rate Loans of the same type hereunder. At any time that an Event of Default has occurred and is continuing Borrowers no longer shall have the option to request that Advances bear interest at a rate based upon the LIBOR Rate or LIBOR Daily Floating Rate.

(b) **LIBOR Election.**

(i) Borrowers may, at any time and from time to time, so long as no Event of Default has occurred and is continuing, elect to exercise the LIBOR Option by notifying Agent prior to 11:00 a.m. at least 2 Business Days prior to the commencement of the proposed Interest Period (the "LIBOR Deadline"). Notice of Borrowers' election of the LIBOR Option for a permitted portion of the Advances and an Interest Period pursuant to this Section shall be made by delivery to Agent of a LIBOR Notice received by Agent before the LIBOR Deadline, or by telephonic notice received by Agent before the LIBOR Deadline (to be confirmed by delivery to Agent of a LIBOR Notice received by Agent prior to 5:00 p.m. on the same day). Promptly upon its receipt of each such LIBOR Notice, Agent shall provide a copy thereof to each of the affected Lenders.

(ii) Each LIBOR Notice shall be irrevocable and binding on Borrowers. In connection with each LIBOR Rate Loan, each Borrower shall indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost, or expense actually incurred by Agent or any Lender as a result of (A) the payment of any principal of any LIBOR Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (B) the conversion of any LIBOR Rate Loan other than on the last day of any Interest Period applicable thereto, or (C) the failure to borrow, convert, continue or prepay any LIBOR Rate Loan on the date specified in any LIBOR Notice delivered pursuant hereto (such losses, costs, or expenses, "Funding Losses"). A certificate of Agent or a Lender delivered to Borrowers setting forth in reasonable detail any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.12 shall be conclusive absent manifest error. Borrowers shall pay such amount to Agent or the Lender, as applicable, within 30 days of the date of its receipt of such certificate. If a payment of a LIBOR Rate Loan on a day other than the last day of any applicable Interest Period would result in a Funding Loss, Agent may, in its sole discretion at the request of Borrowers, hold the amount of such payment as cash collateral in support of the Obligations until the last day of such Interest Period and apply such amounts to the payment of the applicable LIBOR Rate Loan on such last day, it being agreed that Agent has no obligation to so defer the application of payments to any LIBOR Rate Loan and that, in the event that Agent does not defer such application, Borrowers shall be obligated to pay any resulting Funding Losses.

(iii) Unless Agent, in its sole discretion, agrees otherwise, Borrowers shall have not more than the following number of LIBOR Rate Loans (other than Swing Loans) in effect at any given time: 12 LIBOR Rate Loans. Borrowers may only exercise the LIBOR Option for proposed LIBOR Rate Loans of at least $5,000,000.

(c) **Conversion.** Borrowers may convert LIBOR Rate Loans to Base Rate Loans at any time; provided, that in the event that LIBOR Rate Loans are converted or prepaid on any date that is not the last day of any Interest Period applicable thereto, including as a result of any prepayment through the required application by Agent of any payments or proceeds of Collateral in accordance with Section 2.4(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, each Borrower shall indemnify, defend, and hold Agent and the Lenders and their Participants harmless against any and all Funding Losses in accordance with Section 2.12(b)(ii).

(d) **Special Provisions Applicable to LIBOR Rate.**

(i) The LIBOR Rate and the LIBOR Daily Floating Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period, including any Changes in Law (including any changes in tax laws (except changes of general applicability in corporate income tax laws)) and changes in the reserve requirements imposed by the Board of Governors, which additional or increased costs would increase the cost of funding or maintaining loans bearing interest at the LIBOR Rate or LIBOR Daily Floating Rate, as applicable. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (A)

require such Lender to furnish to Borrowers a statement setting forth in reasonable detail the basis for adjusting such LIBOR Rate or LIBOR Daily Floating Rate and the method for determining the amount of such adjustment, or (B) repay the LIBOR Rate Loans of such Lender with respect to which such adjustment is made (together with any amounts due under Section 2.12(b)(ii)).

(ii) In the event that any change in market conditions or any Change in Law shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate or the LIBOR Daily Floating Rate, as applicable, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (y) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender's notice shall be deemed to be the last day of any Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (z) Borrowers shall not be entitled to elect the LIBOR Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(iii) In the event that any change in market conditions or any Change in Law shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain Base Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the Base Rate, as applicable, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (y) in the case of any Base Rate Loans, and interest upon the Base Rate Loans of such Lender thereafter shall accrue interest at a per annum rate equal to the greater of (a) the Prime Rate for such day; (b) the Federal Funds Rate for such day, plus 0.50%. Advances made by such Lender shall not accrue interest thereafter at the Base Rate until such Lender determines that it would no longer be unlawful or impractical to do so.

(e) **No Requirement of Matched Funding.** Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their Participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate or the LIBOR Daily Rate.

2.13 **Capital Requirements.**

(a) If, after the date hereof, Issuing Bank or any Lender determines that (i) any Change in Law regarding capital or reserve requirements for banks or bank holding companies, or (ii) compliance by Issuing Bank or such Lender, or their respective parent bank holding companies, with any guideline, request or directive of any Governmental Authority regarding capital adequacy (whether or not having the force of law), has the effect of reducing the return on Issuing Bank's, such Lender's, or such holding companies' capital as a consequence of Issuing Bank's or such Lender's commitments hereunder to a level below that which Issuing Bank, such Lender, or such holding companies could have achieved but for such Change in Law or compliance (taking into consideration Issuing Bank's, such Lender's, or such holding companies' then existing policies with respect to capital adequacy and assuming the full utilization of such entity's capital) by any amount deemed by Issuing Bank or such Lender to be material, then Issuing Bank or such Lender may notify Borrowers and Agent thereof. Following receipt of such notice, Borrowers agree to pay Issuing Bank or such Lender on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within 30 days after presentation by Issuing Bank or such Lender of a statement in the amount and setting forth in reasonable detail Issuing Bank's or such Lender's calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent manifest error). In determining such amount, Issuing Bank or such Lender may use any reasonable averaging and attribution methods. Failure or delay on the part of Issuing Bank or any Lender to demand compensation pursuant to this Section shall not constitute a waiver of Issuing Bank's or such Lender's right to demand such compensation; provided that Borrowers shall not be required to compensate Issuing Bank or a Lender pursuant to this Section for any reductions in return incurred more than 180 days prior to the date that Issuing Bank or such Lender notifies Borrowers of such Change in Law giving rise to such reductions and of such

Lender's intention to claim compensation therefor; provided further that if such claim arises by reason of the Change in Law that is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. Notwithstanding the foregoing, if any capital or reserve requirements described in this clause (a) are based upon the financial strength or creditworthiness of an Issuing Bank or any Lender, for the purposes of calculating the actual costs of such Issuing Bank or Lender with respect to such capital or reserve requirements, each such Issuing Bank of Lender shall be deemed to be in the highest applicable category of financial strength or creditworthiness.

(b) If Issuing Bank or any Lender requests additional or increased costs referred to in Section 2.11(l) or Section 2.12(d)(i) or amounts under Section 2.13(a) or sends a notice under Section 2.12(d)(ii) relative to changed circumstances (such Issuing Bank or Lender, an "Affected Lender"), then such Affected Lender shall use reasonable efforts to promptly designate a different one of its lending offices or to assign its rights and obligations hereunder to another of its offices or branches, if (i) in the reasonable judgment of such Affected Lender, such designation or assignment would eliminate or reduce amounts payable pursuant to Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable, or would eliminate the illegality or impracticality of funding or maintaining LIBOR Rate Loans and (ii) in the reasonable judgment of such Affected Lender, such designation or assignment would not subject it to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to it. Borrowers agree to pay all reasonable and documented out-of-pocket costs and expenses incurred by such Affected Lender in connection with any such designation or assignment. If, after such reasonable efforts, such Affected Lender does not so designate a different one of its lending offices or assign its rights to another of its offices or branches so as to eliminate Borrowers' obligation to pay any future amounts to such Affected Lender pursuant to Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable, or to enable Borrowers to obtain LIBOR Rate Loans, then Borrowers (without prejudice to any amounts then due to such Affected Lender under Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable) may, unless prior to the effective date of any such assignment the Affected Lender withdraws its request for such additional amounts under Section 2.11(l), Section 2.12(d)(i) or Section 2.13(a), as applicable, or indicates that it is no longer unlawful or impractical to fund or maintain LIBOR Rate Loans, may designate a different Issuing Bank or substitute a Lender, in each case, reasonably acceptable to Agent to purchase the Obligations owed to such Affected Lender and such Affected Lender's commitments hereunder (a "Replacement Lender"), and if such Replacement Lender agrees to such purchase, such Affected Lender shall assign to the Replacement Lender its Obligations and commitments, and upon such purchase by the Replacement Lender, which such Replacement Lender shall be deemed to be "Issuing Bank" or a "Lender" (as the case may be) for purposes of this Agreement and such Affected Lender shall cease to be "Issuing Bank" or a "Lender" (as the case may be) for purposes of this Agreement.

(c) Notwithstanding anything herein to the contrary, the protection of Sections 2.11(l), 2.12(d), and 2.13 shall be available to Issuing Bank and each Lender (as applicable) regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, judicial ruling, judgment, guideline, treaty or other change or condition which shall have occurred or been imposed, so long as it shall be customary for issuing banks or lenders affected thereby to comply therewith. Notwithstanding any other provision herein, neither Issuing Bank nor any Lender shall demand compensation pursuant to this Section 2.13 if it shall not at the time be the general policy or practice of Issuing Bank or such Lender (as the case may be) to demand such compensation in similar circumstances under comparable provisions of other credit agreements, if any.

2.14 **Accordion.**

(a) Borrowers may request an increase (the "Accordion") in Revolver Commitments from time to time upon notice to Agent, as long as (a) the requested increase is a minimum amount of $25,000,000 and is offered on the same terms as existing Revolver Commitments, except for a closing fee agreed upon by Agent and First Borrower, (b) increases under this Section do not exceed $100,000,000 in the aggregate (i.e. for total Revolving Commitments of $400,000,000) and no more than two increases are made, and (c) no reduction in Commitments pursuant to Section 2.4(c) has occurred prior to the requested increase. Agent shall promptly notify Lenders of the requested increase and, within 10 Business Days thereafter, each Lender shall notify Agent if and to what extent such Lender commits to increase its Revolver Commitment. Any Lender not responding within such

period shall be deemed to have declined an increase. If Lenders fail to commit to the full requested increase, permitted Assignees may issue additional Revolver Commitments and become Lenders hereunder. Agent may allocate, in its discretion, the increased Revolver Commitments among committing Lenders and, if necessary, permitted Assignees. Provided the conditions set forth in Section 3.1 (as if each such increase were an initial advance) and Section 3.2 are satisfied, total Revolver Commitments shall be increased by the requested amount (or such lesser amount committed by Lenders and permitted Assignees) on a date agreed upon by Agent and Borrowers, but no later than 45 days following Borrowers' increase request. Agent, Borrowers, and new and existing Lenders shall execute and deliver such documents and agreements as Agent deems appropriate to evidence the increase in and allocations of Revolver Commitments. On the effective date of an increase, all outstanding Revolver Loans, Letter of Credit obligations and other exposures under the Revolver Commitments shall be reallocated among Lenders, and settled by Agent if necessary, in accordance with Lenders' adjusted shares of such Revolving Commitments.

2.15 **Joint and Several Liability of Borrowers.**

(a) Each Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lender Group under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations.

(b) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including any Obligations arising under this Section 2.15), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other Borrowers will make such payment with respect to, or perform, such Obligation until such time as all of the Obligations are paid in full.

(d) The Obligations of each Borrower under the provisions of this Section 2.15 constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of the provisions of this Agreement (other than this Section 2.15(d)) or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Advances or Letters of Credit issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Agent or Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Agent or Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Agent or Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of any Agent or Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully

with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.15 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.15, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.15 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.15 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any other Borrower or any Agent or Lender.

(f) Each Borrower represents and warrants to Agent and Lenders that such Borrower is currently informed of the financial condition of Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of Borrowers' financial condition and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) The provisions of this Section 2.15 are made for the benefit of Agent, each member of the Lender Group, each Bank Product Provider, and their respective successors and assigns, and may be enforced by it or them from time to time against any or all Borrowers as often as occasion therefor may arise and without requirement on the part of Agent, any member of the Lender Group, any Bank Product Provider, or any of their successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any Borrower or to exhaust any remedies available to it or them against any Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.15 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.15 will forthwith be reinstated in effect, as though such payment had not been made.

(h) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to Agent or Lenders with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to any Agent or any member of the Lender Group hereunder or under any of the Bank Product Agreements are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(i) Each Borrower hereby agrees that after the occurrence and during the continuance of any Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for Agent, and such Borrower shall deliver any such amounts to Agent for application to the Obligations in accordance with Section 2.4(b).

3. CONDITIONS; TERM OF AGREEMENT.

3.1 **Conditions Precedent to the Initial Extension of Credit.** The obligation of each Lender to make the initial extensions of credit provided for hereunder is subject to the fulfillment, to the satisfaction of Agent and each Lender, of each of the conditions precedent set forth on Schedule 3.1 (the making of such initial extensions of credit by a Lender being conclusively deemed to be its satisfaction or waiver of the conditions precedent).

3.2 **Conditions Precedent to all Extensions of Credit.** The obligation of the Lender Group (or any member thereof) to make any Advances hereunder (or to extend any other credit hereunder) at any time shall be subject to the following conditions precedent:

(a) (i) as of the Closing Date, each of the Acquisition Agreement Representations and the representations set forth in this Agreement shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), and (ii) at and as of the date of each extension of credit made after the Closing Date, each of the representations and warranties of each Borrower or its Subsidiaries contained in this Agreement or in the other Loan Documents shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date); and

(b) no Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof.

3.3 **Maturity.** This Agreement shall continue in full force and effect for a term ending on the Maturity Date.

3.4 **Effect of Maturity.** On the Maturity Date, all commitments of the Lender Group to provide additional credit hereunder shall automatically be terminated and all of the Obligations (including contingent reimbursement obligations of Borrower with respect to all Bank Product Obligations in excess of $100,000 and outstanding Letters of Credit) immediately shall become due and payable without notice or demand (including the requirement that Borrower provide (a) Letter of Credit Collateralization, and (b) Bank Product Collateralization). No termination of the obligations of the Lender Group (other than payment in full of the Obligations and termination of the Commitments) shall relieve or discharge any Loan Party of its duties, obligations, or covenants hereunder or under any other Loan Document and Agent's Liens in the Collateral shall continue to secure the Obligations and shall remain in effect until all Obligations have been paid in full and the Commitments have been terminated. When all of the Obligations have been paid in full and the Lender Group's obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Agent will, at Borrowers' sole expense, execute and deliver any termination statements, lien releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, Agent's Liens and all notices of security interests and liens previously filed by Agent.

3.5 **Early Termination by Borrowers.** Borrowers have the option, at any time upon 10 Business Days prior written notice to Agent, to terminate this Agreement and terminate the Revolver Commitments hereunder by paying to Agent the Obligations (including (a) providing Letter of Credit Collateralization with respect to the then existing Letter of Credit Usage, and (b) providing Bank Product Collateralization with respect to the then existing Bank Products), in full.

3.6 **Conditions Subsequent.** The obligation of the Lender Group (or any member thereof) to continue to make Advances (or otherwise extend credit hereunder) is subject to the fulfillment, on or before the date applicable thereto, of the conditions subsequent set forth on Schedule 3.6 (the failure by Borrowers to so perform or cause to be performed such conditions subsequent as and when required by the terms thereof, shall constitute an immediate Event of Default).

4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender Group to enter into this Agreement, each Borrower makes (a) as of the Closing Date, the Acquisition Agreement Representations to the Lender Group, each of which shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof); and (b) as of the Closing Date and at and as of the date of the making of each Advance (or other extension of credit) made after the Closing Date, each of the following representations and warranties to the Lender Group, each of which shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), at and as of the date of the making of each such Advance (or other extension of credit), as though made on and as of the date of such Advance (or other extension of credit) (except to the extent such representations and warranties relate solely to an earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement:

4.1 Due Organization and Qualification; Subsidiaries.

(a) Each Loan Party (i) is duly organized and existing and in good standing (or the local equivalent) under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified reasonably could be expected to result in a Material Adverse Effect, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Loan Documents to which it is a party and to carry out the transactions contemplated thereby.

(b) Set forth on Schedule 4.1(b) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement) is a complete and accurate description of the authorized Equity Interests of each Borrower, by class, and, as of the Closing Date, a description of the number of shares of each such class that are issued and outstanding. No Borrower is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its Equity Interests or any security convertible into or exchangeable for any of its Equity Interests.

(c) Set forth on Schedule 4.1(c) (as such Schedule may be updated from time to time to reflect changes resulting from transactions permitted under this Agreement), is a complete and accurate list of the Loan Parties' direct and indirect Subsidiaries, showing: (i) the number of shares of each class of common and preferred Equity Interests authorized for each of such Subsidiaries, and (ii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by First Borrower. All of the outstanding Equity Interests of each such Subsidiary whose Equity Interest constitutes Collateral has been validly issued and is fully paid and non-assessable.

(d) Except as set forth on Schedule 4.1(d), there are no subscriptions, options, warrants, or calls relating to any shares of any Borrower's or any of its Subsidiaries' Equity Interests, including any right of conversion or exchange under any outstanding security or other instrument.

4.2 Due Authorization; No Conflict.

(a) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary action on the part of such Loan Party.

4.3 **Governmental Consents.** The execution, delivery, and performance by each Loan Party of the Loan Documents to which such Loan Party is a party and the consummation of the transactions contemplated by the Loan Documents do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than registrations, consents, approvals, notices, or other

actions that have been obtained and that are still in force and effect and except for filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing or recordation, as of the Closing Date.

4.4 **Binding Obligations; Perfected Liens.**

(a) Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) Agent's Liens in collateral that is subject to the UCC, collateral that is subject to U.S. copyright law, and collateral that constitutes real property located within the United States, are validly created, perfected (other than (i) in respect of motor vehicles that are subject to a certificate of title, (ii) money, (iii) letter-of-credit rights (other than supporting obligations), (iv) commercial tort claims (other than those that, by the terms of the Security Agreement, are required to be perfected), and (v) any Deposit Accounts and Securities Accounts not subject to a Control Agreement as permitted by Section 6(c) of the Security Agreement, and subject only to the filing of financing statements, the filing of the Copyright Security Agreement, and the recordation of the Mortgages, in each case, in the appropriate filing offices), and first priority Liens, subject only to Permitted Liens which are non-consensual Permitted Liens, permitted purchase money Liens, or the interests of lessors under Capital Leases.

4.5 **Title to Assets; No Encumbrances.** Each of the Loan Parties has (a) good, sufficient and legal title to (in the case of fee interests in Real Property), (b) valid leasehold interests in (in the case of leasehold interests in real or personal property), and (c) good and marketable title to (in the case of all other personal property), all of their respective assets reflected in their most recent financial statements delivered pursuant to Section 5.1, in each case except for assets disposed of since the date of such financial statements to the extent permitted hereby. All of such assets are free and clear of Liens except for Permitted Liens.

4.6 **Jurisdiction of Organization; Location of Chief Executive Office; Organizational Identification Number; Commercial Tort Claims**.

(a) The name of (within the meaning of Section 9-503 of the Code) and jurisdiction of organization of each Loan Party is set forth on Schedule 4.6(a) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 6.5).

(b) The chief executive office of each Loan Party and each of its Subsidiaries is located at the address indicated on Schedule 4.6(b) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 5.14).

(c) Each Loan Party's and each of its Subsidiaries' tax identification numbers, if any, are identified on Schedule 4.6(c) (as such Schedule may be updated from time to time to reflect changes permitted to be made under Section 6.5).

(d) As of the Closing Date, no Loan Party holds any commercial tort claims that exceed $250,000 in amount, except as set forth on Schedule 4.6(d).

4.7 **Litigation.**

(a) Except as set forth on Schedule 4.7(a), there are no actions, suits, or proceedings pending or, to the knowledge of any Borrower, after due inquiry, threatened in writing against a Loan Party or any of its Subsidiaries that either individually or in the aggregate could reasonably be expected to result in a Material Adverse Effect.

(b) Excluding actions relating to garnishment, unemployment claims, claims in "small claims" court, workers compensation claims and claims for which the expected recovery after deducting any insurance coverage is less than $1,000,000, but specifically including any claims that each Borrower would be required to or would likely elect to disclose in any filing with the SEC, Schedule 4.7(b) sets forth a complete and accurate description, with respect to each of the actions, suits, or proceedings that, as of the Closing Date, is pending or, to the knowledge of any Borrower, after due inquiry, threatened in writing against a Loan Party or any of its Subsidiaries, of (i) the parties to such actions, suits, or proceedings, (ii) the nature of the dispute that is the subject of such actions, suits, or proceedings, (iii) the procedural status, as of the Closing Date, with respect to such actions, suits, or proceedings, and (iv) whether any liability of the Loan Parties' and their Subsidiaries in connection with such actions, suits, or proceedings is covered by insurance.

4.8 **Compliance with Laws.** No Loan Party nor any of its Subsidiaries that are Covered Entities (a) is in violation of any applicable laws, rules, regulations, executive orders, or codes (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

4.9 **No Material Adverse Effect.** All historical financial statements relating to (i) the Loan Parties and their Subsidiaries that have been delivered by Borrowers (excluding historical financial statements delivered by the Target Company and its Subsidiaries prior to the Acquisition Date) and, (ii) to First Borrower's knowledge, historical financial statements delivered by the Target Company and its Subsidiaries prior to the Acquisition Date in each case, to Agent, have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and being subject to year-end audit adjustments) and present fairly in all material respects, the Loan Parties' and their Subsidiaries' consolidated financial condition as of the date thereof and results of operations for the period then ended. Since December 31, 2013, no event, circumstance, or change has occurred that has or could reasonably be expected to result in a Material Adverse Effect with respect to the Loan Parties and their Subsidiaries.

4.10 **Solvency.**

(a) Each Loan Party is Solvent.

(b) No transfer of property is being made by any Loan Party and no obligation is being incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of such Loan Party.

4.11 **Employee Benefits.** No Loan Party, none of their Subsidiaries, nor any of their ERISA Affiliates maintains or contributes to any Benefit Plan.

4.12 **Environmental Condition.** Except as set forth on Schedule 4.12, (a) to each Borrower's knowledge, no Loan Party's nor any of its Subsidiaries' properties or assets has ever been used by a Loan Party, its Subsidiaries, or by previous owners or operators in the disposal of, or to produce, store, handle, treat, release, or transport, any Hazardous Materials, where such disposal, production, storage, handling, treatment, release or transport was in violation, in any material respect, of any applicable Environmental Law, (b) to each Borrower's knowledge, no Loan Party's nor any of its Subsidiaries' properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a Hazardous Materials disposal site, (c) no Loan

Party nor any of its Subsidiaries has received notice that a Lien arising under any Environmental Law has attached to any revenues or to any Real Property owned or operated by a Loan Party or its Subsidiaries, and (d) no Loan Party nor any of its Subsidiaries nor any of their respective facilities or operations is subject to any outstanding written order, consent decree, or settlement agreement with any Person relating to any Environmental Law or Environmental Liability that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

4.13 **Intellectual Property.** Each Loan Party and its Subsidiaries own, or hold licenses in, all trademarks, trade names, copyrights, patents, and licenses that are necessary to the conduct of its business as currently conducted, and attached hereto as Schedule 4.13 (as updated from time to time) is a true, correct, and complete listing of all material trademarks, trade names, copyrights, patents, and licenses as to which Loan Parties are the owner or are an exclusive licensee; provided, however, that Borrowers may amend Schedule 4.13 to add additional intellectual property so long as such amendment occurs by written notice to Agent not less than 90 days after the date on which the applicable Loan Party acquires any such property after the Closing Date.

4.14 **Leases.** Each Loan Party enjoys peaceful and undistributed possession under all leases material to their business and to which they are parties or under which they are operating, and, subject to Permitted Protests, all of such material leases are valid and subsisting and no material default by the applicable Loan Party exists under any of them.

4.15 **Deposit Accounts and Security Accounts.** Set forth on Schedule 4.15 (as updated pursuant to the provisions of the Security Agreement from time to time) is a listing of all of the Loan Parties' Deposit Accounts and Securities Accounts, including with respect to each bank or securities intermediary (a) the name and address of such Person, and (b) the account numbers of the Deposit Accounts or Securities Accounts maintained with such Person.

4.16 **Complete Disclosure.** All factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about Borrowers' industry) furnished by or on behalf of (i) a Loan Party or its Subsidiaries (excluding historical financial statements delivered by the Target Company and its Subsidiaries prior to the Acquisition Date) that have been delivered by Borrowers and, (ii) to First Borrower's knowledge, historical financial statements delivered by the Target Company and its Subsidiaries prior to the Acquisition Date; in each case, in writing to Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement or the other Loan Documents, and all other such factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about Borrowers' industry) hereafter furnished by or on behalf of a Loan Party or its Subsidiaries in writing to Agent or any Lender will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. The Projections delivered to Agent on or about May 22, 2014, represent, and as of the date on which any other Projections are delivered to Agent, such additional Projections represent, Borrowers' good faith estimate, on the date such Projections are delivered, of the Loan Parties' and their Subsidiaries' future performance for the periods covered thereby based upon assumptions believed by Borrowers to be reasonable at the time of the delivery thereof to Agent (it being understood that such Projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Loan Parties and their Subsidiaries, and no assurances can be given that such Projections will be realized, and although reflecting Borrowers' good faith estimate, projections or forecasts based on methods and assumptions which Borrowers believed to be reasonable at the time such Projections were prepared, are not to be viewed as facts, and that actual results during the period or periods covered by the Projections may differ materially from projected or estimated results).

4.17 **Material Contracts.** Set forth on Schedule 4.17 (as updated from time to time) is a reasonably detailed description of the Material Contracts of each Loan Party and its Subsidiaries; provided, however, that

Borrowers may amend Schedule 4.17 to add additional Material Contracts so long as such amendment occurs by written notice to Agent at the time that Borrowers provide their quarterly financial statements pursuant to Section 5.1. Except for matters which, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change, each Material Contract (other than those that have expired at the end of their normal terms) (a) is in full force and effect and is binding upon and enforceable against the applicable Loan party or its Subsidiaries and, to the best of each Borrower's knowledge, each other Person that is a party thereto in accordance with its terms, (b) has not been otherwise amended or modified (other than amendments or modifications permitted by Section 6.7(b), and (c) is not in default due to the action or inaction of the applicable Loan Party or its Subsidiaries.

4.18 **Patriot Act.** To the extent applicable, each Loan Party is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the "Patriot Act"). No part of the proceeds of the loans made hereunder will be used by any Loan Party or any of their Affiliates, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

4.19 **Indebtedness.** Set forth on Schedule 4.19 is a true and complete list of all Indebtedness for borrowed money in excess of $500,000 of each Loan Party and each of its Subsidiaries, excluding unsecured Loans between Loans Parties and their Subsidiaries, outstanding immediately prior to the Closing Date that is to remain outstanding immediately after giving effect to the closing hereunder on the Closing Date and such Schedule accurately sets forth the aggregate principal amount of such Indebtedness as of the Closing Date.

4.20 **Payment of Taxes.** Except as otherwise permitted under Section 5.5, all tax returns and reports of each Loan Party and its Subsidiaries required to be filed by any of them have been timely filed, and all taxes shown on such tax returns to be due and payable and all assessments, fees and other governmental charges upon a Loan Party and its Subsidiaries and upon their respective assets, income, businesses and franchises that are due and payable have been paid prior to delinquency, where failure to file or pay could be reasonably expected to have a Material Adverse Effect. Each Loan Party and each of its Subsidiaries have made adequate provision in accordance with GAAP for all taxes not yet due and payable. No Borrower knows of any proposed tax assessment against a Loan Party or any of its Subsidiaries that is not being actively contested by such Loan Party or such Subsidiary diligently, in good faith, and by appropriate proceedings; provided such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor. No Loan Party nor any of its Subsidiaries has ever been a party to any understanding or arrangement constituting a "tax shelter" within the meaning of Section 6662(d)(2)(C)(iii) of the IRC or within the meaning of Section 6111(c) or Section 6111(d) of the IRC as in effect immediately prior to the enactment of the American Jobs Creation Act of 2004, or has ever "participated" in a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4, except as would not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect.

4.21 **Margin Stock.** No Loan Party nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the loans made to Borrowers will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors.

4.22 **Governmental Regulation.** No Loan Party nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. No Loan Party nor any of its Subsidiaries is a "registered investment company" or a

company "controlled" by a "registered investment company" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

4.23 **OFAC.** No Covered Entity (a) is in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC or (b) is a Sanctioned Person or a Sanctioned Entity. No Loan Party nor any of its Subsidiaries (x) has its assets located in the possession, custody or control of any Sanctioned Entities or (y) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. No Letter of Credit issued hereunder nor the proceeds of any Advance made hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

4.24 **Employee and Labor Matters.** Except as set forth on Schedule 4.24, there is (i) no unfair labor practice complaint pending or, to the knowledge of any Borrower, threatened in writing against any Borrower or its Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against any Borrower or its Subsidiaries that arises out of or under any collective bargaining agreement and that could reasonably be expected to result in a liability in excess of $10,000,000, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened in writing against any Borrower or its Subsidiaries that could reasonably be expected to result in a liability in excess of $10,000,000, or (iii) as of the Closing Date, to the knowledge of First Borrower, no union representation question existing with respect to the employees of any Borrower or its Subsidiaries and no union organizing activity taking place with respect to any of the employees of any Borrower or its Subsidiaries. None of any Borrower or its Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar state law, that remains unpaid or unsatisfied. The hours worked and payments made to employees of each Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent such violations could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. All material payments due from any Borrower or its Subsidiaries 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 Borrowers, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.25 **Eligible Accounts.** As to each Account that is identified by Borrowers as an Eligible Account in a Borrowing Base Certificate submitted to Agent, such Account is (a) a bona fide existing payment obligation of the applicable Account Debtor created by the sale and delivery of Inventory or the rendition of services to such Account Debtor in the ordinary course of the Borrowers' business, (b) owed to a Borrower without any known defenses, disputes, offsets, counterclaims, or rights of return or cancellation, and (c) not excluded as ineligible by virtue of one or more of the excluding criteria (other than any Agent-discretionary criteria) set forth in the definition of Eligible Accounts.

4.26 **Location of Equipment.**

(a) The Equipment (other than vehicles or Equipment out for repair) of the Loan Parties are not stored with a bailee, warehouseman, or similar party and are located at, or in transit between, the locations identified on Schedule 4.26(a) (as such Schedule may be updated pursuant to Section 5.14); provided, that, and notwithstanding the foregoing, certain portions of the Equipment with an aggregate book value of equal to or less than $100,000 may be located at a location or locations other than those locations identified on Schedule 4.26(a).

4.27 **Inactive Subsidiaries**. Each of the Inactive Subsidiaries is inactive and does not conduct any business operations and has no material assets, except as may be related to a Permitted Restructuring Transaction of such Inactive Subsidiary.

4.28 **Other Documents**.

(a) Borrowers have delivered to Agent a complete and correct copy of the Acquisition Documents, including all schedules and exhibits thereto. The execution, delivery and performance of each of the Acquisition Documents has been duly authorized by all necessary action on the part of each Borrower who is a party thereto. Each Acquisition Document is the legal, valid and binding obligation of each Borrower who is a party thereto, enforceable against each such Borrower in accordance with its terms, in each case, except (i) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights and (ii) the availability of the remedy of specific performance or injunctive or other equitable relief is subject to the discretion of the court before which any proceeding therefor may be brought. No Borrower is in default in the performance or compliance with any provisions thereof. All representations and warranties made by a Borrower (excluding the Target Company and its Subsidiaries) in the Acquisition Documents and in the certificates delivered in connection therewith are true and correct in all material respects. To each Borrower's (excluding the Target Company and its Subsidiaries) knowledge, none of the Seller's representations or warranties in the Acquisition Documents contain any untrue statement of a material fact or omit any fact necessary to make the statements therein not misleading, in any case that could reasonably be expected to result in a Material Adverse Effect.

(b) As of the Closing Date, the Acquisition has been consummated in all material respects, in accordance with all applicable laws. As of the Closing Date, all requisite approvals by Governmental Authorities having jurisdiction over Borrowers and, to each Borrower's knowledge, the Seller, with respect to the Acquisition, have been obtained (including filings or approvals required under the Hart-Scott-Rodino Antitrust Improvements Act), except for any approval the failure to obtain could not reasonably be expected to be material to the interests of the Lenders. As of the Closing Date, after giving effect to the transactions contemplated by the Acquisition Documents, First Borrower will have good title to the assets acquired pursuant to the Acquisition Agreement, free and clear of all Liens other than Permitted Liens.

4.29 **Inactive Subsidiaries.** No Inactive Subsidiary (a) owns any assets (other than assets of a *de minimis* nature), (b) has any liabilities (other than liabilities of a *de minimis* nature), or (c) engages in any business activity.

4.30 **Hedge Agreements.** On each date that any Hedge Agreement is executed by any Hedge Provider, Borrowers and each other Loan Party satisfy all eligibility, suitability and other requirements under the Commodity Exchange Act (7 U.S.C. § 1, et seq., as in effect from time to time) and the Commodity Futures Trading Commission regulations.

5. AFFIRMATIVE COVENANTS.

Each Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations:

5.1 **Financial Statements, Reports, Certificates.** Borrowers (a) will deliver to Agent, with copies to each Lender, each of the financial statements, reports, and other items set forth on Schedule 5.1 no later than the times specified therein, (b) agree that no Subsidiary of a Loan Party will have a fiscal year different from that of First Borrower, (c) agree to maintain a system of accounting that enables Borrowers to produce financial statements in accordance with GAAP, and (d) agree that they will, and will cause each other Loan Party to keep a reporting system that shows all additions, sales, claims, returns, and allowances with respect to their and their Subsidiaries' sales. Documents required to be delivered pursuant to items (a), (c), (t), (g), (h), (i) and (j) of Schedule 5.1 (to the extent such documents are included in materials otherwise filed with the Securities and Exchange Commission) may be delivered electronically, and shall be deemed to have been delivered on the date on which such documents are posted on each Borrower's behalf on an Internet or intranet website, if any, to which each Lender and Agent have access (whether a commercial, third-party website or whether sponsored by Agent).

5.2 **Reporting.** Borrowers (a) will deliver to Agent (and if so requested by Agent, with copies for each Lender) each of the reports set forth on Schedule 5.2 at the times specified therein, and (b) agree to use

commercially reasonable efforts in cooperation with Agent to facilitate and implement a system of electronic collateral reporting in order to provide electronic reporting of each of the items set forth on such Schedule.

5.3 **Existence.** Except as otherwise permitted under Section 6.3 or Section 6.4, each Borrower will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect such Person's valid existence and good standing in its jurisdiction of organization and, except as could not reasonably be expected to result in a Material Adverse Effect, good standing with respect to all other jurisdictions in which it is qualified to do business and any rights, franchises, permits, licenses, accreditations, authorizations, or other approvals material to their businesses.

5.4 **Maintenance of Properties.** Each Borrower will maintain and preserve all of its assets that are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear, tear, and casualty excepted and Permitted Dispositions and Permitted Restructuring Transactions excepted, and comply with the material provisions of all material leases to which it is a party as lessee, so as to prevent the loss or forfeiture thereof, unless such provisions are the subject of a Permitted Protest.

5.5 **Taxes.** Each Borrower will cause all material assessments and taxes imposed, levied, or assessed against any Loan Party, or any of their respective assets or in respect of any of its income, businesses, or franchises, to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall be the subject of a Permitted Protest and so long as, in the case of an assessment or tax that has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such assessment or tax. Each Borrower will and will cause each of its Subsidiaries to make timely payment or deposit of all tax payments and withholding taxes required of it and them by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Agent with proof reasonably satisfactory to Agent indicating that such Borrower and its Subsidiaries have made such payments or deposits.

5.6 **Insurance.** At each Borrower's expense, each Borrower will maintain insurance respecting each of the Loan Parties' and their Subsidiaries' assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. Each Borrower also shall maintain (with respect to each of the Loan Parties and their Subsidiaries) business interruption, general liability, product liability insurance, director's and officer's liability insurance, fiduciary liability insurance, and employment practices liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation. All such policies of insurance shall be with responsible and reputable insurance companies (with a Best's Financial Strength Rating of at least A- VII, unless otherwise approved by Agent) acceptable to Agent and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event in amount, adequacy and scope reasonably satisfactory to Agent. All property insurance policies covering the Collateral are to be made payable to Agent for the benefit of Agent and the Lenders, as their interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard non contributory "lender" or "secured party" clause and are to contain such other provisions as Agent may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Agent, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Agent and shall provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Agent of the exercise of any right of cancellation. If any Borrower fails to maintain such insurance, Agent may arrange for such insurance, but at such Borrower's expense and without any responsibility on Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Each Borrower shall give Agent prompt notice of any loss exceeding $500,000 covered by its casualty or business interruption insurance (other than Workers' Compensation Insurance). Upon the occurrence and during the continuance of an Event of Default, Agent shall have the sole right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements,

receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

5.7 **Inspection.**

(a) Each Borrower will permit Agent and each of its duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records, to conduct appraisals and valuations, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as Agent may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to such Borrower. In any event, Borrower shall permit Agent, at Borrowers' cost, to conduct a field exam of Borrower's property: (i) once per calendar year so long as Excess Availability exceeds 25% of the Commitments and (ii) twice per year if Excess Availability is equal to or less than 25% of the Commitments.

5.8 **Compliance with Laws.** Each Borrower will, and will cause each of its Subsidiaries to, comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

5.9 **Environmental.** Each Borrower will, and will cause each of its Subsidiaries to,

(a) Keep any property either owned or operated by any Borrower or its Subsidiaries free of any Environmental Liens or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens,

(b) Comply, in all material respects, with Environmental Laws and provide to Agent documentation of such compliance which Agent reasonably requests,

(c) Promptly notify Agent of any release of which any Borrower has knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by any Borrower or its Subsidiaries and take any Remedial Actions required to abate said release or otherwise to come into compliance, in all material respects, with applicable Environmental Law, and

(d) Promptly, but in any event within 5 Business Days of its receipt thereof, provide Agent with written notice of any of the following: (i) notice that an Environmental Lien has been filed against any of the real or personal property of a Borrower or its Subsidiaries, (ii) commencement of any Environmental Action or written notice that an Environmental Action will be filed against a Borrower or its Subsidiaries, and (iii) written notice of a violation, citation, or other administrative order from a Governmental Authority.

5.10 **Disclosure Updates.** Each Borrower will, promptly and in no event later than 10 Business Days after obtaining knowledge thereof, notify Agent if any written information, exhibit, or report furnished to Agent or the Lenders contained, at the time it was furnished, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made. The foregoing to the contrary notwithstanding, any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules hereto; provided, however, that this Section 5.10 shall not apply to Schedule updates made in accordance with the terms hereof.

5.11 **Formation of Subsidiaries.** At the time that any Loan Party forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Closing Date, such Loan Party shall (a) within 10 days of such formation or acquisition cause any such new Subsidiary to provide to Agent a joinder to this Agreement and the Security Agreement, together with such other security documents (including mortgages with respect to any Real Property owned in fee of such new Subsidiary with a fair market value of

at least $500,000), as well as appropriate financing statements (and with respect to all property subject to a mortgage, fixture filings), together with one or more opinions of counsel to the extent required by Agent, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary); provided that this Agreement, the Security Agreement, and such other security documents shall not be required to be provided to Agent with respect to any Subsidiary of Borrower that is a CFC; provided that with respect to any Subsidiary of Borrower that is a CFC, (i) if Excess Liquidity is greater than 25% of the Commitments, none of the outstanding voting Stock of any first tier Subsidiary of Borrower that is a CFC and none of the outstanding voting Stock of any other Subsidiary of such CFC shall be required to be pledged, and (ii) if Excess Liquidity is equal to or less than 25% of the Commitments, unless otherwise permitted by Agent exercising its Permitted Discretion, 65% of the total outstanding voting Stock of any first tier Subsidiary of Borrower that is a CFC but none of the total outstanding voting Stock of any other Subsidiary of such CFC shall be required to be pledged. Any document, agreement, or instrument executed or issued pursuant to this Section 5.11 shall be a Loan Document.

5.12 **Further Assurances.** Each Borrower will, and will cause each of the other Loan Parties to, at any time upon the reasonable request of Agent, execute or deliver to Agent any and all financing statements, fixture filings, security agreements, pledges, assignments, mortgages, deeds of trust, opinions of counsel, and all other documents (the "Additional Documents") that Agent may reasonably request in form and substance reasonably satisfactory to Agent, to create, perfect, and continue perfected or to better perfect Agent's Liens in all of the assets of each Loan Party (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), to create and perfect Liens in favor of Agent in any Real Property acquired by any Borrower or any other Loan Party with a fair market value in excess of $500,000, and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents. To the maximum extent permitted by applicable law, if any Borrower or any other Loan Party refuses or fails to execute or deliver any reasonably requested Additional Documents within a reasonable period of time following the request to do so, each Borrower and each other Loan Party hereby authorizes Agent to execute any such Additional Documents in the applicable Loan Party's name and authorizes Agent to file such executed Additional Documents in any appropriate filing office. In furtherance of, and not in limitation of, the foregoing, each Loan Party shall take such actions as Agent may reasonably request from time to time to ensure that the Obligations are secured by substantially all of the assets of each Loan Party, including all of the outstanding capital Equity Interests of each Borrower and their Subsidiaries (subject to exceptions and limitations contained in the Loan Documents with respect to CFCs).

5.13 **Lender Meetings**. Within 120 days after the close of each fiscal year of First Borrower, at the request of Agent or of the Required Lenders and upon reasonable prior notice, hold a meeting (at a mutually agreeable location and time or, at the option of Agent, by conference call) with all Lenders who choose to attend such meeting at which meeting shall be reviewed the financial results of the previous fiscal year and the financial condition of Borrowers and its Subsidiaries and the projections presented for the current fiscal year of First Borrower.

5.14 **Location of Equipment.**

(a) Keep each Loan Party's chief executive offices only at the locations identified on Schedule 4.26(a) and no more than $1,000,000 worth of Equipment at any location other than the locations identified on Schedule 4.26(a). Borrowers may update Schedule 4.26(a) so long as any new location reflected is within the United States.

5.15 **Material Contracts.** Contemporaneously with the delivery of each Compliance Certificate pursuant hereto, provide Agent with copies of (a) each Material Contract entered into since the delivery of the previous Compliance Certificate, and (b) each material amendment or modification of any Material Contract entered into since the delivery of the previous Compliance Certificate.

6. NEGATIVE COVENANTS.

Each Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations:

6.1 **Indebtedness.** Each Borrower will not, and will not permit any of its Subsidiaries to create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

6.2 **Liens.** Each Borrower will not, and will not permit any of its Subsidiaries to create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

6.3 **Restrictions on Fundamental Changes.** Each Borrower will not, and will not permit any of its Subsidiaries to,

(a) Other than in order to consummate a Permitted Acquisition, enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its Equity Interests, except for (i) any merger between Loan Parties, provided, that a Borrower must be the surviving entity of any such merger to which it is a party, (ii) any merger between a Loan Party and a Subsidiary of such Loan Party that is not a Loan Party so long as such Loan Party is the surviving entity of any such merger, and (iii) any merger between Subsidiaries of any Borrower that are not Loan Parties,

(b) Except as permitted by Section 6.4, liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), except for (i) the liquidation or dissolution of Inactive Subsidiaries of any Borrower with immaterial assets and nominal liabilities, (ii) the liquidation or dissolution of a Loan Party (other than any Borrower) or any of its wholly-owned Subsidiaries so long as all of the assets (including any interest in any Equity Interests) of such liquidating or dissolving Loan Party or Subsidiary are transferred to a Loan Party that is not liquidating or dissolving, or (iii) the liquidation or dissolution of a Subsidiary of any Borrower that is not a Loan Party (other than any such Subsidiary the Equity Interests of which (or any portion thereof) is subject to a Lien in favor of Agent) so long as all of the assets of such liquidating or dissolving Subsidiary are transferred to a Subsidiary of a Borrower that is not liquidating or dissolving, or

(c) suspend or cease operating a substantial portion of its or their business, except as permitted pursuant to clauses (a) or (b) above or in connection with a transaction permitted under Section 6.4.

6.4 **Disposal of Assets.** Other than Permitted Dispositions or transactions expressly permitted by Sections 6.3 or 6.9, each Borrower will not, and will not permit any of its Subsidiaries to convey, sell, lease, license, assign, transfer, or otherwise dispose of (or enter into an agreement to convey, sell, lease, license, assign, transfer, or otherwise dispose of) any of its or their assets.

6.5 **Change Name.** Each Borrower will not change such Borrower's or any of its Subsidiaries' name, state of organization or organizational identity; provided, however, that each Borrower or any of its Subsidiaries may change their names or jurisdiction of organization with concurrent written notice to Agent of such change.

6.6 **Nature of Business.** Each Borrower will not, and will not permit any of its Subsidiaries to make any change in the nature of its or their business as described in Schedule 6.6 or acquire any properties or assets that are not reasonably related to the conduct of such business activities; provided, that the foregoing shall not prevent any Borrower and its Subsidiaries from engaging in any business that is reasonably related or ancillary to its or their business.

6.7 **Prepayments and Amendments.** Each Borrower will not, and will not permit any of its Subsidiaries to,

(a) Unless both before and after giving effect thereto and measured on the date of any such optional prepayment, redemption, defeasance, purchase, or other acquisition of any Indebtedness and for each of the 30 days prior to such date (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) (A) Excess Liquidity exceeds 20% of the Revolving Commitments or (B) (1) Excess Liquidity exceeds 12.5% of the Revolver Commitments and (2) Borrower achieves a pro forma Consolidated Fixed Charge Coverage ratio of 1.00 to 1.00, and except in connection with Refinancing Indebtedness permitted by Section 6.1,

(i) optionally prepay, redeem, defease, purchase, or otherwise acquire any Indebtedness of any Borrower or its Subsidiaries, other than (A) the Obligations in accordance with this Agreement, and (B) Permitted Intercompany Advances, or

(ii) make any payment on account of Indebtedness that has been contractually subordinated in right of payment to the Obligations if such payment is not permitted at such time under the subordination terms and conditions, or

(b) Directly or indirectly, amend, modify, or change any of the terms or provisions of,

(i) any agreement, instrument, document, indenture, or other writing evidencing or concerning Permitted Indebtedness other than (A) the Obligations in accordance with this Agreement, (B) Permitted Intercompany Advances, and (C) Indebtedness permitted under clauses (c), (e), (f), (g), (h), (i), (j), (k), (l), (m), (o), (p), (q), (r) and (s) of the definition of Permitted Indebtedness; provided, however, that the restriction set forth in this Section 6.7(b)(i) shall not apply so long as both before and after giving effect thereto and measured on the date of any such amendment, modification or change and for each of the 30 days prior to such date (i) no Default or Event of Default has occurred and is continuing or would result therefrom and (ii) (A) Excess Liquidity exceeds 20% of the Revolving Commitments or (B) (1) Excess Liquidity exceeds 12.5% of the Revolver Commitments and (2) Borrower achieves a pro forma Consolidated Fixed Charge Coverage ratio of 1.00 to 1.00.

(ii) any Material Contract except to the extent that such amendment, modification, alteration, increase, or change could not, individually or in the aggregate, reasonably be expected to be materially adverse to the interests of the Lenders, or

(iii) the Governing Documents of any Loan Party or any of its Subsidiaries if the effect thereof, either individually or in the aggregate, could reasonably be expected to be materially adverse to the interests of the Lenders.

6.8 **Change of Control**. Except to the extent permitted under Section 6.4, each Borrower will not, and will not permit any of its Subsidiaries to, cause, permit, or suffer, directly or indirectly, any Change of Control.

6.9 **Restricted Payments.** Each Borrower will not, and will not permit any of its Subsidiaries to make any Restricted Payment; provided, however, that, so long as it is permitted by law and no Default or Event of Default has occurred and is continuing or would result therefrom:

(a) Each Borrower may declare or pay any dividend or make any other payment or distribution to its then current employees pursuant to such Borrower's deferred compensation plans as in effect on the Closing Date;

(b) Each Borrower may make distributions to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing), so long as, on account of redemptions of Stock of such Borrower held by such Persons, provided that no redemptions shall be made under this clause (b) (i) if a Triggering Event has occurred and is continuing or would result therefrom and the aggregate amount of such redemptions made by such Borrower *plus* the aggregate amount of Indebtedness described in clause (j) of the definition of Permitted Indebtedness would exceed $2,500,000 in any 12 month period, and (ii) solely in the form of forgiveness of Indebtedness of such Persons owing to such Borrower on account of repurchases of the Stock of such Borrower

held by such Persons; provided that such Indebtedness was incurred by such Persons solely to acquire Stock of such Borrower; and

(c) So long as both before and after giving effect to any such stock repurchases, distributions and dividends and measured on the date of such stock repurchases, distributions and dividends and each of the 30 days prior to such date (A) Excess Liquidity exceeds 25% of the Revolver Commitments or (B) (1) Excess Liquidity exceeds 15% of the Revolver Commitments and (2) Borrower achieves a pro forma Consolidated Fixed Charge Coverage Ratio of 1.00 to 1.00, each Borrower may make cash distributions to any of its shareholders on account of redemptions of Stock of such Borrower held by such Person.

6.10 **Accounting Methods.** Each Borrower will not, and will not permit any of its Subsidiaries to modify or change its fiscal year or its method of accounting (other than as may be required to conform to GAAP).

6.11 **Investments.** Except for Permitted Investments, each Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, make or acquire any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment; provided, however, that other than (a) an aggregate amount of not more than $500,000 at any one time, and (b) amounts deposited into Deposit Accounts specially and exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for Borrower or such Subsidiary. No Loan Party shall have Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts in excess of $250,000 per account and $2,000,000 in the aggregate unless such Borrower, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Agent governing such Permitted Investments in order to perfect (and further establish) Agent's Liens in such Permitted Investments. Subject to the foregoing, no Borrower shall establish or maintain any Deposit Account or Securities Account unless Agent shall have received a Control Agreement in respect of such Deposit Account or Securities Account; provided, however, that no Control Agreement shall be required for Foreign Accounts.

6.12 **Transactions with Affiliates.** Each Borrower will not, directly or indirectly, enter into or permit to exist any transaction with any Affiliate of such Borrower or any of its Subsidiaries except for:

(a) transactions (other than the payment of management, consulting, monitoring, royalty or advisory fees) between such Borrower or its Subsidiaries, on the one hand, and any Affiliate of such Borrower or its Subsidiaries, on the other hand, so long as such transactions (i) are undertaken in the ordinary course of such Borrower's or such other Subsidiary's (as applicable) business, and (ii) are no less favorable, taken as a whole, to such Borrower or the Loan Parties, as applicable, than would be obtained in an arm's length transaction with a non-Affiliate,

(b) so long as it has been approved by such Borrower's Board of Directors in accordance with applicable law, any indemnity provided by such Borrower or its Subsidiaries for the benefit of their directors,

(c) so long as it has been approved by such Borrower's Board of Directors, the payment of reasonable fees, compensation, or employee benefit arrangements to executive officers and directors,

(d) transactions permitted by Section 6.1, Section 6.3, Section 6.9 or Section 6.11, or any Permitted Intercompany Advance,

(e) transactions between Loan Parties, and

(f) payment of management, consulting, monitoring, royalty or advisory fees by any Subsidiary of a Loan Party to Labor Ready Holdings, Inc., a Nevada corporation.

6.13 **Use of Proceeds.** Each Borrower will not use the proceeds of the Advances for any purpose other than consistent with the terms and conditions hereof.

6.14 **Equipment with Bailees.** Each Borrower will not store the Equipment of such Borrower worth in excess of $100,000 in the aggregate at any time now or hereafter with a bailee, warehouseman, or similar party. Upon the continuance of any Event of Default, Agent shall have the right upon written request to such Borrower, to deliver Collateral Access Agreements with respect to any Equipment, that is held by any bailee, warehouseman or similar party.

6.15 **Inactive Subsidiaries.** Borrowers will not permit any Inactive Subsidiary to (a) own any assets (other than assets of a *de minimis* nature), (b) have any liabilities (other than liabilities of a *de minimis* nature), or (c) engage in any business activity.

6.16 **Anti-Terrorism Laws**. Borrowers will not permit (a) any Covered Entity, either in its own right or through any third party, to (A) have any of its assets in a Sanctioned Entity or in the possession, custody or control of a Sanctioned Entity in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Entity or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use and Letter or Credit or the Loans to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Entity in violation of any Anti-Terrorism Law, (b) the funds used to repay the Obligations to be derived in violation of any Anti-Terrorism Law, or (c) any Covered Entity to fail to comply with all Anti-Terrorism Laws. First Borrower shall promptly notify the Agent in writing upon the occurrence of any of the foregoing.

7. FINANCIAL COVENANTS.

Each Borrower covenants and agrees that, until termination of all of the Revolver Commitments and payment in full of the Obligations, such Borrower will comply with each of the following financial covenants after the occurrence of a Triggering Event as follows:

(a) **Consolidated Fixed Charge Coverage Ratio**. Borrowers and their Subsidiaries, on a consolidated basis, shall maintain a Consolidated Fixed Charge Coverage Ratio of at least 1.00 : 1.00 for the trailing 12-month period, measured upon the occurrence of a Triggering Event, on a quarter-end basis commencing with the quarter-end immediately prior to the occurrence of the Triggering Event for which financial statements have been delivered pursuant to Section 5.1.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

8.1 If any Borrower fails to pay when due and payable, or when declared due and payable, all or any portion of the Obligations;

8.2 If any Borrower or any of its Subsidiaries:

(a) fails to perform or observe any covenant or other agreement applicable to such Person contained in any of (i) Sections 3.6, 5.1, 5.2, 5.3 (solely if such Person is not in good standing in its jurisdiction of organization), 5.6, 5.7 (solely if such Person refuses to allow Agent or its representatives or agents to visit such Person's properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss such Person's affairs, finances, and accounts with officers and employees of such Person), 5.10, 5.11, 5.13, or 5.14 of this Agreement, (ii) Sections 6.1 through 6.16 of this Agreement, (iii) Section 7 of this Agreement, or (iv) Section 6 of the Security Agreement;

(b) fails to perform or observe any covenant or other agreement applicable to such Person contained in any of Sections 5.3 (other than if such Person is not in good standing in its jurisdiction of organization), 5.4, 5.5, 5.8, 5.12, and 5.15 of this Agreement and such failure continues for a period of 15 days after

the earlier of (i) the date on which such failure shall first become known to any officer of such Person or (ii) the date on which written notice thereof is given to such Borrower by Agent; or

(c) fails to perform or observe any covenant or other agreement applicable to such Person contained in this Agreement, or in any of the other Loan Documents, in each case, other than any such covenant or agreement that is the subject of another provision of this Section 8 (in which event such other provision of this Section 8 shall govern), and such failure continues for a period of 30 days after the earlier of (i) the date on which such failure shall first become known to any officer of such Person or (ii) the date on which written notice thereof is given to such Borrower by Agent;

8.3 If one or more judgments, orders, or awards for the payment of money involving an aggregate amount of $5,000,000, or more (except to the extent covered by insurance pursuant to which the insurer has accepted liability therefor in writing) is entered or filed against a Loan Party, or with respect to any of their respective assets, and either (a) there is a period of 30 consecutive days at any time after the entry of any such judgment, order, or award during which (1) the same is not discharged, or (2) a stay of enforcement thereof is not in effect, or (b) enforcement proceedings are commenced upon such judgment, order, or award;

8.4 If an Insolvency Proceeding is commenced by a Loan Party;

8.5 If an Insolvency Proceeding is commenced against a Loan Party and any of the following events occur: (a) such Loan Party consents to the institution of such Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted, (c) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof, (d) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, such Loan Party, or (e) an order for relief shall have been issued or entered therein;

8.6 If a Loan Party is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs;

8.7 If there is a default in one or more agreements to which a Loan Party is a party with one or more third Persons relative to a Loan Party's Indebtedness involving an aggregate amount of $2,000,000 or more, and such default (i) occurs at the final maturity of the obligations thereunder, or (ii) results in a right by such third Person, irrespective of whether exercised, to accelerate the maturity of such Loan Party's obligations thereunder; provided, however, that, so long as (i) such default or event of default is not otherwise an Event of Default under this Credit Agreement and (ii) is a default or an event of default pursuant to this Section 8.7 solely as a result of a Synovus Event of Default under the following sections of the Synovus Agreement: (a) Section 8.2(a) relating to a failure under any of Sections 5.1, 5.3, 5.6, or 6.6; (b) Section 8.5; (c) Section 8.6; or (d) Section 8.7; then such type of Synovus Event of Default shall not be deemed an Event of Default pursuant to this Section 8.7 unless and until such Synovus Event of Default remains uncured for 5 days following the occurrence thereof;

8.8 If any warranty, representation, statement, or Record made herein or in any other Loan Document or delivered by any Borrower or any of its Subsidiaries (excluding the Target Company and its Subsidiaries prior to its Acquisition) in writing to Agent or any Lender in connection with this Agreement or any other Loan Document proves to be untrue in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date of issuance or making or deemed making thereof;

8.9 If the Security Agreement or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and first priority (except to the extent a different priority is permitted by the terms hereof or thereof) Lien on the Collateral covered thereby, except (a) as a result of a disposition of the applicable Collateral in a transaction permitted under this Agreement or (b) as the result of an action or failure to act on the part of Agent; or

8.10 The validity or enforceability of any Loan Document shall at any time for any reason (other than solely as the result of an action or failure to act on the part of Agent) be declared to be null and void, or a proceeding shall be commenced by a Loan Party or its Subsidiaries, or by any Governmental Authority having jurisdiction over a Loan Party, seeking to establish the invalidity or unenforceability thereof, or a Loan Party or its Subsidiaries shall deny that such Loan Party or its Subsidiaries has any liability or obligation purported to be created under any Loan Document.

9. RIGHTS AND REMEDIES.

9.1 **Rights and Remedies.** Upon the occurrence and during the continuation of an Event of Default, Agent may, and, at the instruction of the Required Lenders, shall, in each case by written notice to Borrowers and in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by applicable law, do any one or more of the following on behalf of the Lender Group:

(a) declare the Obligations, whether evidenced by this Agreement or by any of the other Loan Documents immediately due and payable, whereupon the same shall become and be immediately due and payable, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by Borrowers; and

(b) declare the Revolver Commitments terminated, whereupon the Revolver Commitments shall immediately be terminated together with any obligation of any Lender hereunder to make Advances and the obligation of the Issuing Lender to issue Letters of Credit.

The foregoing to the contrary notwithstanding, upon the occurrence of any Event of Default described in Section 8.4 or Section 8.5, in addition to the remedies set forth above, without any notice to Borrowers or any other Person or any act by the Lender Group, the Revolver Commitments shall automatically terminate and the Obligations then outstanding, together with all accrued and unpaid interest thereon and all fees and all other amounts due under this Agreement and the other Loan Documents, shall automatically and immediately become due and payable, without presentment, demand, protest, or notice of any kind, all of which are expressly waived by Borrowers.

9.2 **Remedies Cumulative.** The rights and remedies of the Lender Group under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. The Lender Group shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by the Lender Group of one right or remedy shall be deemed an election, and no waiver by the Lender Group of any Event of Default shall be deemed a continuing waiver. No delay by the Lender Group shall constitute a waiver, election, or acquiescence by it.

10. WAIVERS; INDEMNIFICATION.

10.1 **Demand; Protest; etc.** Each Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Lender Group on which such Borrower may in any way be liable.

10.2 **The Lender Group's Liability for Collateral.** Each Borrower hereby agrees that: (a) so long as Agent complies with its obligations, if any, under the Code, the Lender Group shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by such Borrower.

10.3 **Indemnification.** Each Borrower shall pay, indemnify, defend, and hold the Agent-Related Persons, the Lender-Related Persons, and each Participant (each, an "Indemnified Person") harmless (to the fullest

extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of attorneys, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution and delivery (provided that such Borrower shall not be liable for costs and expenses (including attorneys' fees) of any Lender (other than Bank of America, N.A.) incurred in advising, structuring, drafting, reviewing, administering or syndicating the Loan Documents), enforcement, performance, or administration (including any restructuring or workout with respect hereto) of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby or the monitoring of such Borrower's and its Subsidiaries' compliance with the terms of the Loan Documents (other than disputes solely between the Lenders that do not relate to an action or omission of a Loan Party), (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, and (c) in connection with or arising out of any presence or release of Hazardous Materials at, on, under, to or from any assets or properties owned, leased or operated by such Borrower or any of its Subsidiaries or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any such assets or properties of such Borrower or any of its Subsidiaries (each and all of the foregoing, the "Indemnified Liabilities"). The foregoing to the contrary notwithstanding, each Borrower shall have no obligation to any Indemnified Person under this Section 10.3 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person or its officers, directors, employees, attorneys, or agents. This provision shall survive the termination of this Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which such Borrower was required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by such Borrower with respect thereto. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.**

11. **NOTICES.** Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or telefacsimile. In the case of notices or demands to Borrowers or Agent, as the case may be, they shall be sent to the respective address set forth below:

If to the Borrowers:	TrueBlue 1015 A Street Tacoma, Washington 98402 Attn: Todd N. Gilman, Associate General Counsel Fax No. (253) 502-5792
with copies to:	K&L Gates 222 SW Columbia St., Suite 13400 Portland, Oregon 97201 Attn: R. Gibson Masters, Esq. Fax No.: (503) 553-6299

If to Agent:	BANK OF AMERICA, NATIONAL ASSOCIATION 400 4th Street Mailcode: OR1-110-01-15 Lake Oswego, Oregon 97034 Attn: Greg Jones, Senior Vice President Fax No.: (503) 303-6076
with copies to:	Graham & Dunn PC Pier 70 2801 Alaskan Way ~ Suite 300 Seattle, Washington 98121-1128 Attn: Nicholas Drader, Esq. Fax No.: (206) 340-9599

Any party hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 11, shall be deemed received on the earlier of the date of actual receipt or 3 Business Days after the deposit thereof in the mail; provided, that (a) notices sent by overnight courier service shall be deemed to have been given when received, (b) notices by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient) and (c) notices by electronic mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment).

12. **CHOICE OF LAW, VENUE; JURY TRIAL WAIVER.**

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAYBE FOUND. BORROWERS AND EACH MEMBER OF THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b).**

(c) **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, BORROWERS AND EACH MEMBER OF THE LENDER GROUP HEREBY WAIVE THEIR**

RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWERS AND EACH MEMBER OF THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(d) Judicial Reference. If any controversy or claim among the parties relating in any way to any Obligations or Loan Documents, including any alleged tort, shall be pending before any court sitting in or with jurisdiction over California or applying California law, then at the request of any party such proceeding shall be referred by the court to a referee (who shall be an active or retired judge) to hear and determine all issues in such proceeding (whether of fact or law) and to report a statement of decision for adoption by the court. Nothing in this Section shall limit any right of Agent or any other Lender to exercise self-help remedies, such as setoff, foreclosure or sale of any Collateral, or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, during or after any judicial reference. The exercise of a remedy does not waive the right of any party to resort to judicial reference. At Agent's option, foreclosure under a Mortgage may be accomplished either by exercise of power of sale thereunder or by judicial foreclosure.

13. ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS.

13.1 Assignments and Participations.

(a) With the prior written consent of Borrowers, which consent of Borrowers shall not be unreasonably withheld, delayed or conditioned, and shall not be required (1) if an Event of Default has occurred and is continuing, (2) in connection with the Primary Syndication of the Revolver Commitments and the Obligations by Bank of America (provided that Bank of America shall consult with Borrower in connection with such Primary Syndication (it being understood that in no event shall Bank of America, N.A. be required to obtain Borrowers' consent with respect to any assignment made in connection with such Primary Syndication, and (3) in connection with an assignment to a Person that is a Lender or an Affiliate (other than individuals) of a Lender and with the prior written consent of Agent, which consent of Agent shall not be unreasonably withheld, delayed or conditioned, and shall not be required in connection with an assignment to a Person that is a Lender or an Affiliate (other than individuals) of a Lender, any Lender may assign and delegate to one or more assignees (each an "Assignee"; provided that no Loan Party or Affiliate of a Loan Party shall be permitted to become an Assignee) all or any portion of the Obligations, the Revolver Commitments and the other rights and obligations of such Lender hereunder and under the other Loan Documents, in a minimum amount (unless waived by Agent) of $5,000,000 (except such minimum amount shall not apply to (x) an assignment or delegation by any Lender to any other Lender or an Affiliate of any Lender or (y) a group of new Lenders, each of which is an Affiliate of each other or a Related Fund of such new Lender to the extent that the aggregate amount to be assigned to all such new Lenders is at least $5,000,000); provided, however, that Borrowers and Agent may continue to deal solely and directly with such Lender in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses, and related information with respect to the Assignee, have been given to Borrowers and Agent by such Lender and the Assignee, (ii) such Lender and its Assignee have delivered to Borrowers and Agent an Assignment and Acceptance and Agent has notified the assigning Lender of its receipt thereof in accordance with Section 13.1(b), and (iii) unless waived by Agent, the assigning Lender or Assignee has paid to Agent for Agent's separate account a processing fee in the amount of $3,500.

(b) From and after the date that Agent notifies the assigning Lender (with a copy to Borrowers) that it has received an executed Assignment and Acceptance and, if applicable, payment of the required processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and

obligations of a Lender under the Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except with respect to Section 10.3) and be released from any future obligations under this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement and the other Loan Documents, such Lender shall cease to be a party hereto and thereto); provided, however, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender's obligations under Section 15 and Section 17.9(a).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto, (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance or observance by Borrowers of any of their obligations under this Agreement or any other Loan Document furnished pursuant hereto, (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such Assignee will, independently and without reliance upon Agent, such assigning Lender 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 this Agreement, (v) such Assignee appoints and authorizes Agent to take such actions and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent, by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such Assignee agrees that it will perform all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) Immediately upon Agent's receipt of the required processing fee, if applicable, and delivery of notice to the assigning Lender pursuant to Section 13.1(b), this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Revolver Commitments arising therefrom. The Revolver Commitment allocated to each Assignee shall reduce such Revolver Commitments of the assigning Lender *pro tanto*.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons (a "Participant") participating interests in all or any portion of its Obligations, its Revolver Commitment, and the other rights and interests of that Lender (the "Originating Lender") hereunder and under the other Loan Documents; provided, however, that (i) the Originating Lender shall remain a "Lender" for all purposes of this Agreement and the other Loan Documents and the Participant receiving the participating interest in the Obligations, the Revolver Commitments, and the other rights and interests of the Originating Lender hereunder shall not constitute a "Lender" hereunder or under the other Loan Documents and the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) Borrowers, Agent, and the Lenders shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Loan Documents, (iv) no Lender shall transfer or grant any participating interest under which the Participant has the right to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment to, or consent or waiver with respect to this Agreement or of any other Loan Document would (A) extend the final maturity date of the Obligations hereunder in which such Participant is participating, (B) reduce the interest rate applicable to the Obligations hereunder in which such Participant is participating, (C) release all or substantially all of the Collateral or guaranties (except to the extent expressly provided herein or in any of the Loan Documents) supporting the Obligations hereunder in which such Participant is participating, (D) postpone the payment of, or reduce the amount of, the interest or fees payable to such Participant through such Lender, or (E) change the amount or due

dates of scheduled principal repayments or prepayments or premiums, and (v) all amounts payable by Borrowers hereunder shall be determined as if such Lender had not sold such participation, except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement. The rights of any Participant only shall be derivative through the Originating Lender with whom such Participant participates and no Participant shall have any rights under this Agreement or the other Loan Documents or any direct rights as to the other Lenders, Agent, Borrowers, the Collections of Borrowers or their Subsidiaries, the Collateral, or otherwise in respect of the Obligations. No Participant shall have the right to participate directly in the making of decisions by the Lenders among themselves.

(f) In connection with any such assignment or participation or proposed assignment or participation or any grant of a security interest in, or pledge of, its rights under and interest in this Agreement, a Lender may, subject to the provisions of Section 17.9, disclose all documents and information which it now or hereafter may have relating to Borrowers and their Subsidiaries and their respective businesses.

(g) Any other provision in this Agreement notwithstanding, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CPR §203.24, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

13.2 **Successors.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that Borrowers may not assign this Agreement or any rights or duties hereunder without the Lenders' prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by the Lenders shall release Borrowers from their Obligations. A Lender may assign this Agreement and the other Loan Documents and its rights and duties hereunder and thereunder pursuant to Section 13.1 and, except as expressly required pursuant to Section 13.1, no consent or approval by Borrowers are required in connection with any such assignment.

14. AMENDMENTS; WAIVERS.

14.1 Amendments and Waivers.

(a) No amendment, waiver or other modification of any provision of this Agreement or any other Loan Document (other than Bank Product Agreements or the Fee Letter), and no consent with respect to any departure by Borrowers therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent at the written request of the Required Lenders) and Borrowers and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all of the Lenders directly affected thereby and Borrowers, do any of the following:

(i) increase the amount of or extend the expiration date of any Revolver Commitment of any Lender,

(ii) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document,

(iii) reduce the principal of, or the rate of interest on, any loan or other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Loan Document (except (y) in connection with the waiver of applicability of Section 2.6(c) (which waiver shall be effective with the written consent of the Required Lenders), and (z) that any amendment or modification of defined terms used in the

financial covenants in this Agreement shall not constitute a reduction in the rate of interest or a reduction of fees for purposes of this clause (iii)),

(iv) amend or modify this Section or any provision of this Agreement providing for consent or other action by all Lenders,

(v) other than as permitted by Section 15.11, release Agent's Lien in and to any of the Collateral,

(vi) change the definition of "Required Lenders" or "Pro Rata Share", "Triggering Event",

(vii) contractually subordinate any of Agent's Liens,

(viii) other than in connection with a merger, liquidation, dissolution, or sale of such Person expressly permitted by the terms hereof or the other Loan Documents, release any Borrower or any Guarantor from any obligation for the payment of money or consent to the assignment or transfer by any Borrower or any Guarantor of any of its rights or duties under this Agreement or the other Loan Documents,

(ix) amend any of the provisions of Sections 2.3(d) or Sections 2.4(b)(i) or (ii),

(x) amend Section 13.1(a) to permit a Loan Party, or an Affiliate of a Loan Party to be permitted to become an Assignee, or

(xi) change the definition of Borrowing Base or any of the defined terms (including the definitions of Supplemental Cash Collateral, Eligible Accounts, Eligible Real Property, Eligible Real Property Liquidation Value and Payroll Reserves) that are used in such definition to the extent that any such change results in more credit being made available to Borrowers based upon the Borrowing Base, but not otherwise, change the definition of Maximum Revolver Amount, or change Section 2.1(c);

(b) No amendment, waiver, modification, or consent shall amend, modify, or waive (i) the definition of, or any of the terms or provisions of, the Fee Letter, without the written consent of Agent and Borrower (and shall not require the written consent of any of the Lenders), and (ii) any provision of Section 15 pertaining to Agent, or any other rights or duties of Agent under this Agreement or the other Loan Documents, without the written consent of Agent, Borrowers, and the Required Lenders;

(c) No amendment, waiver, modification, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Issuing Lender, or any other rights or duties of Issuing Lender under this Agreement or the other Loan Documents, without the written consent of Issuing Lender, Agent, Borrower, and the Required Lenders;

(d) No amendment, waiver, modification, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Swing Lender, or any other rights or duties of Swing Lender under this Agreement or the other Loan Documents, without the written consent of Swing Lender, Agent, Borrowers, and the Required Lenders; and

(e) Anything in this Section 14.1 to the contrary notwithstanding, any amendment, modification, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of Borrowers, shall not require consent by or the agreement of Borrowers.

14.2 **Replacement of Certain Lenders.**

(a) If (i) any action to be taken by the Lender Group or Agent hereunder requires the consent, authorization, or agreement of all Lenders or all Lenders affected thereby and if such action has received the consent, authorization, or agreement of the Required Lenders but not of all Lenders or all Lenders affected thereby, or (ii) any Lender makes a claim for compensation under Section 16, then Borrowers or Agent, upon at least 5 Business Days prior irrevocable notice, may permanently replace any Lender that failed to give its consent, authorization, or agreement (a "Non-Consenting Lender") or any Lender that made a claim for compensation (a "Tax Lender") with one or more Replacement Lenders, and the Non-Consenting Lender or Tax Lender, as applicable, shall have no right to refuse to be replaced hereunder. Such notice to replace the Non-Consenting Lender or Tax Lender, as applicable, shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Holdout Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Holdout Lender being repaid its share of the outstanding Obligations (including an assumption of its Pro Rata Share of the Letters of Credit) without any premium or penalty of any kind whatsoever. If the Holdout Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 13.1. Until such time as the Replacement Lenders shall have acquired all of the Obligations, the Revolver Commitments, and the other rights and obligations of the Holdout Lender hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make the Holdout Lender's Pro Rata Share of Advances and to purchase a participation in each Letter of Credit, in an amount equal to its Pro Rata Share of such Letters of Credit.

14.3 **No Waivers; Cumulative Remedies.** No failure by Agent or any Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by Agent or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by Agent or any Lender on any occasion shall affect or diminish Agent's and each Lender's rights thereafter to require strict performance by Borrowers of any provision of this Agreement. Agent's and each Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Agent or any Lender may have.

15. AGENT; THE LENDER GROUP.

15.1 **Appointment and Authorization of Agent.** Each Lender hereby designates and appoints Bank of America, N.A. as its representative under this Agreement and the other Loan Documents and each Lender hereby irrevocably authorizes Agent to execute and deliver each of the other Loan Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Agent agrees to act as such on the express conditions contained in this Section 15. Any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent; it being expressly understood and agreed that the use of the word "Agent" is for convenience only, that Bank of America, N.A. is merely the representative of the Lenders, and only has the contractual duties set forth herein. Except as expressly otherwise provided in this Agreement, Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions that Agent expressly is entitled to take or assert under or pursuant to this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, or of any other provision of the Loan Documents that provides rights or powers to Agent, Lenders agree that Agent shall have the right to exercise the following powers as long as this Agreement remains in effect: (a) maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Collateral, the Collections of Borrowers and their Subsidiaries, and related

matters, (b) execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to the Loan Documents, (c) make Advances, for itself or on behalf of Lenders, as provided in the Loan Documents, (d) exclusively receive, apply, and distribute the Collections of Borrowers and their Subsidiaries as provided in the Loan Documents, (e) open and maintain such bank accounts and cash management arrangements as Agent deems necessary and appropriate in accordance with the Loan Documents for the foregoing purposes with respect to the Collateral and the Collections of Borrowers and their Subsidiaries, (f) perform, exercise, and enforce any and all other rights and remedies of the Lender Group with respect to Borrowers or their Subsidiaries, the Obligations, the Collateral, the Collections of Borrowers and their Subsidiaries, or otherwise related to any of same as provided in the Loan Documents, and (g) incur and pay such Lender Group Expenses as Agent may deem necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to the Loan Documents.

15.2 **Delegation of Duties.** Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects as long as such selection was made without gross negligence or willful misconduct.

15.3 **Liability of Agent.** None of the Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by any Borrower or any of its Subsidiaries or Affiliates, or any officer or director thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Borrower or its Subsidiaries or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the books and records or properties of any Borrower or its Subsidiaries.

15.4 **Reliance by Agent.** Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Borrower or counsel to any Lender), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless Agent shall first receive such advice or concurrence of the Lenders as it deems appropriate and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the requisite Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

15.5 **Notice of Default or Event of Default.** Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest, fees, and expenses required to be paid to Agent for the account of the Lenders and, except with respect to Events of Default of which Agent has actual knowledge, unless Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default, and stating that such notice is a "notice of default." Agent promptly will notify the Lenders of its receipt of any such notice or of any Event of Default of which Agent has actual knowledge. If any Lender obtains actual knowledge of any Event

of Default, such Lender promptly shall notify the other Lenders and Agent of such Event of Default. Each Lender shall be solely responsible for giving any notices to its Participants, if any. Subject to Section 15.4, Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Section 9; provided, however, that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

15.6 **Credit Decision.** Each Lender acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of Borrowers and their Subsidiaries or Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such due diligence, documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers or any other Person party to a Loan Document, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrowers. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers or any other Person party to a Loan Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of Borrowers or any other Person party to a Loan Document that may come into the possession of any of the Agent-Related Persons. Each Lender acknowledges that Agent does not have any duty or responsibility, either initially or on a continuing basis (except to the extent, if any, that is expressly specified herein) to provide such Lender with any credit or other information with respect to Borrowers, their Affiliates or any of their respective business, legal, financial or other affairs, and irrespective of whether such information came into Agent's or its Affiliates' or representatives' possession before or after the date on which such Lender became a party to this Agreement.

15.7 **Costs and Expenses; Indemnification.** Agent may incur and pay Lender Group Expenses to the extent Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to the Loan Documents, including court costs, attorneys fees and expenses, fees and expenses of financial accountants, advisors, consultants, and appraisers, costs of collection by outside collection agencies, auctioneer fees and expenses, and costs of security guards or insurance premiums paid to maintain the Collateral, whether or not Borrowers are obligated to reimburse Agent or Lenders for such expenses pursuant to this Agreement or otherwise. Agent is authorized and directed to deduct and retain sufficient amounts from the Collections of Borrowers and their Subsidiaries received by Agent to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders. In the event Agent is not reimbursed for such costs and expenses by Borrowers or their Subsidiaries, each Lender hereby agrees that it is and shall be obligated to pay to Agent such Lender's Pro Rata Share thereof. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrowers and without limiting the obligation of Borrowers to do so), according to their Pro Rata Shares, from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct nor shall any Lender be liable for the obligations of any Defaulting Lender in failing to make an Advance or other extension of credit hereunder. Without limitation of the foregoing, each Lender shall reimburse Agent upon demand for such Lender's Pro Rata Share of any costs or out of pocket expenses (including attorneys, accountants, advisors, and consultants fees and expenses) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment, or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred

to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrowers. Notwithstanding anything herein to the contrary, Lenders shall be liable and indemnify Agent-Related Persons for only Indemnified Liabilities and other costs and expenses that relate to or arise from an Agent-Related Person acting as or for Agent (in its capacity as Agent). The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent.

15.8 **Agent in Individual Capacity.** Bank of America, N.A. and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Borrowers and their Subsidiaries and Affiliates and any other Person party to any Loan Document as though Bank of America, N.A. were not Agent hereunder, and, in each case, without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge that, pursuant to such activities, Bank of America, N.A. or its Affiliates may receive information regarding Borrowers or their Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Borrowers or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them. The terms "Lender" and "Lenders" include Bank of America, N.A. in its individual capacity.

15.9 **Successor Agent.** Agent may resign as Agent upon 30 days prior written notice to the Lenders (unless such notice is waived by the Required Lenders) and Borrowers (unless such notice is waived by Borrowers). If Agent resigns under this Agreement, the Required Lenders shall be entitled, with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned), appoint a successor Agent for the Lenders. If, at the time that Agent's resignation is effective, it is acting as the Issuing Lender or the Swing Lender, such resignation shall also operate to effectuate its resignation as the Issuing Lender or the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to issue Letters of Credit or make Swing Loans. If no successor Agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Lenders and Borrowers, a successor Agent (from among the Lenders, if possible). If Agent has materially breached or failed to perform any material provision of this Agreement or of applicable law, the Required Lenders may agree in writing to remove and replace Agent with a successor Agent from among the Lenders with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned). In any such event, upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers, and duties of the retiring Agent and the term "Agent" shall mean such successor Agent and the retiring Agent's appointment, powers, and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 15 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Lenders appoint a successor Agent as provided for above.

15.10 **Lender in Individual Capacity.** Any Lender and its respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Borrowers and their Subsidiaries and Affiliates and any other Person party to any Loan Documents as though such Lender were not a Lender hereunder without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge that, pursuant to such activities, such Lender and its respective Affiliates may receive information regarding Borrowers or their Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Borrowers or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.

15.11 **Collateral Matters.**

(a) The Lenders hereby irrevocably authorize Agent, at its option and in its sole discretion, to release any Lien on any Collateral (i) upon the termination of the Revolver Commitments and payment and satisfaction in full by Borrowers of all Obligations, (ii) constituting property being sold or disposed of if a release is required or desirable in connection therewith and if Borrowers certify to Agent that the sale or disposition is permitted under Section 6.4 or the other Loan Documents (and Agent may rely conclusively on any such certificate, without further inquiry), (iii) constituting property in which Borrowers or their Subsidiaries owned no interest at the time Agent's Lien was granted nor at any time thereafter, or (iv) constituting property leased to Borrowers or their Subsidiaries under a lease that has expired or is terminated in a transaction permitted by this Agreement. The Lenders hereby irrevocably authorize Agent, based upon the instruction of the Required Lenders, to credit bid and purchase (either directly or through a one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted by Agent under the provisions of the Code, including pursuant to Sections 9-610 or 9-620 of the Code, at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code, or at any other sale or foreclosure conducted by Agent (whether by judicial action or otherwise) in accordance with applicable law. Except as provided above, Agent will not execute and deliver a release of any Lien on any Collateral without the prior written authorization of (y) if the release is of Collateral having a book value in excess of $10,000,000 during any calendar year, all of the Lenders; or (z) otherwise, the Required Lenders. Upon request by Agent or Borrowers at any time, the Lenders will confirm in writing Agent's authority to release any such Liens on particular types or items of Collateral pursuant to this Section 15.11; provided, however, that (1) Agent shall not be required to execute any document necessary to evidence such release on terms that, in Agent's opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) 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 Borrowers in respect of) all interests retained by Borrowers, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. The Lenders further hereby irrevocably authorize Agent, at its option and in its sole discretion, to subordinate any Lien granted to or held by Agent under any Loan Document to the holder of any Permitted Lien on such property if such Permitted Lien secures Permitted Purchase Money Indebtedness.

(b) Agent shall have no obligation whatsoever to any of the Lenders to assure that the Collateral exists or is owned by Borrowers or their Subsidiaries or is cared for, protected, or insured or has been encumbered, or that Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender as to any of the foregoing, except as otherwise provided herein.

15.12 **Restrictions on Actions by Lenders; Sharing of Payments.**

(a) Each of the Lenders agrees that it shall not, without the express written consent of Agent, set off against the Obligations, any amounts owing by such Lender to Borrowers or their Subsidiaries or any deposit accounts of Borrowers or their Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Loan Document against any Borrower or any Guarantor or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds

or payments received by such Lender from Agent pursuant to the terms of this Agreement, or (ii) payments from Agent in excess of such Lender's Pro Rata Share of all such distributions by Agent, such Lender promptly shall (A) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, however, that to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

15.13 **Agency for Perfection.** Agent hereby appoints each other Lender as its agent (and each Lender hereby accepts such appointment) for the purpose of perfecting Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent's instructions.

15.14 **Payments by Agent to the Lenders.** All payments to be made by Agent to the Lenders shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

15.15 **Concerning the Collateral and Related Loan Documents.** Each member of the Lender Group authorizes and directs Agent to enter into this Agreement and the other Loan Documents. Each member of the Lender Group agrees that any action taken by Agent in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral and the exercise by Agent 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 Lenders.

15.16 **Audits and Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information.** By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report respecting Borrowers or their Subsidiaries (each a "Report" and collectively, "Reports") prepared by or at the request of Agent, and Agent shall so furnish each Lender with such Reports,

(b) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or other party performing any audit or examination will inspect only specific information regarding Borrowers and their Subsidiaries and will rely significantly upon Borrowers' and their Subsidiaries' books and records, as well as on representations of Borrowers' personnel,

(d) agrees to keep all Reports and other material, non-public information regarding Borrowers and their Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 17.9, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from

any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of Borrowers, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third party who obtains all or part of any Report through the indemnifying Lender.

In addition to the foregoing: (x) any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by Borrowers or their Subsidiaries to Agent that has not been contemporaneously provided by Borrowers or such Subsidiary to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (y) to the extent that Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from Borrowers or their Subsidiaries, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of Borrowers the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from Borrowers or such Subsidiary, Agent promptly shall provide a copy of same to such Lender, and (z) any time that Agent renders to Borrowers a statement regarding the Loan Account, Agent shall send a copy of such statement to each Lender.

15.17 **Several Obligations; No Liability.** Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Revolver Commitments, to make an amount of such credit not to exceed, in principal amount, at any one time outstanding, the amount of their respective Revolver Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any Participant of any other Lender. Except as provided in Section 15.7, no member of the Lender Group shall have any liability for the acts of any other member of the Lender Group. No Lender shall be responsible to Borrower or any other Person for any failure by any other Lender to fulfill its obligations to make credit available hereunder, nor to advance for it or on its behalf in connection with its Revolver Commitment, nor to take any other action on its behalf hereunder or in connection with the financing contemplated herein.

16. WITHHOLDING TAXES.

16.1 **Payments.** All payments made by Borrowers hereunder or under any note or other Loan Document will be made without setoff, counterclaim, or other defense. In addition, all such payments will be made free and clear of, and without deduction or withholding for, any present or future Indemnified Taxes, and in the event any deduction or withholding of Indemnified Taxes is required, Borrowers shall comply with the next sentence of this Section 16.1. If any Indemnified Taxes are so levied or imposed, Borrowers agree to pay the full amount of such Indemnified Taxes and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement, any note, or Loan Document, including any amount paid pursuant to this Section 16.1 after withholding or deduction for or on account of any Indemnified Taxes, will not be less than the amount provided for herein; provided, however, that Borrower shall not be required to increase any such amounts if the increase in such amount payable results from Agent's or such Lender's own willful misconduct or gross negligence (as finally determined by a court of competent jurisdiction). Borrowers will furnish to Agent as promptly as possible after the date the payment of any Indemnified Tax is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by Borrowers. Borrowers agree to pay any present or future stamp, value added or documentary taxes or any other excise or property taxes, charges, or similar levies that arise from any payment made hereunder or from the execution, delivery, performance, recordation, or filing of, or otherwise with respect to this Agreement or any other Loan Document.

16.2 **Exemptions.**

(a) If a Lender or Participant is entitled to claim an exemption or reduction from United States withholding tax, such Lender or Participant agrees with and in favor of Agent, to deliver to Agent (or, in the case of a Participant, to the Lender granting the participation only) one of the following before receiving its first payment under this Agreement:

(i) if such Lender or Participant is entitled to claim an exemption from United States withholding tax pursuant to the portfolio interest exception, (A) a statement of the Lender or Participant, signed under penalty of perjury, that it is not a (I) a "bank" as described in Section 881(c)(3)(A) of the IRC, (II) a 10% shareholder of First Borrower (within the meaning of Section 871(h)(3)(B) of the IRC), or (III) a controlled foreign corporation related to Borrowers within the meaning of Section 864(d)(4) of the IRC, and (B) a properly completed and executed IRS Form W-8BEN or Form W-8IMY (with proper attachments);

(ii) if such Lender or Participant is entitled to claim an exemption from, or a reduction of, withholding tax under a United States tax treaty, a properly completed and executed copy of IRS Form W-8BEN;

(iii) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Lender, a properly completed and executed copy of IRS Form W-8ECI;

(iv) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because such Lender or Participant serves as an intermediary, a properly completed and executed copy of IRS Form W-8IMY (with proper attachments); or

(v) a properly completed and executed copy of any other form or forms, including IRS Form W-9, as may be required under the IRC or other laws of the United States as a condition to exemption from, or reduction of, United States withholding or backup withholding tax.

(b) Each Lender or Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(c) If a Lender or Participant claims an exemption from withholding tax in a jurisdiction other than the United States, such Lender or such Participant agrees with and in favor of Agent, to deliver to Agent (or, in the case of a Participant, to the Lender granting the participation only) any such form or forms, as may be required under the laws of such jurisdiction as a condition to exemption from, or reduction of, foreign withholding or backup withholding tax before receiving its first payment under this Agreement, but only if such Lender or such Participant is legally able to deliver such forms, provided, that nothing in this Section 16.2(c) shall require a Lender or Participant to disclose any information that it deems to be confidential (including without limitation, its tax returns). Each Lender and each Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(d) If a Lender or Participant claims exemption from, or reduction of, withholding tax and such Lender or Participant sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of Borrowers to such Lender or Participant, such Lender or Participant agrees to notify Agent (or, in the case of a sale of a participation interest, to the Lender granting the participation only) of the percentage amount in which it is no longer the beneficial owner of Obligations of Borrowers to such Lender or Participant. To the extent of such percentage amount, Agent will treat such Lender's or such Participant's documentation provided pursuant to Section 16.2(a) or 16.2(c) as no longer valid. With respect to such percentage amount, such Participant

or Assignee may provide new documentation, pursuant to Section 16.2(a) or 16.2(c), if applicable. Borrowers agree that each Participant shall be entitled to the benefits of this Section 16 with respect to its participation in any portion of the Commitments and the Obligations so long as such Participant complies with the obligations set forth in this Section 16 with respect thereto.

16.3 **Reductions.**

(a) If a Lender or a Participant is subject to an applicable withholding tax, Agent (or, in the case of a Participant, the Lender granting the participation) may withhold from any payment to such Lender or such Participant an amount equivalent to the applicable withholding tax. If the forms or other documentation required by Section 16.2(a) or 16.2(c) are not delivered to Agent (or, in the case of a Participant, to the Lender granting the participation), then Agent (or, in the case of a Participant, to the Lender granting the participation) may withhold from any payment to such Lender or such Participant not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(b) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that Agent (or, in the case of a Participant, to the Lender granting the participation) did not properly withhold tax from amounts paid to or for the account of any Lender or any Participant due to a failure on the part of the Lender or any Participant (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify Agent (or such Participant failed to notify the Lender granting the participation) of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify and hold Agent harmless (or, in the case of a Participant, such Participant shall indemnify and hold the Lender granting the participation harmless) for all amounts paid, directly or indirectly, by Agent (or, in the case of a Participant, to the Lender granting the participation), as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Agent (or, in the case of a Participant, to the Lender granting the participation only) under this Section 16, together with all costs and expenses (including attorneys fees and expenses). The obligation of the Lenders and the Participants under this subsection shall survive the payment of all Obligations and the resignation or replacement of Agent.

16.4 **Refunds.** If Agent or a Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes to which Borrowers have paid additional amounts pursuant to this Section 16, so long as no Default or Event of Default has occurred and is continuing, it shall pay over such refund to Borrowers (but only to the extent of payments made, or additional amounts paid, by Borrowers under this Section 16 with respect to Indemnified Taxes giving rise to such a refund), net of all out-of-pocket expenses of Agent or such Lender and without interest (other than any interest paid by the applicable Governmental Authority with respect to such a refund); provided, that Borrowers, upon the request of Agent or such Lender, agrees to repay the amount paid over to Borrowers (plus any penalties, interest or other charges, imposed by the applicable Governmental Authority, other than such penalties, interest or other charges imposed as a result of the willful misconduct or gross negligence of Agent hereunder) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything in this Agreement to the contrary, this Section 16 shall not be construed to require Agent or any Lender to make available its tax returns (or any other information which it deems confidential) to Borrowers or any other Person.

17. GENERAL PROVISIONS.

17.1 **Effectiveness.** This Agreement shall be binding and deemed effective when executed by Borrowers, Agent, and each Lender whose signature is provided for on the signature pages hereof.

17.2 **Section Headings.** Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

17.3 **Interpretation.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lender Group or Borrowers, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

17.4 **Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.5 **Bank Product Providers.** Each Bank Product Provider shall be deemed a third party beneficiary hereof and of the provisions of the other Loan Documents for purposes of any reference in a Loan Document to the parties for whom Agent is acting; it being understood and agreed that the rights and benefits of such Bank Product Provider under the Loan Documents consist exclusively of such Bank Product Provider's being a beneficiary of the Liens and security interests granted to Agent and the right to share in payments and collections out of the Collateral as more fully set forth herein. In connection with any such distribution of payments and collections, Agent shall be entitled to assume no amounts are due and payable to any Bank Product Provider unless such Bank Product Provider has notified Agent in writing of the amount of any such liability owed to it prior to such distribution.

17.6 **Debtor-Creditor Relationship.** The relationship between the Lenders and Agent, on the one hand, and the Loan Parties, on the other hand, is solely that of creditor and debtor. No member of the Lender Group has (or shall be deemed to have) any fiduciary relationship or duty to any Loan Party arising out of or in connection with the Loan Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between the members of the Lender Group, on the one hand, and the Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

17.7 **Counterparts; Electronic Execution.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

17.8 **Revival and Reinstatement of Obligations; Certain Waivers.**

(a) If any member of the Lender Group or any Bank Product Provider repays, refunds, restores, or returns in whole or in part, any payment or property (including any proceeds of Collateral) previously paid or transferred to such member of the Lender Group or such Bank Product Provider in full or partial satisfaction of any Obligation or on account of any other obligation of any Loan Party under any Loan Document or any Bank Product Agreement, because the payment, transfer, or the incurrence of the obligation so satisfied is asserted or declared to be void, voidable, or otherwise recoverable under any law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent transfers, preferences, or other voidable or recoverable obligations or transfers (each, a "Voidable Transfer"), or because such member of the Lender Group or Bank Product Provider elects to do so on the reasonable advice of its counsel in connection with a claim that the payment, transfer, or incurrence is or may be a Voidable Transfer, then, as to any such Voidable Transfer, or the amount thereof that such member of the Lender Group or Bank Product Provider elects to repay, restore, or return (including pursuant to a settlement of any claim in respect thereof), and as to all reasonable costs, expenses, and attorneys fees of such member of the Lender Group or Bank Product Provider related thereto, (i) the liability of the Loan Parties with respect to the amount or property paid, refunded, restored, or returned will automatically and immediately be revived, reinstated, and restored and will exist as if such Voidable Transfer had never been made.

(b) Anything to the contrary contained herein notwithstanding, if Agent or any Lender accepts a guaranty of only a portion of the Obligations pursuant to any guaranty, each Borrower hereby waive its right under Section 2822(a) of the California Civil Code or any similar laws of any other applicable jurisdiction to designate the portion of the Obligations satisfied by the applicable guarantor's partial payment.

17.9 **Confidentiality.**

(a) Agent and Lenders each individually (and not jointly or jointly and severally) agree that material, non-public information regarding Borrowers and their Subsidiaries, their operations, assets, and existing and contemplated business plans ("Confidential Information") shall be treated by Agent and the Lenders in a confidential manner, and shall not be disclosed by Agent and the Lenders to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to any member of the Lender Group ("Lender Group Representatives"), (ii) to Subsidiaries and Affiliates of any member of the Lender Group (including the Bank Product Providers), provided that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this Section 17.9, (iii) as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such information, (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause the disclosing party agrees to provide Borrowers with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrowers pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (vi) as may be agreed to in advance by Borrowers or as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (x) prior to any disclosure under this clause the disclosing party agrees to provide Borrowers with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrowers pursuant to the terms of the subpoena or other legal process and (y) any disclosure under this clause (v) shall be limited to the portion of the Confidential Information as may be required by such governmental authority pursuant to such subpoena or other legal process, (vi) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Agent or the Lenders or the Lender Group Representatives), (vii) in connection with any assignment, participation or pledge of any Lender's interest under this Agreement, provided that any such assignee, participant, or pledgee shall have agreed in writing to receive such information hereunder subject to the terms of this Section, (viii) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; provided, that, prior to any disclosure to any Person (other than any Loan Party, Agent, any Lender, any of their respective Affiliates, or their respective counsel) under this clause (ix) with respect to litigation involving any Person (other than Borrowers, Agent, any Lender, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide Borrowers with prior notice thereof, and (x) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

(b) Anything in this Agreement to the contrary notwithstanding, Agent may provide information concerning the terms and conditions of this Agreement and the other Loan Documents to loan syndication and pricing reporting services.

17.10 **Lender Group Expenses.** Borrowers agree to pay any and all Lender Group Expenses promptly after demand therefor by Agent and agrees that its obligations contained in this Section 17.10 shall survive payment or satisfaction in full of all other Obligations.

17.11 **USA PATRIOT Act.** Each Lender that is subject to the requirements of the Patriot Act hereby notifies Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies Borrowers, which information includes the name and address of Borrowers and other information that will allow such Lender to identify Borrowers in accordance with the Patriot Act.

17.12 **Integration.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. This Agreement amends, restates and replaces the Existing Credit Agreement in its entirety; provided, however, that in no way shall this be deemed to nullify any of Borrowers' obligations that survive termination under the Existing Credit Agreement, which shall each be a deemed an Obligation under this Agreement, nor shall the restatement of the Existing Credit Agreement be deemed to be a novation of the obligations thereunder, which shall be evidenced by this Agreement.

17.13 **Combined Facility.** It is understood that the handling of the Loan Account, the Borrowing Base, and Collateral of the Loan Parties in a combined fashion, as more fully set forth herein, is done solely as an accommodation to the Loan Parties in order to utilize the collective borrowing powers of the Loan Parties in the most efficient and economical manner and at their request, and that Lender Group shall not incur liability to any of the Loan Parties as a result hereof. Borrowers expect each of the Loan Parties to derive benefit, directly or indirectly, from the handling of the Loan Account, the Borrowing Base, and the Collateral in a combined fashion since the successful operation of each of the Loan Parties is dependent on the continued successful performance of the integrated group. To induce the Lender Group to do so, and in consideration thereof, Borrowers hereby jointly and severally with each of the other Loan Parties agrees to indemnify each member of the Lender Group and hold each member of the Lender Group harmless against any and all liability, expense, loss, or claim of damage or injury, made against the Lender Group by any Loan Party or by any third party whosoever, arising from or incurred by reason of (a) the handling of the Loan Account, the Borrowing Base, and Collateral of the Loan Parties as herein provided, (b) the Lender Group's relying on any instructions of the Borrowers, or (c) any other action taken by the Lender Group hereunder or under the other Loan Documents, except that Borrower will have no liability to the relevant Agent-Related Person or Lender-Related Person under this Section 17.13 with respect to any liability that has been finally determined by a court of competent jurisdiction to have resulted solely from the gross negligence or willful misconduct of such Agent-Related Person or Lender-Related Person, as the case may be.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

BORROWERS:

TRUEBLUE, INC.,
a Washington corporation

By: _____
Derrek Gafford, Executive Vice President
and Chief Financial Officer

And each of the following co-Borrowers by Derrek Gafford as Chief Financial Officer of each such co-Borrower:

CENTERLINE DRIVERS, LLC, a Nevada limited liability company
CLP HOLDINGS CORP., a Nevada corporation
CLP RESOURCES, INC., a Delaware corporation
JOB ROOSTER, INC., a California corporation
LABOR READY CENTRAL, INC., a Washington corporation
LABOR READY HOLDINGS, INC., a Nevada corporation
LABOR READY MID-ATLANTIC, INC., a Washington corporation
LABOR READY MIDWEST, INC., a Washington corporation
LABOR READY NORTHEAST, INC., a Washington corporation
LABOR READY NORTHWEST, INC., a Washington corporation
LABOR READY SOUTHEAST, INC., a Washington corporation
LABOR READY SOUTHWEST, INC., a Washington corporation
PEOPLESCOUT, INC., a Delaware corporation
PLANETECHS, LLC, a Nevada limited liability company
PROJECT TRADES SOLUTIONS, LLC, a Nevada limited liability company
PTPR, INC., a Puerto Rico corporation
SEATON ACQUISITION CORP., a Delaware corporation
SEATON APAC HOLDINGS LLC, a Delaware limited liability company
SEATON CARGO LLC, an Illinois limited liability company
SEATON CORP. PUERTO RICO, INC., a Delaware corporation
SEATON, LLC, an Illinois limited liability company
SMX, LLC, an Illinois limited liability company
SPARTAN STAFFING, LLC, a Nevada limited liability company
SPARTAN STAFFING PUERTO RICO, LLC, a Puerto Rico limited liability company
STAFFING SOLUTIONS HOLDINGS, INC., a Delaware corporation
STUDENTSCOUT, LLC, an Illinois limited liability company
TRUEBLUE ENERGY AND INDUSTRIAL SERVICES, LLC, a Washington limited liability company
TRUEBLUE ENTERPRISES, INC., a Nevada corporation
VENUE READY, LLC, a Nevada limited liability company

By: _____
Derrek Gafford, as Chief Financial Officer
of each of the foregoing Borrowers

AGENT:

BANK OF AMERICA, N.A.

By: _____
John Todd
Executive Vice President

LENDER:

BANK OF AMERICA, N.A.

By: _____
John Todd
Executive Vice President

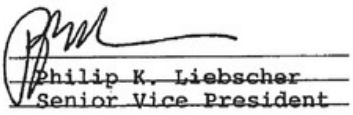
LENDER:

WELLS FARGO BANK, N.A.

By: _____
Name: Sylvia Tran
Its: Vice President

LENDER:

PNC BANK, NATIONAL ASSOCIATION

By: 
Name: Philip K. Liebscher
Its: Senior Vice President

Schedule 1.1

Definitions

As used in the Agreement, the following terms shall have the following definitions:

"Accordion" has the meaning specified in Section 2.14 of the Agreement.

"Account" means an account (as that term is defined in the Code).

"Account Debtor" means any Person who is obligated on an Account, chattel paper, or a general intangible.

"Accounting Change" means any changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions), (b) changes in accounting principles concurred in by Borrower's certified public accountants, (c) purchase accounting adjustments under A.P.B. 16 or 17 and EITF 88-16, and the application of the accounting principles set forth in FASB 109, including the establishment of reserves pursuant thereto and any subsequent reversal (in whole or in part) of such reserves, and (d) the reversal of any reserves established as a result of purchase accounting adjustments.

"ACH Transactions" means any cash management or related services (including the Automated Clearing House processing of electronic fund transfers through the direct Federal Reserve Fedline system) provided by a Bank Product Provider for the account of Borrowers or their Subsidiaries.

"Acquired Indebtedness" means Indebtedness of a Person whose assets or Equity Interests are acquired by a Borrower or any of its Subsidiaries in a Permitted Acquisition; provided, that such Indebtedness (a) is either purchase money Indebtedness or a Capital Lease with respect to Equipment or mortgage financing with respect to Real Property, (b) was in existence prior to the date of such Permitted Acquisition, and (c) was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

"Acquisition" means (a) the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person, or (b) the purchase or other acquisition (whether by means of a merger, consolidation, or otherwise) by a Person or its Subsidiaries of all or substantially all of the Equity Interests of any other Person.

"Acquisition Agreement" means that certain Stock Purchase Agreement, dated as of June 1, 2014, among First Borrower as purchaser, Target Company and the holders of Target Company's stock.

"Acquisition Agreement Representations" means the representations in Section 4.28 of the Agreement.

"Acquisition Documents" means the Acquisition Agreement and all other documents related thereto and executed in connection therewith.

"Additional Documents" has the meaning specified therefor in Section 5.12 of the Agreement.

"Advance Exposure" means, with respect to any Revolving Lender, as of any date of determination (a) prior to the termination of the Revolver Commitments, the amount of such Lender's

Revolver Commitment, and (b) after the termination of the Revolver Commitments, the aggregate outstanding principal amount of the Advances of such Lender.

"Advances" has the meaning specified therefor in Section 2.1(a) of the Agreement.

"Affected Lender" has the meaning specified therefor in Section 2.13(b) of the Agreement.

"Affiliate" means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of Equity Interests, by contract, or otherwise; provided, that, for purposes of the definition of Eligible Accounts and Section 6.10 of the Agreement: (a) any Person which owns directly or indirectly 10% or more of the Equity Interests having ordinary voting power for the election of directors or other members of the governing body of a Person or 10% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person, and (c) each partnership in which a Person is a general partner shall be deemed an Affiliate of such Person.

"Agent" has the meaning specified therefor in the preamble to the Agreement.

"Agent-Related Persons" means Agent, together with its Affiliates, officers, directors, employees, attorneys, and agents.

"Agent's Account" means the Deposit Account of Agent identified on Schedule A-1 to this Agreement (or such other Deposit Account of Agent that has been designated as such, in writing, by Agent to Borrowers and the Lenders).

"Agent's Liens" means the Liens granted by each Borrower or its Subsidiaries to Agent under the Loan Documents and securing the Obligations.

"Agreement" means the Second Amended and Restated Credit Agreement to which this Schedule 1.1 is attached.

"Amazon" means Amazon.com, Inc. and its U.S. Subsidiaries.

"Anti-Terrorism Laws" means any laws relating to terrorism, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, all as amended, supplemented or replaced from time to time, including without limitation any law originated with respect to OFAC.

"Applicable Margin" means, with respect to a Base Rate Loan or a LIBOR Rate Loan, the margin set forth below, as determined by Excess Liquidity as a percentage of the total Commitments for the last Fiscal Quarter:

Level	Excess Liquidity as a percentage of the total Commitments	Base Rate Loans	LIBOR Rate Loans	Letters of Credit
I	Greater than 75%	0.25%	1.25%	1.25%

II	Greater than 50% to equal to or less than 75%	0.50%	1.50%	1.50%
III	Greater than 25% to equal to or less than 50%	0.75%	1.75%	1.75%
IV	Equal to or less than 25%	1.00%	2.00%	2.00%

Until the later of October 1, 2014 and receipt of a Compliance Certificate by Agent, margins shall be determined as if Level III were applicable. Thereafter, the margins shall be subject to increase or decrease upon receipt by Agent of the financial statements and corresponding Compliance Certificate for the last fiscal quarter, which change shall be effective on the first day of the calendar month following receipt. Level I pricing shall only be available while Borrower maintains a Leverage Ratio of less than 1.50 to 1:00. If, by the day required in Schedule 5.1, any financial statement or Compliance Certificate for the preceding relevant measurement period has not been received, then, at the option of Agent or Required Lenders, the margins shall be determined as if Level IV were applicable, from such day until actual receipt. If Borrower otherwise satisfies Level I pricing but fails to achieve and maintain a Leverage Ratio of less than 1.50 to 1:00, Level II pricing shall apply.

"Applicable Unused Line Fee Percentage" means (i) 0.375% when Revolver Usage as a percentage of the total Commitments is less than 25% and (ii) 0.25% when Revolver Usage as a percentage of the total Commitments is greater than or equal to 25%.

"Application Event" means the occurrence of (a) a failure by Borrowers to repay all of the Obligations in full on the Maturity Date, or (b) an Event of Default and the election by Agent or the Required Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 2.4(b)(ii) of the Agreement.

"Approved Customer List Acquisition" means the acquisition by Borrower or one of the Loan Parties of the customer list of a Person, provided that (i) Excess Liquidity is equal to or greater than 25% of the Revolver Commitments both before and after giving effect to any such actions, (ii) no Default or Event of Default has occurred or would result from such acquisition; and (iii) to the best of Borrower's knowledge at the time of such acquisition the business associated with the acquired customer list will be profitable.

"Assignee" has the meaning specified therefor in Section 13.1(a) of the Agreement.

"Assignment and Acceptance" means an Assignment and Acceptance Agreement substantially in the form of Exhibit A-1 to the Agreement.

"Authorized Person" means any one of the individuals identified on Schedule A-2 to the Agreement, as such schedule is updated from time to time by written notice from Borrowers to Agent.

"Availability" means, as of any date of determination, the amount that Borrowers are entitled to borrow as Advances under Section 2.1 of the Agreement (after giving effect to the then outstanding Revolver Usage).

"Bank of America" means Bank of America, N.A., a national banking association.

"Bank Product" means any one or more of the following financial products or accommodations extended to a Borrower or its Subsidiaries by a Bank Product Provider: (a) credit cards (including commercial cards (including so-called "purchase cards", "procurement cards" or "p-cards")), (b) credit

card processing services, (c) debit cards, (d) stored value cards, (e) ACH Transactions, (f) Cash Management Services, or (g) transactions under Hedge Agreements.

"Bank Product Agreements" means those agreements entered into from time to time by a Borrower or its Subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

"Bank Product Collateralization" means providing cash collateral (pursuant to documentation reasonably satisfactory to Agent) to be held by Agent for the benefit of the Bank Product Providers (other than the Hedge Providers) in an amount determined by Agent as sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Bank Product Obligations (other than Hedge Obligations).

"Bank Product Obligations" means (a) all obligations, liabilities, reimbursement obligations, fees, or expenses owing by each Borrower and its Subsidiaries to any Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, (b) all Hedge Obligations, and (c) all amounts that Agent or any Lender is obligated to pay to a Bank Product Provider as a result of Agent or such Lender purchasing participations from, or executing guarantees or indemnities or reimbursement obligations to, a Bank Product Provider with respect to the Bank Products provided by such Bank Product Provider to a Borrower or its Subsidiaries; provided, in order for any item described in clauses (a), (b), or (c) above, as applicable, to constitute "Bank Product Obligations", if the applicable Bank Product Provider is any Person other than Bank of America or its Affiliates or Wells Fargo, National Association or its Affiliates or PNC Bank, National Association or its Affiliates, then the applicable Bank Product must have been provided on or after the Closing Date and Agent shall have received a Bank Product Provider Agreement within 10 days after the date of the provision of the applicable Bank Product to a Borrower or its Subsidiaries.

"Bank Product Provider" means any Lender or any of its Affiliates, including each of the foregoing in its capacity, if applicable, as a Hedge Provider; provided, that no such Person (other than Bank of America or its Affiliates) shall constitute a Bank Product Provider with respect to a Bank Product unless and until Agent receives a Bank Product Provider Agreement from such Person and with respect to the applicable Bank Product within 10 days after the provision of such Bank Product to a Borrower or its Subsidiaries; provided, further, that if, at any time, a Lender ceases to be a Lender under the Agreement, then, from and after the date on which it ceases to be a Lender thereunder, neither it nor any of its Affiliates shall constitute Bank Product Providers and the obligations with respect to Bank Products provided by such former Lender or any of its Affiliates shall no longer constitute Bank Product Obligations.

"Bank Product Provider Agreement" means an agreement in substantially the form attached hereto as Exhibit B-2 to the Agreement, in form and substance satisfactory to Agent, duly executed by the applicable Bank Product Provider, Borrowers, and Agent.

"Bank Product Reserves" means, as of any date of determination, those reserves that Agent deems necessary or appropriate to establish (based upon the Bank Product Providers' determination of the liabilities and obligations of each Borrower and its Subsidiaries in respect of Bank Product Obligations) in respect of Bank Products then provided or outstanding.

"Bankruptcy Code" means title 11 of the United States Code, as in effect from time to time.

"Base Rate" means, for any day, a per annum rate equal to the greater of (a) the Prime Rate for such day; (b) the Federal Funds Rate for such day, plus 0.50%; or (c) LIBOR for a 30 day interest period as determined on such day, plus 1%.

"Base Rate Loan" means each portion of the Advances that bears interest at a rate determined by reference to the Base Rate.

"Base Rate Margin" has the meaning set forth in the definition of Applicable Margin.

"Benefit Plan" means a "defined benefit plan" (as defined in Section 3(35) of ERISA) for which any Borrower or any of its Subsidiaries or ERISA Affiliates has been an "employer" (as defined in Section 3(5) of ERISA) within the past six years.

"Board of Directors" means, as to any Person, the board of directors (or comparable managers) of such Person, or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

"Board of Governors" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Boeing" means The Boeing Company and its U.S. Subsidiaries.

"Borrower" and "Borrowers" have the respective meanings specified therefor in the preamble to the Agreement.

"Borrowing" means a borrowing consisting of Advances made on the same day by the Lenders (or Agent on behalf thereof), or by a Swing Lender in the case of a Swing Loan, or by Agent in the case of an Extraordinary Advance.

"Borrowing Base" means, as of any date of determination, the result of:

(a) 90% of billed Eligible Accounts, *plus*

(b) an amount equal to 85% of Unbilled Eligible Accounts receivable up to a cap equal to 15% of Eligible Accounts, *plus*

(c) the Eligible Real Property Sublimit, *minus*

(d) the Payroll Reserve, *minus*

(e) the sum of (i) the Receivable Reserves, (ii) Dilution Reserves, (iii) Bank Product Reserves, (iv) Real Estate Reserves, (v) Landlord Reserve, and (vi) other Reserves against the Borrowing Base or the Maximum Revolver Amount, and (iv) the aggregate amount of such additional reserves, if any, established by Agent under Section 2.1(c) of the Agreement. Without limiting the generality of the foregoing, if, on or following the date that is 60 days prior to the scheduled maturity date (as such date may be extended pursuant to and in accordance with the terms of the Synovus Agreement) of the Synovus Agreement, all or any portion of the advances evidenced by the Synovus Agreement remain outstanding, Bank of America may establish a reserve in an amount equal to the then principal amount outstanding with respect to the Synovus Agreement.

"Borrowing Base Certificate" means a certificate in form and substance satisfactory to Agent, to be submitted to Agent using Agent's online submission software program presently known as Cash Pro or any replacement thereof (unless such program is unavailable, in which case, such certificate shall be submitted in hard copy form), by which Borrowers certify calculation of the Borrowing Base.

"Borrowing Base Party" means each Borrower and such other Loan Parties as are acceptable to Agent from time to time, subject to completion of a collateral audit with respect to such other Loan Parties, the results of which shall be satisfactory to Agent.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the State of California, except that, if a determination of a Business Day shall relate to a LIBOR Rate Loan, the term "Business Day" also shall exclude any day on which banks are closed for dealings in Dollar deposits in the London interbank market.

"Capital Expenditures" means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed.

"Capitalized Lease Obligation" means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP.

"Capital Lease" means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued or fully guaranteed by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either Standard & Poor's Rating Group ("S&P") or Moody's Investors Service, Inc. ("Moody's"), (c) commercial paper maturing no more than 270 days from the date of creation thereof and, at the time of acquisition, having a rating of at least A-1 from S&P or at least P-1 from Moody's, (d) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances maturing within 1 year from the date of acquisition thereof issued by any bank organized under the laws of the United States or any state thereof or the District of Columbia or any United States branch of a foreign bank having at the date of acquisition thereof combined capital and surplus of not less than $250,000,000, (e) Deposit Accounts maintained with (i) any bank that satisfies the criteria described in clause (d) above, or (ii) any other bank organized under the laws of the United States or any state thereof so long as the full amount maintained with any such other bank is insured by the Federal Deposit Insurance Corporation, (f) repurchase obligations of any commercial bank satisfying the requirements of clause (d) of this definition or recognized securities dealer having combined capital and surplus of not less than $250,000,000, having a term of not more than seven days, with respect to securities satisfying the criteria in clauses (a) or (d) above, (g) debt securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the criteria described in clause (d) above, (h) Investments in money market funds substantially all of whose assets are invested in the types of assets described in clauses (a) through (g) above, (i) money market funds that (x) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended. (y) are rated AAA by S&P and AAA by Moody's and (z) have portfolio assets of at least $5,000,000,000, and (j) VRDNs.

"Cash Management Services" means any cash management or related services including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other customary cash management arrangements.

"CFC" means a controlled foreign corporation (as that term is defined in the IRC).

"Change of Control" means that (a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation) of all or substantially all of the properties or assets of First Borrower and its Subsidiaries, (b) the adoption of a plan relating to the liquidation or dissolution of First Borrower, (c) First Borrower consolidates with, or merges with or into, any Person, (d) Borrower fails to own and control, directly or indirectly, 100% of the Stock of each other Loan Party, (e) any "person" or "group" (as defined in Rule 13d-3 under the Exchange Act) becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of 50% or more of the Stock of First Borrower having the right to vote for the election of members of the Board of Directors, or (f) a majority of the members of the Board of Directors do not constitute Continuing Directors.

"Change in Law" means the occurrence after the date of the Agreement of: (a) the adoption or effectiveness of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any law, rule, regulation, judicial ruling, judgment or treaty or in the administration, interpretation, implementation or application by any Governmental Authority of any law, rule, regulation, guideline or treaty, or (c) the making or issuance by any Governmental Authority of any request, rule, guideline or directive, whether or not having the force of law; provided that notwithstanding anything in the Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy 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 shall, in each case, be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"Closing Date" means the date of the making of the initial Advance (or other extension of credit) under the Agreement.

"Code" means the California Uniform Commercial Code, as in effect from time to time.

"Collateral" means all assets and interests in assets and proceeds thereof now owned or hereafter acquired by any Borrower or its Subsidiaries in or upon which a Lien is granted by such Person in favor of Agent or the Lenders under any of the Loan Documents.

"Collateral Access Agreement" means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in any Borrower's or its Subsidiaries' books and records, money, Equipment, or Inventory, in each case, in form and substance reasonably satisfactory to Agent.

"Collateralized Portion" means, as of any date of determination, an amount equal to the Supplemental Cash Collateral on such date.

"Commitment" means, with respect to each Lender, its Revolver Commitment, and, with respect to all Lenders, their Revolver Commitments, in each case as such Dollar amounts are set forth beside such Lender's name under the applicable heading on Schedule C-1 to the Agreement or in the Assignment and

Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Collections" means all cash, checks, notes, instruments, and other items of payment (including insurance proceeds, cash proceeds of asset sales, rental proceeds, and tax refunds).

"Compliance Certificate" means a certificate substantially in the form of Exhibit C-1 to the Agreement delivered by the chief financial officer of First Borrower to Agent, including a calculation of the Applicable Margin.

"Confidential Information" has the meaning specified therefor in Section 17.9(a) of the Agreement.

"Consolidated Adjusted EBITDA" means for any period, Consolidated EBITDA for such period, *minus* the sum of (a) income tax expense, determined on a consolidated basis in accordance with GAAP, (b) dividends and distributions paid to First Borrower's shareholders, (c) cash paid for the redemption, repurchase or retirement of Stock of First Borrower, and (d) Consolidated Unfinanced Capital Expenditures.

"Consolidated EBITDA" means for any period, Consolidated Net Income for such period *plus*, HRX EBITDA for such period, *plus* without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense (including fees for Letters of Credit payable pursuant to Section 2.11, but net of capitalized interest expense), (c) depreciation and amortization expense, (d) non-cash expenses resulting from the grant of stock options to employees of any Loan Party or its Subsidiaries or the issuance of restricted stock to employees of any Loan Party or its Subsidiaries, (e) Management Fees paid by Target Company or its Subsidiaries during such period, (f) in an aggregate sum not to exceed $10,000,000, customary transaction fees, closing bonuses, brokerage fees and reasonable out-of-pocket expenses incurred during such period in connection with (i) the acquisition by First Borrower of Target Company (ii) the acquisition by Labor Ready Holdings, Inc. of substantially all of the assets of The Work Connection, Inc., a Minnesota corporation, and (iii) the acquisition by Target Company of HRX, and (g) any extraordinary or non-recurring non-cash expenses or losses, and *minus*, (x) to the extent included in the statement of such Consolidated Net Income for such period, the sum of any extraordinary, unusual or non-recurring non-cash income or gains and (y) any cash payments made during such period in respect of items described in clause (g) above subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were reflected as a charge in the statement of Consolidated Net Income, all as determined on a consolidated basis. For purposes of computing the Fixed Charge Coverage Ratio or Excess Liquidity at any date of measurement thereof, Consolidated EBITDA shall be adjusted on a pro forma basis, demonstrated in detail reasonably acceptable to the Agent, to include, as of the first day of the applicable four-quarter period of measurement, Target Company and its Subsidiaries that are Borrowers. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period"), if during such Reference Period any of the Loan Parties shall have made a Permitted Investment, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Permitted Investment occurred on the first day of such Reference Period, such pro forma calculations subject to Agent's approval. To the extent any gains, losses or expenses of any Exempt Foreign Subsidiary are consolidated into Borrower's financials pursuant to GAAP, Borrower shall, on a non-duplicative basis, make such appropriate adjustments, subject to Agent approval, to treat such Exempt Foreign Subsidiary as a non-consolidated entity.

"Consolidated Fixed Charge Coverage Ratio" means the ratio of (a) Consolidated Adjusted EBITDA to (b) Consolidated Fixed Charges.

"Consolidated Fixed Charges" means for any four fiscal quarter period, the sum of the following, determined on a consolidated basis in accordance with GAAP: (a) interest expense of Borrowers (including fees for Letters of Credit payable pursuant to Section 2.11) and (b) the aggregate amount of all required principal payments (including the principal component of payments on Capital Lease Obligations) on Indebtedness of the Loan Parties and their Subsidiaries. To the extent any Exempt Foreign Subsidiary has (a) or (b), and is consolidated into Borrowers' financials pursuant to GAAP, Borrowers shall, on a non-duplicative basis, make such appropriate adjustments, subject to Agent approval, to treat such Exempt Foreign Subsidiary as a non-consolidated entity. For purposes of computing the Fixed Charge Coverage Ratio at any date of measurement thereof, Consolidated Fixed Charges shall be adjusted on a pro forma basis, demonstrated in detail reasonably acceptable to the Agent, to include, as of the first day of the applicable four-quarter period of measurement, Target Company and its Subsidiaries that are Borrowers.

"Consolidated Net Income" means for any period, the consolidated net income (or loss) of the Borrowers, determined on a consolidated basis in accordance with GAAP; provided, that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with a Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than Subsidiary of a Borrower) in which a Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by a Borrower or such Subsidiary in the form of dividends or similar distribution and (c) the undistributed earnings of any Subsidiary of a Borrower 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. To the extent any income, gains, losses or expenses of any Exempt Foreign Subsidiary are consolidated into Borrowers' financials pursuant to GAAP, Borrowers shall, on a non-duplicative basis, make such appropriate adjustments, subject to Agent approval, to treat such Exempt Foreign Subsidiary as a non-consolidated entity.

"Consolidated Unfinanced Capital Expenditures" means Capital Expenditures of Borrowers, determined on a consolidated basis in accordance with GAAP (other than Permitted Investments) that are not financed by Capital Lease Obligations or with the proceeds of interest bearing, amortizing Indebtedness.

"Continuing Director" means (a) any member of the Board of Directors who was a director (or comparable manager) of First Borrower on the Closing Date, and (b) any individual who becomes a member of the Board of Directors after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either the Permitted Holders or a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Closing Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of First Borrower and whose initial assumption of office resulted from such contest or the settlement thereof.

"Control" means the direct or indirect (x) ownership of, or power to vote, more than 50% of the issued and outstanding equity interest having ordinary voting power for the election of directors of such Person or other Persons performing similar functions of such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Control Agreement" means a control agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by a Borrower or one of its Subsidiaries, Agent, and the applicable securities intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account).

"Controlled Account Agreement" has the meaning specified therefor in the Security Agreement.

"Copyright Security Agreement" has the meaning specified therefor in the Security Agreement.

"Covance" means Covance Inc. and its U.S. Subsidiaries.

"Covered Entity" means (a) each Borrower, each Borrower's Subsidiary that is subject to applicable Anti-Terrorism Laws, and all other guarantors and pledgors of Collateral, and (b) each Person that, directly or indirectly, is in Control of a Person described in clause (a) above.

"Daily Balance" means, as of any date of determination and with respect to any Obligation, the amount of such Obligation owed at the end of such day.

"Default" means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

"Defaulting Lender" means any Lender that, as determined by Agent, (a) has failed to fund any amounts required to be funded by it under the Agreement on the date that it is required to do so under the Agreement (including the failure to make available to Agent amounts required pursuant to a Settlement or to make a required payment in connection with a Letter of Credit Disbursement) for a period of three Business Days, (b) has notified Borrowers, Agent, or any Lender in writing that it does not intend to comply with all or any portion of its funding obligations under the Agreement, (c) has made a public statement to the effect that it does not intend to comply with its funding obligations under the Agreement or under other agreements generally (as reasonably determined by Agent) under which it has committed to extend credit, (d) failed, within 3 Business Days after written request by Agent, to confirm in a manner satisfactory to Agent that such Lender will comply with the terms of the Agreement relating to its obligations to fund any amounts required to be funded by it under the Agreement, (e) otherwise failed to pay over to Agent or any other Lender any other amount required to be paid by it under the Agreement on the date that it is required to do so under the Agreement, unless the subject of a good faith dispute, or (f) (i) becomes or is insolvent or has a parent company that has become or is insolvent or (ii) becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian or appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment.

"Defaulting Lender Rate" means (a) for the first 3 days from and after the date the relevant payment is due, the Base Rate, and (b) thereafter, the interest rate then applicable to Advances that are Base Rate Loans (inclusive of the Base Rate Margin applicable thereto).

"Deposit Account" means any deposit account (as that term is defined in the Code).

"Designated Account" means the Deposit Account of First Borrower identified on Schedule D-1 to the Agreement (or such other Deposit Account of First Borrower located at Designated Account Bank that has been designated as such, in writing, by Borrowers to Agent).

"Designated Account Bank" has the meaning specified therefor in Schedule D-1 to the Agreement (or such other bank that is located within the United States that has been designated as such, in writing, by Borrowers to Agent).

"Dilution" means, as of any date of determination, a percentage, based upon the experience of the immediately prior 90 consecutive days, that is the result of dividing the Dollar amount of (a) bad debt write downs, discounts, advertising allowances, credits, or other dilutive items with respect to Borrower's Accounts during such period, by (b) Borrower's billings with respect to Accounts during such period.

"Dilution Reserve" means, as of any date of determination, an amount sufficient to reduce the advance rate against Eligible Accounts by 1 percentage point for each percentage point by which Dilution is in excess of 5%.

"Disqualified Equity Interests" shall mean any Equity Interest that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 180 days after the Maturity Date.

"Dollars" or "$" means United States dollars.

"Drawing Document" means any Letter of Credit or other document presented for purposes of drawing under any Letter of Credit.

"EBITDA" means, with respect to any fiscal period, Borrowers' consolidated net earnings (or loss), *minus* extraordinary gains, interest income, *plus* non-cash extraordinary losses, interest expense, income taxes, and depreciation and amortization for such period, in each case, determined on a consolidated basis in accordance with GAAP.

"Eligible Accounts" means those Accounts owing to a Borrowing Base Party organized in the United States (or Puerto Rico) in the ordinary course of its business, that arise out of such Borrowing Base Party's rendition of services in the United States (or Puerto Rico), that comply with each of the representations and warranties respecting Eligible Accounts made in the Loan Documents, and that are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, however, that such criteria may be revised from time to time by Agent in Agent's Permitted Discretion to address the results of any audit performed by Agent from time to time after the Closing Date. In determining the amount to be included, Eligible Accounts shall be calculated net of customer deposits and unapplied cash. Eligible Accounts shall not include the following:

(a) Accounts that the Account Debtor (other than Mars, Covance, Federal-Mogul, Hewlett-Packard, First Solar, Boeing or Waste Management or such other Account Debtor(s) as permitted by Agent pursuant to (b)) has failed to pay within 90 days of original invoice: provided, that Borrowers shall be permitted to treat up to $10,000,000 (as may be adjusted by Agent in its Permitted Discretion based on the general creditworthiness of the Account Debtors liable on such Accounts) of Accounts that an Account Debtor (other than Mars, Covance, Federal-Mogul, Hewlett-Packard, First Solar, Boeing or

Waste Management or such other Account Debtor(s) as permitted by Agent pursuant to (b)) has failed to pay within between 90 and 120 days as Eligible Accounts,

(b) Accounts that Mars, Covance, Federal-Mogul, Hewlett-Packard, First Solar, Boeing, Waste Management, or such other Account Debtor(s) as permitted by Agent in its Permitted Discretion based on such Account Debtor(s) general creditworthiness, each as Account Debtor, has failed to pay within 120 days of original invoice,

(c) Accounts with payment terms of more than 60 days; provided, that Borrowers shall be permitted to the extent not otherwise excluded hereunder to: (i) treat Accounts with an aggregate value of up to $5,000,000 (as may be adjusted by Agent in its Permitted Discretion based on the general creditworthiness of the Account Debtors liable on such Accounts) at any time and with payment terms of up to 90 days as Eligible Accounts excluding any such Account that that the Account Debtor has failed to pay within 60 days of original due date and (ii) treat such other Accounts payable by Mars, Covance, Federal-Mogul, Hewlett-Packard, or such other Account Debtor(s) as permitted by Agent in its Permitted Discretion based on such Account Debtor(s) general creditworthiness, with payment terms of up to 90 days as Eligible Accounts,

(d) Accounts owed by an Account Debtor (or its Affiliates) where 50% or more of all Accounts owed by that Account Debtor (or its Affiliates) are deemed ineligible under clause (a) above,

(e) Accounts with respect to which the Account Debtor is an Affiliate of a Borrowing Base Party or an employee or agent of a Borrowing Base Party or any Affiliate of a Borrowing Base Party,

(f) Accounts to the extent arising in a transaction wherein goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, a bill and hold, or any other terms by reason of which the payment by the Account Debtor may be conditional,

(g) Accounts that are not payable in Dollars,

(h) Accounts with respect to which the Account Debtor either (i) maintains its principal offices or assets outside of the United States or Puerto Rico, or (ii) is not organized under the laws of the United States or any state thereof or Puerto Rico, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof, unless (y) the Account is supported by an irrevocable letter of credit reasonably satisfactory to Agent (as to form, substance, and issuer or domestic confirming bank) that has been delivered to Agent and is directly drawable by Agent, or (z) the Account is covered by credit insurance in form, substance, and amount, and by an insurer, reasonably satisfactory to Agent.

(i) Accounts with respect to which the Account Debtor is either (i) the United States or any department, agency, or instrumentality of the United States (exclusive, however, of Accounts with respect to which the applicable Borrowing Base Party has complied, to the reasonable satisfaction of Agent, with the Assignment of Claims Act, 31 USC §3727), or (ii) any state of the United States,

(j) Accounts with respect to which the Account Debtor has or has asserted a counterclaim, deduction, discount, recoupment, reserve, defense, chargeback, credit or allowance, potential offset, right of setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of such counterclaim, deduction, discount, recoupment, reserve, defense, chargeback, credit or allowance, potential offset, right of setoff, or dispute,

(k) Accounts to the extent the total amount of Accounts owed by an Account Debtor to the Borrowing Base Parties exceed 10%; provided, however, that such percentage with respect to Accounts owed by Amazon shall be 40%, such percentage with respect to Accounts owed by Waste Management shall be 15%, and such percentage with respect to Accounts owed by Boeing shall be 15% (in each case, such percentage, as applied to a particular Account Debtor, being subject to increase or reduction by Agent in its Permitted Discretion if the creditworthiness of such Account Debtor change) of all Eligible Accounts, to the extent of the obligations owing by such Account Debtor in excess of such percentage; provided further, however, that, in each case, the amount of Eligible Accounts that are excluded because they exceed the foregoing percentage shall be determined by Agent based on all of the otherwise Eligible Accounts prior to giving effect to any eliminations based upon the foregoing concentration limit,

(l) Accounts with respect to which the Account Debtor is subject to an Insolvency Proceeding, is not Solvent, has gone out of business, or as to which any Borrowing Base Party has received notice of an imminent Insolvency Proceeding or a material impairment of the financial condition of such Account Debtor,

(m) Accounts, the collection of which, Agent, in its Permitted Discretion, believes to be doubtful by reason of the Account Debtor's financial condition (provided, that Agent shall endeavor to notify Borrowers at or before the time it determines that the Accounts of such Account Debtor are ineligible, but a failure of Agent to so notify Borrower shall not be a breach of this Agreement and shall not cause such determination by Agent to be ineffective),

(n) Accounts that are not subject to a valid and perfected first priority Agent's Lien,

(o) Accounts with respect to which the services giving rise to such Account have not been performed to the Account Debtor,

(p) Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Entity,

(q) Accounts with respect to which a performance, surety, or completion bond, or the like, has been issued, or

(r) Accounts that represent the right to receive progress payments or other advance billings that are due prior to the completion of performance by the applicable Borrowing Base Party of the subject contract for services.

"Eligible Real Property" means the Real Property Collateral located at 1015 A Street, Tacoma, Washington 98402.

"Eligible Real Property Sublimit" means $17,437,500. In the event that the Eligible Real Property is subject to (i) any involuntary condemnation, transfer under threat of condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property, or (ii) any damage or destruction in excess of $200,000 during any 12-month period covered by insurance, the Eligible Real Property Sublimit then in effect shall be reduced by 75% of the proceeds of such condemnation or casualty so long as such proceeds are not used to rebuild or rehabilitate the Eligible Real Property and reductions to such sublimit as set forth in the prior sentence shall continue thereafter. Notwithstanding, the foregoing, the Eligible Real Property Sublimit shall be reduced on October 1, 2014 and on the first day of each quarter thereafter, with each such reduction being equal to $435,937.50, provided that once during the term of this Agreement Borrower may have the Eligible Real Property re-appraised, as evidenced by an appraisal and such other real property documentation as may be required by

Agent in its Permitted Discretion, and all prior reductions eliminated to restore the Eligible Real Property Sublimit up to a maximum amount of the lesser of (i) 75% of newly appraised fair market value and (ii) $20 million, and thereafter reduced quarterly as aforesaid.

"Environmental Action" means any written complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other written communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials (a) from any assets, properties, or businesses of any Borrower, any Subsidiary of any Borrower, or any of their predecessors in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by any Borrower, any Subsidiary of any Borrower, or any of their predecessors in interest.

"Environmental Indemnity" means, individually and collectively, one or more environmental indemnities, executed and delivered by Borrower in favor of Agent, in form and substance reasonably satisfactory to Agent, with respect to the Real Property Collateral.

"Environmental Law" means any applicable federal, state, provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, in each case, to the extent binding on any Borrower or its Subsidiaries, relating to the environment, the effect of the environment on employee health, or Hazardous Materials, in each case as amended from time to time.

"Environmental Liabilities" means all liabilities, monetary obligations, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, or Remedial Action required, by any Governmental Authority or any third party, and which relate to any Environmental Action.

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

"Equipment" means equipment (as that term is defined in the Code).

"Equity Interest" means, with respect to a Person, all of the shares, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in such Person, whether voting or nonvoting, including capital stock (or other ownership or profit interests or units), preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

"ERISA Affiliate" means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of any Borrower or its Subsidiaries under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of any Borrower or its Subsidiaries under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which any Borrower or any of its Subsidiaries is a member

under IRC Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any Person subject to ERISA that is a party to an arrangement with any Borrower or any of its Subsidiaries and whose employees are aggregated with the employees of such Borrower or its Subsidiaries under IRC Section 414(o).

"Event of Default" has the meaning specified therefor in Section 8 of the Agreement.

"Excess Availability" means, as of any date of determination, the amount equal to Availability *minus* (i) the aggregate amount, if any, of all trade payables of Borrowers and their Subsidiaries aged in excess of historical levels with respect thereto and (ii) all book overdrafts of Borrowers and their Subsidiaries in excess of historical practices with respect thereto, in each case as determined by Agent in its Permitted Discretion; provided, however, that the deduction set forth in clause (i) above shall be excluded as of any such date of determination if on such date such Borrower or the applicable Subsidiary is protesting the validity of such trade payable and any such protest is instituted promptly and prosecuted diligently by such Borrower or such Subsidiary in good faith.

"Excess Liquidity" means (a) so long as the Borrowers' trailing twelve months EBITDA is equal to or greater than $75,000,000, the sum of (i) Availability *plus* (ii) Qualified Cash or (b) if Borrower's trailing twelve months EBITDA is less than $75,000,000, and Excess Availability is equal to or exceeds $15,000,000, then the sum of (i) Availability *plus* (ii) Qualified Cash or (c) if Borrower's trailing twelve months EBITDA is less than $75,000,000, and Excess Availability is less than $15,000,000, then zero.

"Exchange Act" means the Securities Exchange Act of 1934, as in effect from time to time.

"Excluded Subsidiary" means each of (i) Inactive Subsidiaries, (ii) Labor Ready Canada, (iii) PAC, (iv) PlaneTechs of Puerto Rico, Inc., a Tennessee corporation, and (v) any Subsidiary of a Loan Party which is a CFC but is not required to become a Loan Party under Section 5.11.

"Excluded Taxes" means (i) any tax imposed on the net income or net profits of any Lender or any Participant (including any branch profits taxes), in each case imposed by the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender or such Participant is organized or the jurisdiction (or by any political subdivision or taxing authority thereof) in which such Lender's or such Participant's principal office is located in each case as a result of a present or former connection between such Lender or such Participant and the jurisdiction or taxing authority imposing the tax (other than any such connection arising solely from such Lender or such Participant having executed, delivered or performed its obligations or received payment under, or enforced its rights or remedies under the Agreement or any other Loan Document); (ii) taxes resulting from a Lender's or a Participant's failure to comply with the requirements of Section 16.2 of the Agreement, (iii) any United States federal withholding taxes that would be imposed on amounts payable to a Foreign Lender based upon the applicable withholding rate in effect at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), except that Taxes shall include (A) any amount that such Foreign Lender (or its assignor, if any) was previously entitled to receive pursuant to Section 16.1 of the Agreement, if any, with respect to such withholding tax at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), and (B) additional United States federal withholding taxes that may be imposed after the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), as a result of a change in law, rule, regulation, order or other decision with respect to any of the foregoing by any Governmental Authority, and (iv) any United States federal withholding taxes imposed under FATCA.

"Exempt Foreign Subsidiary" means any foreign Subsidiary that is exempt from the requirements to deliver a joinder to the Guaranty and Security Agreement under Section 5.11.

"Existing Credit Agreement" means that certain Amended and Restated Credit Agreement dated as of September 30, 2011, between Borrower, certain lenders and Bank of America, as agent for such lenders, as amended from time-to-time.

"Existing Credit Facility" means that certain credit facility provided to Borrower by Existing Lenders as evidenced, in part, by the Existing Credit Agreement.

"Existing Lenders" means collectively, the lenders party to the Existing Credit Agreement.

"Existing Letters of Credit" means those letters of credit set forth on Schedule E-1, and (i) issued in accordance with the Existing Credit Agreement or (ii) issued by the Issuing Bank for the account of the Target Company prior to the Seaton Acquisition.

"Extraordinary Advance" has the meaning specified therefor in Section 2.3(d)(iii) of the Agreement.

"FATCA" means Sections 1471 through 1474 of the IRC, as of the date of the Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

"Fee Letter" means that certain fee letter, dated as of even date with the Agreement, among Borrowers and Agent, in form and substance reasonably satisfactory to Agent.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average 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 which is a Business Day, the average of the quotations for such day (rounded up, if necessary, to the nearest 1/8 of 1%), as determined by Agent.

"Federal-Mogul" means Federal-Mogul Corporation and its U.S. Subsidiaries.

"First Borrower" means TrueBlue, Inc., a Washington corporation.

"First Solar" means First Solar, Inc. and its U.S. Subsidiaries.

"Foreign Accounts" means any Deposit Account and/or Security Account located in (i) Puerto Rico and owned by SPARTAN STAFFING PUERTO RICO, LLC, a Puerto Rico limited liability company or PTPR, INC., a Puerto Rico corporation, (ii) a jurisdiction outside of the United States exclusive of its territories and owned by an Exempt Foreign Subsidiary, or (iii) to the extent approved by Agent in writing, otherwise situated in a jurisdiction outside the United States exclusive of its territories.

"Foreign Lender" means any Lender or Participant that is not a United States person within the meaning of IRC section 7701(a)(30).

"Funded Indebtedness" means, as of any date of determination, all Indebtedness for borrowed money or letters of credit of Borrowers, including without limitation any Indebtedness arising under or with respect to the Synovus Agreement, determined on a consolidated basis in accordance with GAAP, that by its terms matures more than one year after the date of determination, and any such Indebtedness maturing within one year from such date that is renewable or extendable at the option of any Borrower or

its Subsidiaries, as applicable, to a date more than one year from such date, including, in any event, but without duplication, with respect to Borrowers and their Subsidiaries, the Revolver Usage and the amount of their Capitalized Lease Obligations.

"Funding Date" means the date on which a Borrowing occurs.

"Funding Losses" has the meaning specified therefor in Section 2.12(b)(ii) of the Agreement.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, consistently applied.

"Governing Documents" means, with respect to any Person, the certificate or articles of incorporation or formation, the bylaws or limited liability company agreement, laws, or other organizational documents of such Person.

"Governmental Authority" means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, 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 bodies such as the European Union or the European Central Bank).

"Hazardous Materials" means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or "EP toxicity", (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

"Hedge Agreement" means a "swap agreement" as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

"Hedge Obligations" means any and all obligations or liabilities, whether absolute or contingent, due or to become due, now existing or hereafter arising, of each Borrower and its Subsidiaries arising under, owing pursuant to, or existing in respect of Hedge Agreements entered into with one or more of the Hedge Providers.

"Hedge Provider" means any Lender or any of its Affiliates; provided, that no such Person (other than Bank of America or its Affiliates) shall constitute a Hedge Provider unless and until Agent receives a Bank Product Provider Agreement from such Person and with respect to the applicable Hedge Agreement within 10 days after the execution and delivery of such Hedge Agreement with a Borrower or its Subsidiaries; provided further, that if, at any time, a Lender ceases to be a Lender under the Agreement, then, from and after the date on which it ceases to be a Lender thereunder, neither it nor any of its Affiliates shall constitute Hedge Providers and the obligations with respect to Hedge Agreements entered into with such former Lender or any of its Affiliates shall no longer constitute Hedge Obligations.

"Hewlett-Packard" means Hewlett-Packard Company and its U.S. Subsidiaries.

"HRX" means Seaton HRX Holdings Pty Ltd, a company formed under the laws of Victoria, Australia.

"HRX EBITDA" means, with respect to any fiscal period prior to January 31, 2014, HRX and its Subsidiaries' consolidated net earnings (or loss), *minus* extraordinary gains, interest income, *plus* non-cash extraordinary losses, interest expense, income taxes, and depreciation and amortization for such period, in each case, determined on a consolidated basis in accordance with GAAP.

"Inactive Subsidiary" means each of (i) Contractors Labor Pool, Inc., a Nevada corporation and (ii) Labor Ready, Inc., a Washington corporation.

"Indebtedness" as to any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, or other financial products, (c) all obligations of such Person as a lessee under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed, (e) all obligations of such Person to pay the deferred purchase price of assets (other than trade payables incurred in the ordinary course of business and repayable in accordance with customary trade practices and, for the avoidance of doubt, other than royalty payments payable in the ordinary course of business in respect of non-exclusive licenses), (f) all monetary obligations of such Person owing under Hedge Agreements (which amount shall be calculated based on the amount that would be payable by such Person if the Hedge Agreement were terminated on the date of determination), (g) any Disqualified Equity Interests of such Person, and (h) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (g) above. For purposes of this definition, (i) the amount of any Indebtedness represented by a guaranty or other similar instrument shall be the lesser of the principal amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Indebtedness, and (ii) the amount of any Indebtedness that is limited or is non-recourse to a Person or for which recourse is limited to an identified asset shall be valued at the lesser of (A) if applicable, the limited amount of such obligations, and (B) if applicable, the fair market value of such assets securing such obligation.

"Indemnified Liabilities" has the meaning specified therefor in Section 10.3 of the Agreement.

"Indemnified Person" has the meaning specified therefor in Section 10.3 of the Agreement.

"Indemnified Taxes" means, any Taxes other than Excluded Taxes.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intercompany Subordination Agreement" means an intercompany subordination agreement, dated as of even date with the Agreement, executed and delivered by each Borrower, each of its Subsidiaries, and Agent, the form and substance of which is reasonably satisfactory to Agent.

"Interest Expense" means, for any period, the aggregate of the interest expense of Borrowers for such period, determined on a consolidated basis in accordance with GAAP.

"Interest Period" means, with respect to each LIBOR Rate Loan that is not a LIBOR Daily Floating Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Base Rate Loan to a LIBOR Rate Loan) and ending 1, 2, or 3 months thereafter; provided that (a) interest shall accrue at the applicable rate based upon the LIBOR Rate from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (b) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2, 3 or 6 months after the date on which the Interest Period began, as applicable, and (d) Borrowers may not elect an Interest Period which will end after the Maturity Date.

"Inventory" means inventory (as that term is defined in the Code).

"Investment" means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business, and (b) *bona fide* Accounts arising in the ordinary course of business consistent with past practice) or acquisitions of Indebtedness, Equity Interests, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. The amount of any Investment shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustment for increases or decreases in value, or write-ups, write-downs, or write-offs with respect to such Investment.

"IRC" means the Internal Revenue Code of 1986, as in effect from time to time.

"ISP" means, with respect to any Letter of Credit, the International Standby Practices 1998 (International Chamber of Commerce Publication No. 590) and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Letter of Credit is issued.

"Issuer Document" means, with respect to any Letter of Credit, a letter of credit application, a letter of credit agreement, or any other document, agreement or instrument entered into (or to be entered into) by a Borrower in favor of Issuing Bank and relating to such Letter of Credit.

"Issuing Bank" means Bank of America or any other Lender that, at the request of Borrowers and with the consent of Agent, agrees, in such Lender's sole discretion, to become an Issuing Bank for the purpose of issuing Letters of Credit or Reimbursement Undertakings pursuant to Section 2.11 of the Agreement, and Issuing Bank shall be a Lender.

"Labor Ready Canada" means Labor Ready Temporary Services, Ltd., an extra-provincial corporation.

"Landlord Reserve" means, as to each leased location at which a Borrower has its primary headquarters and as to which a Collateral Access Agreement has not been received by Agent, a reserve in an amount equal to the greater of (a) the number of months rent for which the landlord will have, under applicable law, a Lien in the Inventory of such Borrower to secure the payment of rent or other amounts under the lease relative to such location, or (b) 3 months rent under the lease relative to such location.

"Lender" and "Lenders" have the respective meanings set forth in the preamble to the Agreement, shall include Issuing Bank and the Swing Lender, and shall also include any other Person made a "Lender" to the Agreement pursuant to the provisions of Section 13.1 of the Agreement.

"Lender Group" means each of the Lenders (including Issuing Bank and the Swing Lender) and Agent, or any one or more of them.

"Lender Group Expenses" means all documented (a) reasonable costs or expenses (including taxes and insurance premiums) required to be paid by Borrower or its Subsidiaries under any of the Loan Documents that are paid, advanced, or incurred by the Lender Group, (b) reasonable out-of-pocket fees or charges paid or incurred by Agent in connection with the Lender Group's transactions with Borrowers or their Subsidiaries under any of the Loan Documents, including, fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and UCC searches and including searches with the patent and trademark office, or the copyright office), filing, recording, publication, appraisal (including periodic collateral appraisals or business valuations to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter), real estate surveys, real estate title policies and endorsements, and environmental audits, (c) reasonable out-of-pocket costs and expenses incurred by Agent in the disbursement of funds to Borrower or other members of the Lender Group (by wire transfer or otherwise), (d) out-of-pocket charges paid or incurred by Agent resulting from the dishonor of checks payable by or to any Loan Party, (e) reasonable out-of-pocket costs and expenses paid or incurred by the Lender Group to correct any default or enforce any provision of the Loan Documents, or during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) reasonable out-of-pocket audit fees and expenses (including travel, meals, and lodging) of Agent related to any inspections or audits to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter, (g) reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by the Lender Group in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or the Lender Group's relationship with Borrower or any of its Subsidiaries, (h) Agent's reasonable costs and expenses (including reasonable attorneys fees) incurred in advising, structuring, drafting, reviewing, administering (including travel, meals, and lodging), syndicating, or amending the Loan Documents, and (i) Agent's and each Lender's reasonable costs and expenses (including reasonable attorneys, accountants, consultants, and other advisors fees and expenses) incurred in terminating, enforcing (including attorneys, accountants, consultants, and other advisors fees and expenses incurred in connection with a "workout," a "restructuring," or an Insolvency Proceeding concerning Borrower or any of its Subsidiaries or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral.

"Lender Group Representatives" has the meaning specified therefor in Section 17.9 of the Agreement.

"Lender-Related Person" means, with respect to any Lender, such Lender, together with such Lender's Affiliates, officers, directors, employees, attorneys, and agents.

"Letter of Credit" means a letter of credit issued by Issuing Bank or a letter of credit issued by Underlying Issuer, as the context requires, including the Existing Letters of Credit.

"Letter of Credit Rate" means the Applicable Margin, as applicable to Letters of Credit.

"Letter of Credit Collateralization" means either (a) providing cash collateral (pursuant to documentation reasonably satisfactory to Agent, including provisions that specify that the Letter of Credit Fees and all commissions, fees, charges and expenses provided for in Section 2.11(k) of the Agreement (including any fronting fees) will continue to accrue while the Letters of Credit are outstanding) to be held by Agent for the benefit of the Revolving Lenders in an amount that, when added to any Supplemental Cash Collateral already held by Agent, is equal to 105% of the then existing Letter of Credit Usage, (b) delivering to Agent documentation executed by all beneficiaries under the Letters of Credit, in form and substance reasonably satisfactory to Agent and Issuing Bank, terminating all of such beneficiaries' rights under the Letters of Credit, or (c) providing Agent with a standby letter of credit, in form and substance reasonably satisfactory to Agent, from a commercial bank acceptable to Agent (in its sole discretion) in an amount equal to 105% of the then existing Letter of Credit Usage (it being understood that the Letter of Credit Fee and all fronting fees set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding and that any such fees that accrue must be an amount that can be drawn under any such standby letter of credit).

"Letter of Credit Disbursement" means a payment made by Issuing Bank of Underlying Issuer pursuant to a Letter of Credit.

"Letter of Credit Exposure" means, as of any date of determination with respect to any Lender, such Lender's Pro Rata Share of the Letter of Credit Usage on such date.

"Letter of Credit Fee" has the meaning specified therefor in Section 2.6(b) of the Agreement.

"Letter of Credit Usage" means, as of any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit.

"Leverage Ratio" means, as of any date of determination the result of (a) the amount of Borrowers' Funded Indebtedness as of such date, to (b) Borrowers' Consolidated EBITDA for the 12 month period ended as of such date.

"LIBOR Daily Floating Rate" means a fluctuating per annum rate of interest (rounded up, if necessary, to the nearest 1/8th of 1%) determined by Agent for each Business Day at or about 11:00 a.m. (London time) two Business Days prior to an interest period, for a term of one month, equal to the London Interbank Offered Rate, or comparable or successor rate approved by Agent, as published on the applicable Reuters screen page (or other commercially available source designated by Agent from time to time); provided, that any such comparable or successor rate shall be applied by Agent, if administratively feasible, in a manner consistent with market practice.

"LIBOR Daily Floating Rate Loan" means each Swing Loan prior to the Settlement Date for such Swing Loan.

"LIBOR Deadline" has the meaning specified therefor in Section 2.12(b)(i) of the Agreement.

"LIBOR Notice" means a notice to be submitted to Agent using Agent's online submission software program presently known as Cash Pro or any replacement thereof (unless such program is unavailable, in which case, such certificate shall be submitted in hard copy form), in form satisfactory to Agent.

"LIBOR Option" has the meaning specified therefor in Section 2.12(a) of the Agreement.

"LIBOR Rate" means the per annum rate of interest (rounded up, if necessary, to the nearest 1/8th of 1%) determined by Agent at or about 11:00 a.m. (London time) two Business Days prior to an interest period, for a term equivalent to such period, equal to the London Interbank Offered Rate, or comparable or successor rate approved by Agent, as published on the applicable Reuters screen page (or other commercially available source designated by Agent from time to time); provided, that any such comparable or successor rate shall be applied by Agent, if administratively feasible, in a manner consistent with market practice.

"LIBOR Rate Loan" means each portion of an Advance that bears interest at a rate determined by reference to the LIBOR Rate or the LIBOR Daily Floating Rate.

"LIBOR Rate Margin" has the meaning set forth in the definition of Applicable Margin.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

"Loan" shall mean any Advance, Swing Loan, or Extraordinary Advance made (or to be made) hereunder.

"Loan Account" has the meaning specified therefor in Section 2.9 of the Agreement.

"Loan Documents" means the Agreement, the Bank Product Agreements, any Borrowing Base Certificate, the Controlled Account Agreements, the Control Agreements, the Copyright Security Agreement, the Environmental Indemnities, the Fee Letter, the Intercompany Subordination Agreement, the Letters of Credit, the Mortgages, the Patent Security Agreement, the Security Agreement, the Trademark Security Agreement, any note or notes executed by Borrower in connection with the Agreement and payable to any member of the Lender Group, any letter of credit application entered into by Borrowers in connection with the Agreement, and any other agreement entered into, now or in the future, by Borrowers or any of their Subsidiaries and any member of the Lender Group in connection with the Agreement.

"Loan Party" means any Borrower.

"LRAC" means Labor Ready Assurance Company, a company organized under the laws of the Cayman Islands.

"Management Fees" means all fees and charges (including without limitation salaries and any other compensation such as bonuses, pensions and profit sharing payments, but excluding any reimbursement of costs or expenses to Sponsor pursuant to the Sponsor Management Agreement) due from Seaton Acquisition or its Subsidiaries to the Sponsor in consideration for, directly or indirectly, management, consulting or similar services.

"Margin Stock" as defined in Regulation U of the Board of Governors as in effect from time to time.

"Mars" means Mars, Incorporated and its U.S. Subsidiaries.

"Material Adverse Effect" means (a) a material adverse effect to the business, operations, results of operations, assets, liabilities or condition (financial or otherwise) of Borrowers and their Subsidiaries, taken as a whole, (b) a material impairment of Borrowers' and their Subsidiaries' ability to perform their obligations under the Loan Documents to which they are parties or of the Lender Group's ability to enforce the Obligations or realize upon the Collateral (other than as a result of an action taken or not taken that is solely in the control of Agent), or (c) a material impairment of the enforceability or priority of Agent's Liens with respect to all or a material portion of the Collateral.

"Material Contract" means, with respect to any Person, (i) each contract or agreement to which such Person or any of its Subsidiaries is a party involving aggregate consideration payable to or by such Person or such Subsidiary of $5,000,000 or more (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than 60 days' notice without penalty or premium), (ii) that is deemed to be a material contract under any securities law applicable to such Person, including the Securities Act, and (iii) all other contracts or agreements, the loss of which could reasonably be expected to result in a Material Adverse Change.

"Maturity Date" means June 30, 2019.

"Maximum Revolver Amount" means $300,000,000, decreased by the amount of reductions in the Revolver Commitments made in accordance with Section 2.4(c) of the Agreement.

"Moody's" has the meaning specified therefor in the definition of Cash Equivalents.

"Mortgage Policy" means a policy of title insurance in form and substance acceptable to Agent, insuring Agent's first lien security interest in the Real Property Collateral.

"Mortgages" means, individually and collectively, one or more mortgages, deeds of trust, or deeds to secure debt, executed and delivered by a Borrower or one of its Subsidiaries in favor of Agent, in form and substance reasonably satisfactory to Agent, that encumber the Real Property Collateral.

"Non-Consenting Lender" has the meaning specified therefor in Section 14.2(a) of the Agreement.

"Non-Defaulting Lender" means each Lender other than a Defaulting Lender.

"Obligations" means (a) all loans (including the Advances (inclusive of Extraordinary Advances and Swing Loans)), debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), reimbursement or indemnification obligations with respect to Letters of Credit (irrespective of whether contingent), premiums, liabilities (including all amounts charged to the Loan Account pursuant to the Agreement), obligations (including indemnification obligations), fees (including the fees provided for in the Fee Letter), Lender Group Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, and all covenants, and duties of any other kind and description owing by any Loan Party arising out of, under, pursuant to, in connection with, or evidenced by the Agreement or any of the other Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that Borrowers are required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents, and (b) all Bank Product Obligations.

Without limiting the generality of the foregoing, the Obligations of Borrowers under the Loan Documents include the obligation to pay (i) the principal of the Advances, (ii) interest accrued on the Advances, (iii) the amount necessary to reimburse Issuing Bank for amounts paid or payable pursuant to Letters of Credit, (iv) Letter of Credit commissions, fees (including fronting fees) and charges, (v) Lender Group Expenses, (vi) fees payable under the Agreement or any of the other Loan Documents, and (vii) indemnities and other amounts payable by any Loan Party under any Loan Document. Any reference in the Agreement or in the Loan Documents to the Obligations shall include all or any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Originating Lender" has the meaning specified therefor in Section 13.1(e) of the Agreement.

"Overadvance" means, as of any date of determination, that the Revolver Usage is greater than any of the limitations set forth in Section 2.1 or Section 2.11 of the Agreement.

"PAC" means TrueBlue, Inc., PAC, a Nevada corporation.

"Parking Lease" that certain Parking Agreement, dated December 4, 2000, entered into by Borrower and the City of Tacoma, as amended by that certain First Amendment to Parking Agreement, dated April 27, 2006.

"Participant" has the meaning specified therefor in Section 13.1(e) of the Agreement.

"Patent Security Agreement" has the meaning specified therefor in the Security Agreement.

"Patriot Act" has the meaning specified therefor in Section 4.18 of the Agreement.

"Payoff Date" means the first date on which all of the Obligations are paid in full and the Commitments of the Lenders are terminated.

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

"Payroll Period" means, as of any date of determination, the number of days of work for which Loan Party pays its temporary employees on a regular basis. By way of example, as of the Closing Date, the Payroll Period for the Labor Ready Loan Parties is 1 Business Day and, for the remaining Loan Parties, is 5 Business Days.

"Payroll Reserve" means, as of any date of determination, amount equal to the aggregate amount of payroll, payroll taxes and per diem expense reimbursements applicable to the Loan Parties in respect of their temporary employees; with such calculation being made on the basis of the normal Payroll Period then in effect for each such Loan Party in excess of the Payroll Threshold.

"Payroll Threshold" means (i) during the 18 full calendar months following the Closing Date, Borrower periodic payroll expenses for temporary workers of $10,000,000 and (ii) beginning on the first day of the 19th full calendar month following the Closing Date, and on the first of each calendar month thereafter, Borrowers' periodic payroll expenses for temporary workers of $10,000.000 less any amount deducted in any prior month less $555,555.56. For illustrative purposes only, the Payroll Threshold shall

be $9,444,444.44 during the 19th month, $8,888,888.88 during the 20th month, etc.; until reduced to zero in the 36th month.

"Perfection Certificate" means a certificate in the form of Exhibit P-1 to the Agreement.

"Permitted Acquisition" means any Acquisition (excluding an Approved Customer List Acquisition) so long as:

(a) No Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition and the proposed Acquisition is consensual,

(b) Unless (f) is satisfied, no Indebtedness will be incurred, assumed, or would exist with respect to Borrowers or their Subsidiaries as a result of such Acquisition, other than Indebtedness permitted under clauses (f), (g), (n), (o), (p), or (q) of the definition of Permitted Indebtedness and no Liens will be incurred, assumed, or would exist with respect to the assets of Borrowers or their Subsidiaries as a result or such Acquisition other than Permitted Liens,

(c) Unless (f) is satisfied, immediately before and after giving effect to the consummation of the proposed Acquisition, no Triggering Event has occurred,

(d) Borrower has provided Agent with written notice of the proposed Acquisition at least 15 Business Days prior to the anticipated closing date of the proposed Acquisition and, not later than 5 Business Days prior to the anticipated closing date of the proposed Acquisition. copies of the acquisition agreement and other material documents relative to the proposed Acquisition, which agreement and documents and Borrowers' supporting calculations in respect thereto, must be reasonably acceptable to Agent for the purpose of confirming that the proposed Acquisition is, in fact, a Permitted Acquisition,

(e) The subject assets or Stock, as applicable, are being acquired directly by a Loan Party or its Subsidiary, and, in connection therewith, the applicable Loan Party shall have complied with Section 5.11 or 5.12, as applicable, of the Agreement, and

(f) Both before and after giving effect to any such acquisition as measured on the date of such acquisition and each of the thirty (30) days prior to such date (A) Excess Liquidity exceeds 20% of the Revolver Commitments or (B) (1) Excess Liquidity exceeds 12.5% of the Revolver Commitments and (2) Borrower achieves a pro forma Consolidated Fixed Charge Coverage Ratio of 1.00 to 1.00.

"Permitted Discretion" means a determination made in the exercise of reasonable (from the perspective of a secured lender) business judgment.

"Permitted Dispositions" means:

(a) sales, abandonment, or other dispositions of Equipment that is substantially worn, damaged, or obsolete in the ordinary course of business.

(b) sales of Inventory to buyers in the ordinary course of business,

(c) the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of the Agreement or the other Loan Documents.

(d) the licensing, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,

(e) the granting of Permitted Liens,

(f) the sale or discount, in each case without recourse of Accounts arising in the ordinary course of business, but only in connection with the compromise or collection thereof,

(g) any involuntary loss, damage or destruction of property,

(h) any involuntary condemnation, transfer under threat of condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property,

(i) the leasing or subleasing of assets of Borrowers or their Subsidiaries in the ordinary course of business,

(j) the sale or issuance of Stock (other than Prohibited Preferred Stock) of Borrowers,

(k) the lapse of registered patents, trademarks and other intellectual property of Borrowers and their Subsidiaries to the extent not economically desirable in the conduct of their business and so long as such lapse is not materially adverse to the interests of the Lenders,

(l) the making of a Restricted Payment that is expressly permitted to be made pursuant to the Agreement,

(m) the making of a Permitted Investment,

(n) dispositions of assets acquired by Borrower and its Subsidiaries pursuant to a Permitted Acquisition consummated within 12 months of the date of the proposed Disposition (the "Subject Permitted Acquisition") so long as (i) the consideration received for the assets to be so disposed is at least 75% the fair market value thereof, (ii) the assets to be so disposed are not necessary or economically desirable in connection with the business of Borrowers and their Subsidiaries, and (iii) the assets to be so disposed are readily identifiable as assets acquired pursuant to the subject Permitted Acquisition, and

(o) dispositions of assets (other than Material Contracts) not otherwise permitted in clauses (a) through (n) above so long as (y) the aggregate fair market value of all assets disposed of in all such dispositions under this clause (o) in any 12-month period (including the proposed disposition) would not exceed $2,500,000 during any 12-month period, and (z) no Default or Event of Default has occurred and is continuing at the time of such disposition or will result therefrom.

"Permitted Holder" means the Person identified on Schedule P-1.

"Permitted Indebtedness" means:

(a) Indebtedness evidenced by the Agreement and the other Loan Documents, together with Indebtedness owed to Underlying Issuers with respect to Underlying Letters of Credit,

(b) Indebtedness set forth on Schedule 4.19 and any Refinancing Indebtedness in respect of such Indebtedness,

(c) Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness,

(d) endorsement of instruments or other Payment Items for deposit,

(e) Indebtedness consisting of (i) unsecured guarantees incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds, bid bonds, appeal bonds, completion guarantee and similar obligations; (ii) unsecured guarantees arising with respect to customary indemnification obligations to purchasers in connection with Permitted Dispositions; and (iii) unsecured guarantees with respect to Indebtedness of Borrower or one of its Subsidiaries, to the extent that the Person that is obligated under such guaranty could have incurred such underlying Indebtedness,

(f) Indebtedness incurred in the ordinary course of business under performance, surety, statutory, and appeal bonds,

(g) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to Borrowers or any of their Subsidiaries, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year,

(h) the incurrence by Borrowers or their Subsidiaries of Indebtedness under Hedge Agreements that are incurred for the bona fide purpose of hedging the interest rate or foreign currency risk associated with Borrowers' and their Subsidiaries' operations and not for speculative purposes,

(i) unsecured Indebtedness incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the ordinary course of business,

(j) unsecured Indebtedness of Borrowers owing to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) incurred in connection with the repurchase by Borrowers of the Stock of Borrowers that has been issued to such Persons, so long as (i) no Default or Event of Default has occurred and is continuing or would result from the incurrence of such Indebtedness, (ii) the aggregate amount of all such Indebtedness outstanding at any one time does not exceed $500,000, and (iii) such Indebtedness is subordinated to the Obligations on terms and conditions reasonably acceptable to Agent,

(k) Indebtedness composing Permitted Investments,

(l) Indebtedness in connection with the deferred purchase price of Approved Customer List Acquisitions,

(m) reimbursement obligations of WAHI and LRAC under letters of credit issued for the account of WAHI or LRAC to the extent such letters of credit are secured by Cash or Cash Equivalent pledged to secure only the reimbursement obligations with respect to such letters of credit.

(n) unsecured Indebtedness of any Borrower that is incurred on the date of the consummation of a Permitted Acquisition solely for the purpose of consummating such Permitted Acquisition so long as (A) (i) no Event of Default has occurred and is continuing or would result therefrom, (ii) such unsecured Indebtedness is not incurred for working capital purposes, (iii) such unsecured Indebtedness does not mature prior to the date that is 12 months after the Maturity Date, and (B) if clause (f) of the definition of Permitted Acquisition is not satisfied, (i) such Indebtedness is subordinated in right of payment to the

Obligations on terms and conditions reasonably satisfactory to Agent, and (ii) the only interest that accrues with respect to such Indebtedness is payable in kind,

(o) unsecured Indebtedness owing to sellers of assets or Stock to a Loan Party that is incurred by the applicable Loan Party in connection with the consummation of one or more Permitted Acquisitions, but if clause (f) of the definition of Permitted Acquisition is not satisfied, then so long as (i) the aggregate principal amount for all such unsecured Indebtedness does not exceed $5,000,000 at any one time outstanding, (ii) is subordinated to the Obligations on terms and conditions reasonably acceptable to Agent, and (iii) is otherwise on terms and conditions (including all economic terms and the absence of covenants) reasonably acceptable to Agent,

(p) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price, non-compete, or similar obligation of Borrower or the applicable Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions,

(q) Acquired Indebtedness, but if clause (f) of the definition of Permitted Acquisition is not satisfied, then in an amount not to exceed $5,000,000 outstanding at any one time,

(r) Indebtedness of Borrowers or their Subsidiaries owing to WAHI or LRAC as a result of borrowing back from WAHI or LRAC, as applicable, the amount invested by such Borrower or such Subsidiary as described in clauses (k) and (l) of the definition of Permitted Investment,

(s) other unsecured Indebtedness not covered by clauses (a) through (r) above in an aggregate amount to not exceed $5,000,000; provided, that such unsecured Indebtedness may only be incurred so long as no Default or Event of Default has occurred and is continuing at the time of its incurrence or will result therefrom, and

(t) so long as not otherwise prohibited by the Agreement, working capital Indebtedness of Subsidiaries that are not Loan Parties in an amount not to exceed $5,000,000.

"Permitted Intercompany Advances" means (a) one or more loans by a Loan Party to HRX in an aggregate amount not to exceed $30,000,000 outstanding at any given time and (b) loans or equity capital infusions made by (i) a Loan Party to another Loan Party, (ii) a non-Loan Party to another non-Loan Party, (iii) a non-Loan Party to a Loan Party, so long as the parties thereto are party to the Intercompany Subordination Agreement, (iv) a Loan Party to an Inactive Subsidiary for the purpose of paying costs and expenses of a Permitted Restructuring Transaction so long as no Event of Default has occurred and is continuing or would result therefrom, and (v) so long as no Default or Event of Default shall exist and Excess Liquidity is equal to or greater than 25% of the Revolver Commitments both before and after giving effect to any such Permitted Intercompany Advance, a Loan Party to any non-Loan Party(ies) in an aggregate amount outstanding not to exceed $20,000,000 at any given time.

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents,

(b) Investments made in accordance with the TrueBlue Investment Policy,

(c) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,

(d) advances made in connection with purchases of goods or services in the ordinary course of business,

(e) Investments received in settlement of amounts due to any Loan Party or any of its Subsidiaries effected in the ordinary course of business or owing to any Loan Party or any of its Subsidiaries as a result of Insolvency Proceedings involving an Account Debtor or upon the foreclosure or enforcement of any Lien in favor of a Loan Party or its Subsidiaries,

(f) Investments owned by any Loan Party on the Closing Date and set forth on Schedule P-1, and any Equity Interest owned by a Loan Party as of the Closing Date as set forth on Schedule 4.1(c);

(g) Guarantees permitted under the definition of Permitted Indebtedness,

(h) Permitted Intercompany Advances,

(i) Stock or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due or owning to a Loan Party or its Subsidiaries (in bankruptcy of customers or suppliers or otherwise outside the ordinary course of business) or as security for any such Indebtedness or claims,

(j) deposits of cash made in the ordinary course of business to secure performance of operating leases,

(k) non-cash loans to employees, officers, and directors of Borrower or any of its Subsidiaries for the purpose of purchasing Stock in Borrowers so long as the proceeds of such loans are used in their entirety to purchase such stock in Borrowers,

(l) so long as WAHI is a Subsidiary of First Borrower, (i) all investments in WAHI existing on the Closing Date and (ii) additional investments in WAHI not to exceed, with respect to each transfer of workers' compensation liabilities by First Borrower and its Subsidiaries to WAHI for a policy period, 110% of the amount of workers' compensation liabilities so transferred for such policy period, valued on the transfer date,

(m) so long as LRAC is a Subsidiary of First Borrower, (i) all investments in LRAC existing on the Closing Date and (ii) additional investments in LRAC not to exceed, with respect to each transfer of workers' compensation liabilities by First Borrower and its Subsidiaries to LRAC for a policy period, 110% of the amount of workers' compensation liabilities so transferred for such policy period, valued on the transfer date,

(n) Permitted Acquisitions,

(o) Approved Customer List Acquisitions, and

(p) dispositions of assets by (a) a Loan Party to another Loan Party, and (b) a non-Loan Party to another non-Loan Party.

"Permitted Liens" means

(a) Liens held by Agent to secure the Obligations,

(b) Liens for unpaid taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent, or (ii) do not have priority over Agent's Liens and the underlying taxes, assessments, or charges or levies are the subject of Permitted Protests,

(c) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under Section 8.3 of the Agreement,

(d) Liens set forth on Schedule P-2; provided, however, that to qualify as a Permitted Lien, any such Lien described on Schedule P-2 shall only secure the Indebtedness that it secures on the Closing Date and any Refinancing Indebtedness in respect thereof,

(e) the interests of lessors under operating leases and non-exclusive licensors under license agreements,

(f) purchase money Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as (i) such Lien attaches only to the asset purchased or acquired and the proceeds thereof, and (ii) such Lien only secures the Indebtedness that was incurred to acquire the asset purchased or acquired or any Refinancing Indebtedness in respect thereof,

(g) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests,

(h) Liens on amounts deposited to secure Borrower's and its Subsidiaries obligations in connection with worker's compensation or other unemployment insurance,

(i) Liens on amounts deposited to secure Borrower's and its Subsidiaries obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money,

(j) Liens on amounts deposited to secure Borrower's and its Subsidiaries reimbursement obligations with respect to surety or appeal bonds obtained in the ordinary course of business,

(k) with respect to any Real Property, easements, rights of way, and zoning restrictions that do not materially interfere with or impair the use or operation thereof,

(l) non exclusive licenses of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business,

(m) Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is the subject of permitted Refinancing Indebtedness and so long as the replacement Liens only encumber those assets that secured the original Indebtedness,

(n) rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent incurred in connection with the maintenance of such deposit accounts in the ordinary course of business,

(o) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under the definition of Permitted Indebtedness,

(p) Liens solely on any cash earnest money deposits made by Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to a Permitted Acquisition,

(q) Liens assumed by Borrower or its Subsidiaries in connection with a Permitted Acquisition that secure Acquired Indebtedness,

(r) 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,

(s) Liens on the assets of non-Loan Party Subsidiaries for Permitted Indebtedness under clause (t) of such definition, and

(t) Liens not otherwise permitted by clauses (a) through (r) securing not more than $1,000,000 in the aggregate.

"Permitted Preferred Stock" means and refers to any Preferred Stock issued by First Borrower (and not by one or more of its Subsidiaries) that is not Prohibited Preferred Stock.

"Permitted Protest" means the right of any Borrower or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on such Borrower's or its Subsidiaries' books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by such Borrower or its Subsidiary, as applicable, in good faith, and (c) Agent is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Agent's Liens.

"Permitted Purchase Money Indebtedness" means, as of any date of determination, the sum of Purchase Money Indebtedness (x) existing on the Closing Date and set forth on Schedule P-3, and (y) incurred after the Closing Date in an aggregate principal amount outstanding not in excess of $2,000,000 at any time during any 12-month period.

"Permitted Restructuring Transaction" means the liquidation or dissolution of any Inactive Subsidiary as permitted under Section 6.3(b)(i) of the Agreement.

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Preferred Stock" means, as applied to the Stock of any Person, the Stock of any class or classes (however designated) that is preferred with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Stock of any other class of such Person.

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

"Prohibited Preferred Stock" means any Preferred Stock that by its terms is mandatorily redeemable or subject to any other payment obligation (including any obligation to pay dividends, other than dividends of shares of Preferred Stock of the same class and series payable in kind or dividends of shares of common stock) on or before a date that is less than 1 year after the Maturity Date, or, on or before the date that is less than 1 year after the Maturity Date, is redeemable at the option of the holder thereof for cash or assets or securities (other than distributions in kind of shares of Preferred Stock of the same class and series or of shares of common stock).

"Projections" means Borrowers' forecasted (a) balance sheets, (b) profit and loss statements, and (c) cash flow statements, all prepared on a basis consistent with Borrowers' historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

"Pro Rata Share" means, as of any date of determination:

(a) with respect to a Lender's obligation to make Advances and right to receive payments of principal, interest, fees, costs, and expenses with respect thereto, (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender's Revolver Commitment, by (z) the aggregate Revolver Commitments of all Lenders, and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender's Advances by (z) the outstanding principal amount of all Advances,

(b) with respect to a Lender's obligation to participate in Letters of Credit and Reimbursement Undertakings, to reimburse the Issuing Lender, and right to receive payments of fees with respect thereto, (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender's Revolver Commitment, by (z) the aggregate Revolver Commitments of all Lenders, and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender's Advances by (z) the outstanding principal amount of all Advances; provided, however, that if all of the Advances have been repaid in full and Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon sub-clause (i) of this clause as if the Revolver Commitments had not been terminated or reduced to zero and based upon the Revolver Commitments as they existed immediately prior to their termination or reduction to zero, and

(c) with respect to all other matters as to a particular Lender (including the indemnification obligations arising under Section 15.7 of the Agreement), (i) prior to the Revolver Commitments being terminated or reduced to zero, the percentage obtained by dividing (y) such Lender's Revolver Commitment by (z) the aggregate amount of Revolver Commitments of all Lenders and (ii) from and after the time that the Revolver Commitments have been terminated or reduced to zero, the percentage obtained by dividing (y) the outstanding principal amount of such Lender's Advances by (z) the outstanding principal amount of all Advances; provided, however, that if all of the Advances have been repaid in full and Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon sub clause (i) of this clause as if the Revolver Commitments had not been

terminated or reduced to zero and based upon the Revolver Commitments as they existed immediately prior to their termination or reduction to zero.

"Protective Advances" has the meaning specified therefor in Section 2.3(d)(i) of the Agreement.

"Purchase Money Indebtedness" means Indebtedness (other than the Obligations. but including Capitalized Lease Obligations), incurred at the time of, or within 20 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of Borrowers and their Subsidiaries (excluding Supplemental Cash Collateral) that is in Deposit Accounts or in Securities Accounts established with Bank of America, Wells Fargo Bank, National Association or PNC Bank, National Association, or any combination thereof, and which such Deposit Account or Securities Account is the subject of a Control Agreement and is maintained by a branch office of the bank or securities intermediary located within the United States, with, at the request of Agent, daily reporting requirements, but in any event to be reported to Agent not less frequently that once per month at the same time as any Borrowing Base Certificate is to be delivered.

"Qualified Equity Interest" means and refers to any Equity Interests issued by First Borrower (and not by one or more of its Subsidiaries) that is not a Disqualified Equity Interest.

"Real Property" means any estates or interests in real property now owned or hereafter acquired by any Borrower or one of its Subsidiaries and the improvements thereto.

"Real Property Collateral" means the Real Property identified on Schedule R-1 to the Agreement and any Real Property hereafter acquired by any Borrower or one of its Subsidiaries.

"Real Property Reserve" means an amount equal to the sum of (i) prior to obtaining an appraisal (which appraisal and appraiser conducting such appraisal shall be acceptable to Agent in its Permitted Discretion) reflecting the value of the Eligible Real Property after a condemnation or casualty as described below, an amount equal to any loss in value (as determined by Agent in its Permitted Discretion) of the Eligible Real Property resulting from either (x) an involuntary condemnation, transfer under threat of condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of such property, or (y) any damage to or destruction of such property in excess of $200,000 during any 12-month period, and (ii) any loss in value of the Eligible Real Property resulting from the termination of the Parking Lease as determined by Agent in its Permitted Discretion.

"Receivable Reserves" means, as of any date of determination, those reserves that Agent deems necessary or appropriate, in its Permitted Discretion and subject to Section 2.1(c) of the Agreement, to establish and maintain (including reserves for rebates, discounts, warranty claims, and returns) with respect to the Eligible Accounts.

"Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Reference Period" has the meaning set forth in the definition of Consolidated EBITDA.

"Refinancing Indebtedness" means refinancings. renewals. or extensions of Indebtedness so long as:

(a) the terms and conditions of such refinancings, renewals, or extensions do not, in Agent's Permitted Discretion, materially impair the prospects of repayment of the Obligations by Borrower or materially impair Borrower's creditworthiness,

(b) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended,

(c) such refinancings, renewals, or extensions do not result in an increase in the interest rate in excess of 2% with respect to the Indebtedness so refinanced, renewed, or extended,

(d) excluding Purchase Money Indebtedness, such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of the Lenders,

(e) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lender Group as those that were applicable to the refinanced, renewed, or extended Indebtedness, and

(f) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended.

"Reimbursement Undertaking" has the meaning specified therefor in Section 2.11(a) of the Agreement.

"Related 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 and that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) restore or reclaim natural resources or the environment, (d) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (e) conduct any other actions with respect to Hazardous Materials required by Environmental Laws.

"Replacement Lender" has the meaning specified therefor in Section 2.13(b) of the Agreement.

"Required Lenders" means, at any time, Lenders whose aggregate Pro Rata Shares (calculated under clause (c) of the definition of Pro Rata Shares) exceed 50%; provided, however, that at any time there are two or more Lenders, "Required Lenders" must include at least 2 Lenders.

"Reserves" means, as of any date of determination, those reserves (other than Receivable Reserves, Bank Product Reserves, Landlord Reserve, Real Property Reserve, and Payroll Reserve) that Agent deems necessary or appropriate, in its Permitted Discretion and subject to Section 2.1(c) of the Agreement, to establish and maintain (including reserves with respect to (a) sums that any Borrower or its

Subsidiaries are required to pay under any Section of the Agreement or any other Loan Document (such as taxes, assessments, insurance premiums, or, in the case of leased assets, rents or other amounts payable under such leases) and has failed to pay, and (b) amounts owing by any Borrower or its Subsidiaries to any Person to the extent secured by a Lien on, or trust over, any of the Collateral (other than a Permitted Lien), which Lien or trust, in the Permitted Discretion of Agent likely would have a priority superior to the Agent's Liens (such as Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for ad valorem, excise, sales, or other taxes where given priority under applicable law) in and to such item of the Collateral) with respect to the Borrowing Base.

"Restricted Payment" means to (a) declare or pay any dividend or make any other payment or distribution, directly or indirectly, on account of Equity Interests issued by First Borrower (including any payment in connection with any merger or consolidation involving First Borrower) or to the direct or indirect holders of Equity Interests issued by First Borrower in their capacity as such (other than dividends or distributions payable in Qualified Equity Interests issued by First Borrower, or (b) purchase, redeem, make any sinking fund or similar payment, or otherwise acquire or retire for value (including in connection with any merger or consolidation involving First Borrower) any Equity Interests issued by First Borrower, and (c) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options, or other rights to acquire Equity Interests of First Borrower now or hereafter outstanding.

"Restricted Subsidiary" means each of (i) the Inactive Subsidiaries, (ii) Labor Ready Canada, (iii) WAHI, (iv) LRAC, and (v) PAC.

"Revolver Commitment" means, with respect to each Revolving Lender, its Revolver Commitment, and, with respect to all Revolving Lenders, their Revolver Commitments, in each case as such Dollar amounts are set forth beside such Revolving Lender's name under the applicable heading on Schedule C-1 to the Agreement or in the Assignment and Acceptance pursuant to which such Revolving Lender became a Revolving Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

"Revolver Usage" means, as of any date of determination, the sum of (a) the amount of outstanding Advances (inclusive of Swing Loans and Protective Advances), *plus* (b) the amount of the Letter of Credit Usage.

"Revolving Lender" means a Lender that has a Advance Commitment or that has an outstanding Advance.

"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

"Sanctioned Person" means a person named on the list of Specially Designated Nationals maintained by OFAC.

"S&P" has the meaning specified therefor in the definition of Cash Equivalents.

"SEC" means the United States Securities and Exchange Commission and any successor thereto.

"Seaton Acquisition" means Seaton Acquisition Corp, a Delaware corporation.

"Securities Account" means a securities account (as that term is defined in the Code).

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"Security Agreement" means an amended and restated security agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by Borrowers to Agent.

"Settlement" has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

"Settlement Date" has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

"Solvent" means, with respect to any Person as of any date of determination, that (a) at fair valuations, the sum of such Person's debts (including contingent liabilities) is less than all of such Person's assets, (b) such Person is not engaged or about to engage in a business or transaction for which the remaining assets of such Person are unreasonably small in relation to the business or transaction or for which the property remaining with such Person is an unreasonably small capital, and (c) such Person has not incurred and does not intend to incur, or reasonably believe that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise), and (d) such Person is "solvent" or not "insolvent", as applicable within the meaning given those terms and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Sponsor" means Leeds Equity Partners IV, L.P.

"Sponsor Management Agreement" means the Amended and Restated Management Services Agreement, dated as of September 11, 2013 among Sponsor, Target Company and Seaton, LLC, an Illinois limited liability company.

"Standard Letter of Credit Practice" means, for Issuing Bank, any domestic or foreign law or letter of credit practices applicable in the city in which Issuing Bank issued the applicable Letter of Credit or, for its branch or correspondent, such laws and practices applicable in the city in which it has advised, confirmed or negotiated such Letter of Credit, as the case may be, in each case, (a) which letter of credit practices are of banks that regularly issue letters of credit in the particular city, and (b) which laws or letter of credit practices are required or permitted under ISP or UCP, as chosen in the applicable Letter of Credit.

"Subsidiary" of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the Equity Interests having ordinary voting power to elect a majority of the Board of Directors of such corporation, partnership, limited liability company, or other entity.

"Supplemental Cash Collateral" means otherwise unrestricted cash deposited with Agent by Borrower or a Loan Party and designated by Borrower to Agent (and confirmed by Agent) to be held by Agent as Collateral subject to Agent's Lien (without any obligation of Agent or any Lender to pay interest on such deposit to Borrower or any Loan Party).

"Swing Lender" means Bank of America or any other Lender that, at the request of Borrowers and with the consent of Agent agrees, in such Lender's sole discretion, to become the Swing Lender under Section 2.3(b) of the Agreement.

"Swing Loan" has the meaning specified therefor in Section 2.3(b) of the Agreement.

"Swing Loan Exposure" means, as of any date of determination with respect to any Lender, such Lender's Pro Rata Share of the Swing Loans on such date.

"Synovus Agreement" means that certain Term Loan Agreement dated as of February 4, 2013, by and between Synovus Bank as lender and administrative agent and Borrower as borrower with respect to a loan in a principal amount of $34,000,000.

"Synovus Event of Default" means any event of default as set forth in Section 8 of the Synovus Agreement.

"Target Company" means Staffing Solutions Holdings, Inc.

"Taxes" means any taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto.

"Tax Lender" has the meaning specified therefor in Section 14.2(a) of the Agreement.

"Trademark Security Agreement" has the meaning specified therefor in the Security Agreement.

"TrueBlue Energy" means TrueBlue Energy and Industrial Services, LLC, a Washington limited liability company.

"TrueBlue Investment Policy" means the Investment Policy of TrueBlue, Inc. in effect as of the date of the Second Amendment to Credit Agreement and attached as Schedule S to the Agreement. Such Investment Policy of TrueBlue, Inc. may, with the prior written consent of Agent, be amended, amended and restated or replaced, and upon Agent's written approval, such amended, amended and restated or replaced Investment Policy shall be deemed the TrueBlue Investment Policy described herein.

"Triggering Event" means as of any date of determination, that either:

(a) an Event of Default has occurred and been declared by Agent and is continuing, or

(b) Excess Liquidity is less than $25,000,000, or

(c) Excess Liquidity is less than 12.5% of the Borrowing Base, or

(d) Excess Liquidity is less than 12.5% of the Revolver Commitment.

"UCC" means the Uniform Commercial Code as in effect under applicable law.

"UCP" means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits 2007 Revision, International Chamber of Commerce Publication No. 600 and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Letter of Credit is issued.

"Unbilled Eligible Account" means an Account owing to a Borrower that arises in the ordinary course of business from the sale of goods or rendition of services, is not yet invoiced to the applicable Account Debtor, is payable in Dollars, and is determined by Agent, in its Permitted Discretion, to be an Unbilled Eligible Account. Without limiting the foregoing, no Account shall be an Unbilled Eligible Account if (a) (i) with respect to weekly billing accounts, it is unbilled more than 15 days past the date services were performed and (ii) with respect to monthly billing accounts, it is unbilled more than 30 days past the date services were performed; (b) 50% or more of the Accounts owing by the Account Debtor are not Unbilled Eligible Accounts under the foregoing clause; (c) that would otherwise not be treated as an Eligible Account other than for the reason that such Account has not been billed; or (d) such Account is an Eligible Account.

"Underlying Issuer" means an issuer of an Existing Letter of Credit.

"United States" and "U.S." means the United States of America.

"Unused Line Fee" has the meaning specified therefor in Section 2.10(b) of the Agreement.

"Voidable Transfer" has the meaning specified therefor in Section 17.8 of the Agreement.

"VRDNs" means variable rate demand obligations and variable rate demand bonds consisting of longer-term securities that have a periodic coupon reset and a demand feature that allows the investor to tender the securities with one to seven day's notice at par plus accrued interest the payment of which is secured by a letter of credit or standby bond purchase agreement issued by one of the Lenders.

"WAHI" means Worker's Assurance of Hawaii, Inc., a Hawaii corporation.

"Waste Management" means Waste Management, Inc. and its U.S. Subsidiaries.

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

BY AND AMONG

TRUEBLUE, INC.,

AS THE PURCHASER,

STAFFING SOLUTIONS HOLDINGS, INC.,

AS THE COMPANY,

THE HOLDERS OF THE COMPANY'S PREFERRED STOCK, COMMON STOCK, PREFERRED WARRANTS AND COMMON WARRANTS,

AS THE SELLERS,

AND

THE SECURITYHOLDER REPRESENTATIVE

Dated as of June 1, 2014

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STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "***Agreement***") is entered into as of June 1, 2014, by and among (i) TrueBlue, Inc., a Washington corporation (the "***Purchaser***"), (ii) Staffing Solutions Holdings, Inc., a Delaware corporation (the "***Company***"), (iii) the holders of common stock of the Company listed on Schedule 1.1 hereto under the heading "Common Holders" and/or who become party to this Agreement after the date hereof as a result of the exercise of Company Stock Options in accordance with Section 6.10 hereof (the "***Common Holders***"), (iv) the holders of preferred stock of the Company listed on Schedule 1.1 hereto under the heading "Preferred Holders" (the "***Preferred Holders***"), (v) the holders of common warrants of the Company listed on Schedule 1.1 hereto under the heading "Common Warrant Holders" (the "***Common Warrant Holders***"), (vi) the holder of preferred warrants of the Company listed on Schedule 1.1 hereto under the heading "Preferred Warrant Holder" (the "***Preferred Warrant Holder***", and together with the Common Holders, the Preferred Holders, and the Common Warrant Holders, the "***Sellers***" and each, a "***Seller***") (vii) the Securityholder Representative, and (viii) solely for the purposes of Section1.9 and the related definitions, Linda Krier. The Purchaser, the Company and each Seller are each referred to herein as a "***Party***" and collectively as the "***Parties***." Capitalized terms used herein and not otherwise defined have the meanings set forth on **Annex I** hereto.

RECITALS

WHEREAS, the Common Holders collectively own all of the issued and outstanding shares of common stock, $0.001 par value per share (the "***Common Stock***"), of the Company (collectively, the "***Common Shares***");

WHEREAS, the Preferred Holders collectively own all of the issued and outstanding shares of Class A Preferred Stock, $0.001 par value per share (the "***Preferred Stock***"), of the Company (collectively, the "***Preferred Shares***");

WHEREAS, the Preferred Warrant Holder owns all of the issued and outstanding warrants for the purchase of Preferred Stock (the "***Preferred Warrant***", and the shares of Preferred Stock that are subject thereto, the "***Preferred Warrant Shares***"), of the Company;

WHEREAS, the Common Warrant Holders collectively own all of the issued and outstanding warrants for the purchase of Common Stock (the "***Common Warrants***," and the shares of Common Stock that are subject thereto, the "***Common Warrant Shares***"), of the Company; and

WHEREAS, the Preferred Holders desire to sell to the Purchaser, and the Purchaser desires to acquire from the Preferred Holders, all of the issued and outstanding Preferred Shares, and the Common Holders desire to sell to the Purchaser, and the Purchaser desires to acquire from the Common Holders, all of the issued and outstanding Common Shares, the Preferred Warrant Holder desires to sell to the Purchaser, and the Purchaser desires to acquire from the Preferred Warrant Holder, the issued and outstanding Preferred Warrant, and the Common Warrant Holders desire to sell to the Purchaser, and the Purchaser desires to acquire from the Common Warrant Holders, all the issued and outstanding Common Warrants, in each case,

subject to the terms and conditions set forth herein, including the cancellation of the Company's stock options contemplated hereby.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the mutual covenants, representations and warranties contained herein and intending to be legally bound hereby, the Parties hereto hereby agree as follows:

ARTICLE I

SALE AND PURCHASE OF COMMON SHARES AND COMMON WARRANTS; TREATMENT OF COMPANY STOCK OPTIONS AND INCENTIVE BONUS PLAN; SALE AND PURCHASE OF PREFERRED SHARES AND THE PREFERRED WARRANT

1.1 ***Sale and Purchase of Common Shares***. On the terms and subject to the conditions contained herein, at the Closing, each Common Holder shall sell to the Purchaser, and the Purchaser shall purchase from such Common Holder, the number of Common Shares shown opposite such Common Holder's name, respectively, on Schedule 1.1 for a price per share equal to the Per Share Common Consideration. The Per Share Common Consideration to be received at the Closing by each Common Holder in respect of all of the Common Shares held by such Common Holder immediately prior to the Closing shall, pursuant to Section 1.6(c) and Section 2.2(c)(iii), be reduced by (A) such Common Holder's Pro Rata Escrow Portion of the Escrow Amounts in respect of such Common Shares, and (B) such Common Holder's Pro Rata Escrow Portion of the Securityholder Expense Amount in respect of such Common Shares.

1.2 ***Sale and Purchase of Common Warrants***. On the terms and subject to the conditions contained herein, at the Closing, each Common Warrant Holder shall sell to the Purchaser, and the Purchaser shall purchase from each such Common Warrant Holder, each Common Warrant. Thereafter, no Common Warrant Holder shall have any rights in respect thereof other than the right to receive therefor an amount in cash at the Closing pursuant to Section 2.2(c)(iv), amounts payable under Section 6.4(j) and Section 6.4(k) and a contingent right to receive an amount out of the Escrow Fund and/or the Holdback Account, and the Purchaser shall pay (or shall cause to be paid), pursuant to Section 1.6(c) and Section 2.2(c)(iv), an amount in cash to such Common Warrant Holder (or for its benefit) equal to the product of (i) the number of Common Warrant Shares pursuant to each such Common Warrant as of immediately prior to the Closing and (ii) the excess, if any, of the Per Share Common Consideration over the exercise price per share for each such Common Warrant Share (the "***Common Warrant Consideration***"). The Common Warrant Consideration to be received at the Closing by each Common Warrant Holder in respect of all of the Common Warrant Shares held by such Common Warrant Holder immediately prior to the Closing shall, pursuant to Section 1.6(c) and Section 2.2(c)(iv), be reduced by (A) such Common Warrant Holder's Pro Rata Escrow Portion of the Escrow Amounts in respect of such Common Warrant Shares, and (B) such Common Warrant Holder's Pro Rata Escrow Portion of the Securityholder Expense Amount in respect of such Common Warrant Shares.

1.3 ***Company Stock Options; Incentive Bonus Payments***.

(a) Prior to the Closing, the Company and the Purchaser, as applicable, shall take all action necessary to ensure that at the Closing, each outstanding and unexercised Company Stock Option (whether vested and exercisable or unvested and un-exercisable) shall be canceled, shall be of no further force and effect with no payment or other liability of the Company and/or the Purchaser therefor or in respect thereof and shall cease to represent the right to exercise any such Company Stock Option (whether by passage of time or otherwise) for any shares of capital stock of the Company. Thereafter, no holder of any such Company Stock Option (each, an "***Option Holder***," and collectively, the "***Option Holders***") shall have any rights in respect thereof.

(b) At the Closing, the Purchaser shall pay to the Company an amount equal to the aggregate Incentive Bonus Payments pursuant to Section 2.2(c)(v). All consideration to be paid to Award Participants in respect of Awards pursuant to Section 2.2(c)(v) and/or Section 1.5(e), subject to the following sentence, (i) shall be treated as compensation paid by the Company as and when received by the Award Participants (which, for the avoidance of doubt, shall be the Closing Date, with respect to consideration paid pursuant to Section 2.2(c)(v), and when released from escrow (if at all), in the case of the Escrow Amounts) and otherwise when payable pursuant to the terms of this Agreement, (ii) shall be made through the payroll systems of the Company (or the applicable Subsidiary) at the time such payment is made and (iii) shall be net of any required withholding Taxes. The portion of the Securityholder Expense Amount attributable to Incentive Bonus Payments shall be treated as compensation paid to the Award Participants on the Closing Date when paid to the Securityholder Representative pursuant to Section 1.6(b), and any applicable withholding Taxes with respect to such amount shall be withheld from other payments received by the Award Participants at the Closing. For the avoidance of doubt, any amounts released from the Holdback Account to the Award Participants as contemplated in Section 9.9(g) shall have already been treated as compensation paid by the Company (or the applicable Subsidiary), and shall not be subject to employment withholding Taxes a second time. From and after the Closing, the Purchaser, the Company and each Seller hereby acknowledges and agrees that the Securityholder Representative shall be entitled to make any and all determinations under the Incentive Bonus Plan as if the Securityholder Representative was the Board (as defined in the Incentive Bonus Plan). Any and all amounts withheld from an Incentive Bonus Payment at Closing pursuant to Section 2.2(c)(v) and placed into an Escrow Account and/or the Holdback Account, shall be available for use in satisfying any obligations owed by the Sellers pursuant to terms of this Agreement to the same extent as if such Award Participant was a Seller for such purposes.

1.4 ***Aggregate Purchase Price for Common Shares and Common Warrants***. The aggregate purchase consideration to be paid hereunder to the Common Holders for the sale of the Common Shares and to the Common Warrant Holders for the sale of the Common Warrants shall equal the sum (if, but only if, such sum is a positive number) of: (a) the Aggregate Purchase Price minus (b) the Aggregate Preferred Consideration (such sum, if, but only if, a positive number, the "***Common Consideration***").

1.5 ***Sale and Purchase of Preferred Shares and Preferred Warrant Shares***.

(a) On the terms and subject to the conditions contained herein, at the Closing, each Preferred Holder shall sell to the Purchaser, and the Purchaser shall purchase from such Preferred Holder, the number of Preferred Shares shown opposite of such Preferred Holder's name on Schedule 1.1 for the consideration set forth in Section 1.5(b) below.

(b) At the Closing, the Purchaser shall pay to each Preferred Holder, in respect of each Preferred Share held by such Preferred Holder immediately prior to the Closing, an amount equal to the sum of (i) One Thousand Dollars ($1,000) per Preferred Share plus (ii) the aggregate amount of all accrued and unpaid dividends thereon with respect to such Preferred Share as of the Closing Date (with respect to each Preferred Share, the "***Per Share Preferred Consideration***"; the sum of the Per Share Preferred Consideration to be paid to each Preferred Holder in respect of all Preferred Shares held by such holder is such Preferred Holder's "***Preferred Consideration***"). The Preferred Consideration to be received at the Closing by each Preferred Holder in respect of each Preferred Share held by such Preferred Holder immediately prior to the Closing shall, pursuant to Section 1.6(c) and Section 2.2(c)(i), be reduced by such Preferred Holder's Escrow Shortfall Pro Rata Portion of the Escrow Shortfall Amount (if any) in respect of such Preferred Holder's Preferred Shares.

(c) On the terms and subject to the conditions contained herein, at the Closing, the Preferred Warrant Holder shall sell to the Purchaser, and the Purchaser shall purchase from the Preferred Warrant Holder, the Preferred Warrant for the consideration set forth in Section 1.5(d) below.

(d) At the Closing, the Purchaser shall pay to the Preferred Warrant Holder, an amount equal to the Per Share Preferred Consideration minus the exercise price per share pursuant to the Preferred Warrant (the "***Preferred Warrant Consideration***", and, the aggregate Preferred Warrant Consideration payable hereunder together with the aggregate Preferred Consideration payable hereunder, the "***Aggregate Preferred Consideration***"). The Preferred Warrant Consideration to be received at the Closing by the Preferred Warrant Holder in respect of each Preferred Warrant Share held by the Preferred Warrant Holder immediately prior to Closing shall, pursuant to Section 1.6(c) and Section 2.2(c)(ii), be reduced by the Preferred Warrant Holder's Escrow Shortfall Pro Rata Portion of the Escrow Shortfall Amount (if any) in respect of the Preferred Warrant Holder's Preferred Warrant Shares.

(e) Notwithstanding anything herein to the contrary, subject to Section 1.9, (A) if there was an Escrow Shortfall Amount, then any amounts payable to the Securityholders (or Sellers, if applicable) under this Agreement (including Section 1.8, Section 1.10, Section 6.4 and ARTICLE VIII), and/or distributable to any Securityholder (or Seller, if applicable) out of any Escrow Account or the Holdback Account, shall instead be paid to each Preferred Holder, Preferred Warrant Holder and Award Participant, on a pro rata basis based on each such holder's or Award Participant's Escrow Shortfall Pro Rata Portion, until such time as each Preferred Holder has received the full amount of its respective Preferred Consideration, the Preferred Warrant Holder has received the full amount of its Preferred Warrant Consideration and each Award Participant has received the full amount of its Incentive Bonus Payment (with any payment of any Incentive Bonus Payment to be paid to the Company for further payment to the

applicable Award Participant in accordance with Section 1.3(b)), and (B) all amounts owed to the Preferred Holders, the Preferred Warrant Holder and the Award Participants pursuant to this Section 1.5(e) shall be paid by the Purchaser, or distributed out of the Escrow Accounts or Holdback Account, prior to any payment to be made to any Common Holder in respect of such Common Holder's Common Shares or any Common Warrant Holder in respect of such Common Warrant Holder's Common Warrants.

1.6 ***Escrow Account; Securityholder Expense Amount Holdback***.

(a) At the Closing, the Purchaser shall deliver to U.S. Bank National Association, as escrow agent (the "***Escrow Agent***"), under the escrow agreement dated the Closing Date, by and among the Purchaser, the Securityholder Representative and the Escrow Agent, substantially in the form of **Exhibit A** hereto (the "***Escrow Agreement***"), the Indemnity Escrow Amount, the Net Working Capital Escrow Amount, and an amount equal to the Special Escrow Amount. The Indemnity Escrow Amount shall be held in an escrow account (the "***Indemnity Escrow Account***") in accordance with the terms of the Escrow Agreement and released and paid on the fifteen (15) month anniversary of Closing Date (the "***Escrow Termination Date***") in accordance with the terms of the Escrow Agreement. The Net Working Capital Escrow Amount shall be held in an escrow account (the "***Net Working Capital Escrow Account***") in accordance with the terms of the Escrow Agreement and released and paid in accordance with the terms of Section 1.8(e). The Special Escrow Amount shall be held in an escrow account (the "***Special Escrow Account***" and, together with the Indemnity Escrow Account and the Net Working Capital Escrow Account, the "***Escrow Accounts***") in accordance with the terms of the Escrow Agreement and released and paid in accordance with the terms of ARTICLE VIII and the Escrow Agreement. The Escrow Agreement shall provide that the Net Working Capital Escrow Account shall be used only in connection with any amount payable to the Purchaser pursuant to Section 1.8(e)(i), that the Indemnity Escrow Account and the Special Escrow Account shall be used to satisfy valid claims for Losses made by the Purchaser pursuant and subject to ARTICLE VIII hereof. All Parties hereto agree that except as otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code: (i) the right of the Sellers and Award Participants to the Escrow Amounts shall be treated as deferred contingent purchase price eligible for installment treatment under Section 453 of the Code and any corresponding provision of foreign, state or local Law, as appropriate, (ii) the Purchaser shall be treated as the owner of the Escrow Accounts, and all interest and earnings earned from the investment and reinvestment of the Escrow Amounts, or any portion thereof, shall be allocable to the Purchaser pursuant to Section 468B(g) of the Code and Proposed Treasury Regulation Section 1.468B-8, (iii) if and to the extent any amount of the Escrow Amounts is actually distributed to the Sellers, interest may be imputed on such amount payable to the Sellers, as required by Section 483 or 1274 of the Code and (iv) in no event shall the aggregate Escrow Amounts released to the Sellers exceed $45,000,000.00. Clause (iv) of the preceding sentence is intended to ensure that the right of the Sellers to the Escrow Amounts and any interest and earnings earned thereon is not treated as a contingent payment without a stated maximum selling price under Section 453 of the Code and the Treasury Regulations promulgated thereunder.

(b) At the Closing, the Purchaser shall deliver to the Securityholder Representative an amount equal to Five Hundred Thousand Dollars ($500,000) (the "***Securityholder Expense Amount***"). The Securityholder Expense Amount shall be held in an

account maintained by the Securityholder Representative (the "***Holdback Account***") for the Securityholder Representative to hold on behalf of the Sellers and Award Participants as a fund for any out-of-pocket fees and expenses (including legal, accounting and other advisors' fees and expenses, if applicable) incurred by the Securityholder Representative in its capacity as the Securityholder Representative, all in accordance with Section 9.9(g). The Holdback Account shall not be required to be invested, or be required to earn interest or other income.

(c) Notwithstanding anything to the contrary contained in this Agreement, the provisions of Section 2.2(c)(iii) and Section 2.2(c)(iv) shall be applied in a manner such that the Per Share Common Consideration and Common Warrant Consideration payable to each Securityholder pursuant to such provisions shall be (X) reduced on a pro-rata basis amongst the Securityholders in accordance with their respective Pro Rata Escrow Portions, and (Y) reduced only until such time as either (i) the aggregate reductions pursuant to Section 2.2(c)(iii) and Section 2.2(c)(iv) equal the sum of the Escrow Amounts plus the Securityholder Expense Amount, or (ii) the Per Share Common Consideration and Common Warrant Consideration payable to each Securityholder pursuant to such provisions has been reduced to zero (0); *provided, however*, that for the purposes hereof, the reductions pursuant to Section 2.2(c)(iii) and Section 2.2(c)(iv) shall first be made to fund the Escrow Amounts before any reductions are deemed to fund the Securityholder Expense Amount. Furthermore, notwithstanding anything to the contrary contained in this Agreement, in the case, and only in the case, that the Per Share Common Consideration and Common Warrant Consideration payable to each Securityholder pursuant to the provisions of Section 2.2(c)(iii) and Section 2.2(c)(iv) has been reduced to zero (0) and the aggregate amount of Per Share Common Consideration and Common Warrant Consideration reduced pursuant to Section 2.2(c)(iii) and Section 2.2(c)(iv) is less than the aggregate amount of the sum of the Escrow Amounts plus the Securityholder's Expense Amount (the amount of any such shortfall, the "***Escrow Shortfall Amount***"), then the provisions of Section 2.2(c)(i), Section 2.2(c)(ii) and Section 2.2(c)(v) that reduce payments thereunder in order to fund the Escrow Shortfall Amount shall apply on a pro-rata basis amongst the Preferred Holders, Preferred Warrant Holder and the Award Participants in accordance with their respective Escrow Shortfall Pro Rata Portions until such time as the aggregate amounts reduced pursuant to Section 2.2(c)(i), Section 2.2(c)(ii) and Section 2.2(c)(v) equal the Escrow Shortfall Amount.

1.7 ***Estimated Purchase Price Adjustment***. No later than three (3) Business Days prior to the anticipated Closing Date, the Company shall deliver to the Purchaser a statement (the "***Estimated Preliminary Statement***"), prepared in good faith, setting forth an estimate of the Closing Date Net Working Capital Amount (the "***Estimated Closing Date Net Working Capital Amount***") and the Estimated Target Net Working Capital Amount (including an updated Exhibit C reflecting the same), Net Working Capital May and Estimated Net Working Capital June. If the Estimated Closing Date Net Working Capital Amount exceeds the Estimated Target Net Working Capital Amount, the Initial Aggregate Purchase Price shall be increased dollar-for-dollar by the amount of such excess and if the Estimated Closing Date Net Working Capital Amount is less than the Estimated Target Net Working Capital Amount, the Initial Aggregate Purchase Price shall be reduced dollar-for-dollar by the amount of such shortfall. The amount (either positive or negative) equal to the Estimated Closing Date Net Working Capital Amount *minus* the Estimated Target Net Working Capital Amount shall be referred to herein as the "***Estimated Purchase Price Adjustment***."

1.8 ***Purchase Price Adjustment***.

(a) The Purchaser shall deliver, or cause to be delivered, to the Securityholder Representative, as soon as practicable, but in no event more than sixty (60) days after the Closing Date, (i) a consolidated balance sheet of the Company and its Subsidiaries as of 12:01 a.m. Chicago time on the Closing Date audited by Deloitte (the "***Closing Balance Sheet***"), with the costs and expenses of such audit to be paid by Purchaser, and (ii) a preliminary statement in the same form as the Estimated Preliminary Statement (the "***Preliminary Statement***") setting forth the calculation of the Closing Date Net Working Capital Amount as derived from the Closing Balance Sheet, and the Target Net Working Capital Amount (including an updated Exhibit C reflecting the same), Net Working Capital May and Net Working Capital June, in the case of each of clauses (i) and (ii), along with reasonable supporting detail to evidence the calculations of such amounts. The Closing Balance Sheet and related statements of income, retained earnings and cash flows, the Preliminary Statement, the Closing Date Net Working Capital Amount and all of the calculations and amounts set forth therein shall be prepared in good faith and in accordance with the Agreed Accounting Principles.

(b) The Securityholder Representative shall have sixty (60) days to review the Preliminary Statement from the date of its receipt thereof (the "***Review Period***"). During the Review Period, the Securityholder Representative shall have reasonable access during normal business hours to the books and records and personnel and advisors of the Company and its Subsidiaries to the extent required in connection with such review. If the Securityholder Representative objects to any aspect of the Preliminary Statement, the Securityholder Representative must deliver a written notice of such objection (the "***Objection Notice***") to the Purchaser on or prior to the expiration of the Review Period. If the Securityholder Representative delivers an Objection Notice to the Purchaser prior to the expiration of the Review Period as provided in this Section 1.8(b), the Purchaser and the Securityholder Representative shall, for a period of thirty (30) days thereafter (the "***Resolution Period***"), attempt in good faith to resolve the matters contained therein, and any written resolution, signed by each of the Purchaser and the Securityholder Representative, as to any such matter shall be final, binding, conclusive and non-appealable for all purposes hereunder. In the event the Securityholder Representative does not deliver an Objection Notice to the Purchaser as provided in this Section 1.8(b) prior to the expiration of the Review Period, the Sellers and Award Recipients shall be deemed to have agreed to the Preliminary Statement in its entirety, which Preliminary Statement or undisputed portions thereof (as the case may be) shall be final, binding, conclusive and non-appealable for all purposes hereunder.

(c) If, at the conclusion of the Resolution Period, the Purchaser and the Securityholder Representative have not reached an agreement with respect to all disputed matters contained in the Objection Notice, then within ten (10) Business Days thereafter, the Purchaser and the Securityholder Representative shall submit for resolution those of such matters remaining in dispute to KPMG, or if such firm is unavailable or unwilling to so serve, to a mutually acceptable nationally recognized independent accounting firm (the "***Neutral Arbitrator***"). The Neutral Arbitrator shall act as an arbitrator to resolve (based solely on the written presentations of the Purchaser and the Securityholder Representative and not by independent review) only those matters submitted to it in accordance with the first sentence of this Section 1.8(c). The Purchaser and the Securityholder Representative shall direct the Neutral

Arbitrator to render a resolution of all such disputed matters within sixty (60) days after its engagement or such other period agreed upon in writing by the Purchaser and the Securityholder Representative. The resolution of the Neutral Arbitrator shall be set forth in a written statement delivered to each of the Parties and shall be final, binding, conclusive and non-appealable for all purposes hereunder. The Preliminary Statement, once modified and/or agreed to in accordance with Section 1.8(b) and/or this Section 1.8(c), shall become the "***Final Statement***."

(d) The Securityholder Representative shall, solely out of the Holdback Account, pay a portion of the fees and expenses of the Neutral Arbitrator equal to 100% multiplied by a fraction, the numerator of which is the amount of disputed amounts submitted to the Neutral Arbitrator that are resolved in favor of Purchaser (that being the difference between the Neutral Arbitrator's determination and the Securityholder Representative's determination) and the denominator of which is the total amount of disputed amounts submitted to the Neutral Arbitrator (that being the sum total by which the Purchaser's determination and the Securityholder Representative's determination differ from the determination of the Neutral Arbitrator). The Purchaser shall pay that portion of the fees and expenses of the Neutral Arbitrator that the Securityholder Representative, on behalf of the Sellers, is not required to pay hereunder. Except as provided in the preceding sentence, all other costs and expenses incurred by the Parties in connection with resolving any dispute hereunder before the Neutral Arbitrator shall be borne by the Party incurring such cost and expense.

(e) Amounts payable pursuant to the determination of the Closing Date Net Working Capital Amount and the Target Net Working Capital Amount on the Final Statement shall be paid and/or disbursed as follows:

(i) If the Working Capital True-Up Amount is negative, then the Securityholder Representative and the Purchaser shall promptly, within three (3) Business Days after the date on which the Preliminary Statement becomes the Final Statement, execute and deliver a written instruction to the Escrow Agent to effectuate (A) disbursement to the Purchaser of (1) the lesser of the absolute value of the Working Capital True-Up Amount and the amount in the Net Working Capital Escrow Account from the Net Working Capital Escrow Account and (2) if the funds then contained in the Net Working Capital Escrow Account are less than the absolute value of the Working Capital True-Up Amount, then such difference from the Indemnity Escrow Account, and (B) if, after giving effect to the distributions made pursuant to clause (A)(1), any funds then remain in the Net Working Capital Escrow Account, disbursement of such remaining funds to the Securityholders, as instructed by the Securityholder Representative in accordance with Section 1.11 (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)), by wire transfer of immediately available funds to the account designated in writing by each such Securityholder, in each case in accordance with the terms of the Escrow Agreement.

(ii) If the Working Capital True-Up Amount is positive, then the Purchaser shall pay to the Securityholders, as instructed by the Securityholder Representative in accordance with Section 1.11 (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e) and Section 1.9), by wire transfer of immediately available funds to the account designated in writing by each such Securityholder, in each case within three (3) Business Days after the date on which the Preliminary Statement becomes the Final Statement,

the absolute value of the Working Capital True-Up Amount. In addition, the Securityholder Representative and the Purchaser shall promptly, within three (3) Business Days after the date on which the Preliminary Statement becomes the Final Statement, execute and deliver a written instruction to the Escrow Agent to effectuate disbursement of the funds then contained in the Net Working Capital Escrow Account to the Securityholders, as instructed by the Securityholder Representative in accordance with Section 1.11 (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)), by wire transfer of immediately available funds to the account designated in writing by each such Securityholder, in each case in accordance with the terms of the Escrow Agreement.

1.9 ***2005 Earn-Out***.

(a) If, at any time at or after the Closing, the terms of the 2005 Earn-Out have been satisfied, then (i) the 2005 Sellers (in proportion to their respective "2005 Earn-Out Percentages" as set forth on Schedule 1.9) shall receive the 2005 Earn-Out Amount out of, and only out of, any subsequent (i.e., after the date the terms of the 2005 Earn-Out have been satisfied) (x) release of cash out of the Escrow Accounts and/or Holdback Account that would otherwise be payable to any Seller or Award Participant, and/or (y) payment owed by the Purchaser to the Sellers and/or Award Participants pursuant to the terms of this Agreement (the releases and payments described in clause (x) and (y), the "***Subsequent Payments***"), and (iii) notwithstanding anything else to the contrary contained in this Agreement (including Section 1.5(e)), the 2005 Sellers shall be entitled to receive all Subsequent Payments until the 2005 Earn-Out Amount has been paid in full. For the avoidance of doubt, no Seller shall receive any further payments of consideration hereunder after the 2005 Earn-Out has been satisfied until the full 2005 Earn-Out Amount has been paid. The 2005 Sellers acknowledge and agree that, for the purposes of determining whether the terms of the 2005 Earn-Out have been satisfied, the Majority Stockholder Entity shall not be deemed to have received (1) any portion of the Escrow Amounts unless and until such Escrow Amounts are actually distributed from the Escrow Accounts and thereafter received by the Majority Stockholder Entity or (2) any portion of the Securityholder Expense Amount unless and until such portion of the Securityholder Expense Amount is actually distributed by the Securityholder Representative from the Holdback Account pursuant to Section 9.9(g) and thereafter received by the Majority Stockholder Entity, provided that, in each case, to the extent the Majority Stockholder Entity is to receive any payment described in (1) or (2) above and instead directs any amounts payable thereunder to any other Person, and such amounts are received by such Person, such amounts shall be deemed received by the Majority Stockholder Entity. The Purchaser and the Stockholders Representative agree that all disbursements under the Escrow Agreement shall be made in accordance with the terms of this Agreement. Within a reasonable time, and in any case within ten (10) Business Days of a written request from the Farrington Trust with respect to reasonable requests with respect to information regarding the calculation of the 2005 Earn-Out, the Securityholder Representative shall provide to the Farrington Trust reasonable responses to such reasonable requests.

(b) The Farrington Trusts each hereby represent and warrant to the Released Parties, as of the date hereof and as of the Closing, that they are the sole beneficiaries of the rights that Hugh Farrington and the Farrington Trust No. 1 had pursuant to the 2005 SPA and the 2005 Earn-Out. Each 2005 Seller hereby represents and warrants, severally and not jointly, to the Released Parties, as of the date hereof and as of the Closing, that no such 2005 Seller has

sold, transferred or otherwise assigned any of its rights under the 2005 SPA and/or 2005 Earn-Out.

(c) In consideration for the provisions contained in Section 1.9(a), effective as of the Closing, each of the 2005 Sellers, on behalf of themselves and their respective predecessors and Affiliates (collectively, "***Seller Releasing Parties***") hereby irrevocably release, waive and discharge the Company, the 2005 Companies, each of their respective Subsidiaries and each of their respective stockholders, managers, directors, officers, employees and Affiliates (including the Majority Stockholder Entity) (collectively, the "***Seller Released Persons***") from any and all liabilities and obligations then existing to such Seller Releasing Party with respect to the 2005 Earn-Out (other than as provided herein), and such Seller Releasing Party shall not seek to recover any such amounts in connection therewith or thereunder from any of the Seller Released Persons; provided, however, that nothing in this Section 1.9(c) shall operate to release any rights under Section 1.9(a). Effective as of the Closing, (i) the Company, on behalf of itself and its Subsidiaries (including the 2005 Companies) (collectively, "***Company Releasing Parties***") hereby irrevocably release, waive and discharge the Farrington Trusts and their respective trustees and beneficiaries (collectively, the "***Company Released Persons***") from any and all liabilities and obligations then existing to such Company Releasing Party (other than as provided herein) and (ii) the Company and the Majority Stockholder Entity, on behalf of themselves and each of their respective Subsidiaries and each of their respective stockholders, managers, directors, officers, employees and Affiliates (including the 2005 Companies) (collectively, "***2005 Releasing Parties***"), hereby irrevocably release, waive and discharge the 2005 Sellers and their respective trustees, beneficiaries and Affiliates (collectively, the "***2005 Released Persons***") from any and all liabilities and obligations then existing to such 2005 Releasing Party with respect to the 2005 SPA (other than as provided herein); provided, however, that nothing in this Section 1.9(c) shall operate to release any rights under Section 1.9(a). Without limiting the foregoing, the indemnification obligations of, and any requirement to post letters of credit by, the Farrington Trusts, the estate of Hugh Farrington, Michael Miles, the Farrington Trust No 1, the Michael Miles Grantor Retained Annuity Trust No 1, Linda Krier, Lorree Lynch or their successors and assigns (the "Stockholders") under (i) the 2005 SPA and (ii) that certain letter agreement, dated June 17, 2005, among Staffing Solutions Holdings, Inc., Seaton Acquisition Corp., certain of the Stockholders, Seaton Corp., SMX Corp. and PeopleScout, Inc. or (iii) otherwise in respect of the Company and its Subsidiaries, shall terminate effective as of the Closing.

1.10 ***Transaction Tax Benefit.*** In addition to any other amounts to which the Securityholders are entitled under this Agreement, on or before October 15, 2015, Purchaser shall pay to the Securityholder Representative for payment to the Securityholders an amount equal to the Transaction Tax Benefit.

1.11 ***Securityholder Representative Instructions***. At any time that any payments are due by Purchaser under this Agreement after the Closing, or are to be distributed from any Escrow Account, to any Seller, Award Participant or 2005 Seller, the Securityholder Representative will provide the Purchaser with information with respect to whether the provisions of Section 1.5(e) and/or Section 1.9(a) are then in effect and details regarding how such payments and/or distributions are to be made to such Seller, Award Participant or 2005 Seller, as the case may be.

ARTICLE II

CLOSING AND TERMINATION

2.1 ***Closing; Closing Date***. Subject to the terms and conditions of this Agreement, the closing of the Transactions (the "***Closing***") shall take place at 10:00 a.m., Boston time, at the offices of Goodwin Procter LLP, 53 State Street, Boston, MA 02109, no later than two (2) Business Days following the satisfaction or waiver of all conditions precedent specified under ARTICLE VII hereof (except for those conditions that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions and provided that the Closing will occur no earlier than June 30, 2014), or on such other date, place and time as the Purchaser and the Securityholder Representative may agree in writing (such date on which the Closing occurs, the "***Closing Date***"). The Closing shall be deemed to be effective immediately after 12:01 a.m. Chicago time on the Closing Date.

2.2 ***Closing Deliveries***.

(a) At the Closing, the Company shall deliver or cause to be delivered to the Purchaser:

(i) an officer's certificate, dated as of the Closing Date, duly executed by an authorized officer of the Company, relating to the satisfaction of the Closing conditions set for in Section 7.2(a) and Section 7.2(b);

(ii) a good standing certificate for the Company from the Secretary of State of the State of Delaware dated as of a date within five (5) Business Days of the Closing Date; and

(iii) good standing certificates, or their legal equivalent, for each of the Subsidiaries from each of their respective jurisdictions of organization dated as of a date within five (5) Business Days of the Closing Date.

(b) At Closing, each Seller and/or the Securityholder Representative, as the case may be, shall deliver or cause to be delivered to the Purchaser:

(i) the original certificate(s) representing the Preferred Shares held by such Preferred Holder, together with duly executed stock powers in proper form for each Preferred Share owned by such Preferred Holder or an affidavit of loss attesting to the loss or destruction of original certificate(s);

(ii) the original certificate(s) representing the Common Shares held by such Common Holder, together with duly executed stock powers in proper form for each Common Share owned by such Common Holder or an affidavit of loss attesting to the loss or destruction of original certificate(s); and

(iii) the Escrow Agreement, duly executed by the Securityholder Representative.

(c) At the Closing and subject to the provisions of Section 1.6(c), as applicable, the Purchaser shall deliver (or cause to be delivered) or shall pay (or cause to be paid) by wire transfer of immediately available funds pursuant to written instructions delivered to the Purchaser prior to Closing, as the case may be:

(i) to each Preferred Holder, prior to any payment pursuant to Section 2.2(c)(iii), Section 2.2(c)(iv) or Section 2.2(c)(v) below, cash in an amount equal to the aggregate Preferred Consideration due to such Preferred Holder pursuant to Section 1.5(b), minus the product of (A) the Escrow Shortfall Amount (if any), multiplied by (B) such Preferred Holder's Escrow Shortfall Pro Rata Portion;

(ii) to the Preferred Warrant Holder, prior to any payment pursuant to Section 2.2(c)(iii), Section 2.2(c)(iv) or Section 2.2(c)(v) below, cash in an amount equal to the aggregate Preferred Warrant Consideration due to such Preferred Warrant Holder pursuant to Section 1.5(d), minus the product of (A) the Escrow Shortfall Amount (if any), multiplied by (B) the Preferred Warrant Holder's Escrow Shortfall Pro Rata Portion;

(iii) to each Common Holder, cash in an amount equal to (A) the product of (y) the aggregate number of Common Shares held by such Common Holder immediately prior to Closing, multiplied by (z) the Per Share Common Consideration, minus (B) the product of (y) the Escrow Amounts, multiplied by (z) such Common Holder's Pro Rata Escrow Portion, minus (C) the product of (y) the Securityholder Expense Amount, multiplied by (z) such Common Holder's Pro Rata Escrow Portion;

(iv) to each Common Warrant Holder, cash in an amount equal to (A) the Common Warrant Consideration for each Common Warrant held by such Common Warrant Holder immediately prior to Closing, minus (B) the product of (y) the Escrow Amounts, multiplied by (z) such Common Warrant Holder's Pro Rata Escrow Portion, and minus (C) the product of (y) the Securityholder Expense Amount, multiplied by (z) such Common Warrant Holder's Pro Rata Escrow Portion;

(v) to the Company for further distribution to each Award Participant in accordance with Section 1.3(b), cash in an amount equal to the Incentive Bonus Payment owed to such Award Participant minus the product of (A) the Escrow Shortfall Amount (if any), multiplied by (B) such Award Participant's Escrow Shortfall Pro Rata Portion;

(vi) to the Escrow Agent, the Escrow Amounts;

(vii) to the Securityholder Representative, the Securityholder Expense Amount;

(viii) to each Person owed Indebtedness, cash in an amount equal to the Indebtedness owed to such Person as specified in a payoff letter received from such Person or Persons within three (3) Business Days prior to the Closing Date;

(ix) to each Person or Persons owed any Selling Expenses, cash in an amount equal to the Selling Expenses owed to such Person or Persons as directed by the Securityholder Representative within three (3) Business Days prior to the Closing Date;

(x) to the Securityholder Representative, an officer's certificate, dated as of the Closing Date, duly executed by an authorized officer of the Purchaser, relating to the satisfaction of the Closing conditions set forth in Section 7.3(a) and Section 7.3(b); and

(xi) to the Securityholder Representative, the Escrow Agreement, duly executed by a duly authorized officer of the Purchaser.

(d) At least three (3) days prior to the Closing Date, the Securityholder Representative will deliver to Purchaser a schedule setting forth:

(i) for each Preferred Holder, such Preferred Holder's (A) aggregate Preferred Consideration, (B) Escrow Shortfall Pro Rata Portion (if applicable), and (C) cash to be delivered in accordance with Section 2.2(c)(i);

(ii) for each Preferred Warrant Holder, such Preferred Warrant Holder's (A) aggregate Preferred Warrant Consideration, (B) Escrow Shortfall Pro Rata Portion (if applicable), and (C) cash to be delivered in accordance with Section 2.2(c)(ii);

(iii) for each Common Holder, such Common Holder's (A) aggregate Per Share Common Consideration, (B) Pro Rata Escrow Portion, and (C) cash to be delivered in accordance with Section 2.2(c)(iii);

(iv) for each Common Warrant Holder, such Common Warrant Holder's (A) aggregate Per Share Common Consideration, (B) Pro Rata Escrow Portion, and (C) cash to be delivered in accordance with Section2.2(c)(iv); and

(v) for each Award Participant, (A), the Incentive Bonus Payment owed to such Award Participant, (B) such Award Participant's Escrow Shortfall Pro Rata Portion (if applicable), and (C) cash to be delivered in accordance with Section 2.2(c)(v).

2.3 ***Termination of the Agreement***. This Agreement may be terminated prior to Closing as follows:

(a) at the election of the Securityholder Representative or the Purchaser on or after the close of business on September 1, 2014 (the "***Termination Date***"), if the Closing shall not have occurred by the close of business on such date; *provided, however*, that the terminating Party is not in breach in any material respect of any of its obligations hereunder or the cause of the failure of the Closing to occur on or before the Termination Date; or

(b) by mutual written consent of the Securityholder Representative and the Purchaser; or

(c) by either the Purchaser or the Securityholder Representative if a Governmental Entity shall have (i) issued a non-appealable final judgment, order, injunction, decree or ruling ("***Order***") or taken any other action; or (ii) enacted, enforced or deemed applicable to the Transactions a Law in final form, in each case having the effect of permanently restraining, enjoining, prohibiting or making illegal the consummation of the Transactions; or

(d) by the Purchaser, (i) upon a breach of any representation, warranty, covenant or agreement of the Company or the Sellers set forth in this Agreement such that the conditions set forth in Section 7.2(a) or Section 7.2(b) would not be satisfied (a "***Seller Terminating Breach***"); *provided*, *however*, that if such Seller Terminating Breach is curable prior to the expiration of thirty (30) days from the date of written notice to the Securityholder Representative of its occurrence through the exercise of commercially reasonable efforts, and for so long as the Company or the applicable Seller continues to exercise such commercially reasonable efforts, the Purchaser may not terminate this Agreement under this Section 2.3(d) until the expiration of such thirty (30) day period without such Seller Terminating Breach having been cured (but in no event shall the preceding proviso be deemed to extend the date set forth in Section 2.3(a)); or (ii) if satisfaction of any of the conditions set forth in Section 7.2 is or becomes impossible (other than through the failure of the Purchaser to comply with its obligations under this Agreement); *provided, further*, that the Purchaser shall not be entitled to terminate this Agreement pursuant to this clause Section 2.3(d) at any time during which the Purchaser would be unable to satisfy the conditions in Section 7.3(a) or Section 7.3(b) hereof; or

(e) by the Securityholder Representative, (i) upon a breach of any representation, warranty, covenant or agreement of the Purchaser set forth in this Agreement such that the conditions set forth in Section 7.3(a) or Section 7.3(b) would not be satisfied (a "***Purchaser Terminating Breach***"); *provided*, *however*, that if such Purchaser Terminating Breach is curable prior to the expiration of thirty (30) days from notice to the Purchaser of its occurrence through the exercise of the Purchaser's commercially reasonable efforts, and for so long as the Purchaser continues to exercise such commercially reasonable efforts, the Securityholder Representative may not terminate this Agreement under this Section 2.3(e) until the expiration of such thirty (30) day period without such Purchaser Terminating Breach having been cured (but in no event shall the preceding proviso be deemed to extend the date set forth in Section 2.3(a)); or (ii) if satisfaction of any of the conditions set forth in Section 7.3 is or becomes impossible (other than through the failure of the Company or any Seller to comply with its obligations under this Agreement); *provided, further* that the Securityholder Representative shall not be entitled to terminate this Agreement pursuant to this Section 2.3(e) at any time during which the Company would be unable to satisfy the conditions in Section 7.2(a) or Section 7.2(b) hereof.

2.4 ***Procedure Upon Termination***. In the event of termination of this Agreement by the Securityholder Representative or the Purchaser, or both, pursuant to Section 2.3 hereof, written notice thereof shall forthwith be given to the other Party or Parties, and this Agreement shall terminate, and the Transactions shall be abandoned, without further action by any Party.

2.5 ***Effect of Termination***. In the event that this Agreement is validly terminated in accordance with Section 2.3 and Section 2.4, then, subject to the provisions of this Section 2.5, the Company, the Sellers, the Securityholder Representative and the Purchaser shall be relieved of their respective duties and obligations arising under this Agreement after the date of such termination, and such termination shall be without liability to the Company, the Sellers, the Securityholder Representative or the Purchaser; *provided, however*, that no such termination shall relieve any Party hereto from liability for any willful and material breach of this Agreement by such Party prior to the date of termination; *provided, further*, that the obligations of the

Parties set forth in this Section 2.5 and in Section 6.2, Section 6.3 and ARTICLE IX hereof shall survive any such termination and shall be enforceable hereunder.

2.6 ***Withholding***. After prior consultation with the Securityholder Representative (provided that no such consultation shall be required with respect to income and employment tax withholding on payments treated as compensation for applicable income Tax purposes), the Purchaser and the Company shall be entitled to deduct and withhold from any payment to be made under this Agreement all Taxes that the Purchaser or the Company, as the case may be, is required to deduct and withhold with respect to such payment under the Code (or any provision of other applicable Law). Taxes withheld pursuant to this Section 2.6 by the Purchaser or the Company will be (i) timely remitted by the Purchaser or the Company, as the case may be, to the appropriate Governmental Entity and (ii) to the extent so remitted, treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Subject to the exceptions disclosed in the disclosure schedule delivered by the Company to the Purchaser on the date hereof (the "***Disclosure Schedule***"), the Company represents and warrants to the Purchaser as follows, in each case as of the date hereof (unless otherwise specifically set forth herein) and as of the Closing:

3.1 ***Status; Authority; Conflicts***.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to carry on its business as now conducted and to own or lease and operate its properties and assets, and is duly qualified to do business as a foreign entity under the laws of each jurisdiction where such qualification is necessary, except where the failure to be so qualified would not reasonably be expected to be material.

(b) The Company has all requisite corporate power and authority to enter into the Transaction Documents to which it is a party and to carry out its obligations under such Transaction Documents. The execution and delivery of the Transaction Documents to which the Company is a party and the performance by the Company of its obligations thereunder have been duly and validly authorized by the Company and no other proceedings on the part of the Company are necessary to authorize the Transaction Documents to which the Company is a party or the performance by the Company of its obligations thereunder. This Agreement and the other Transaction Documents to which the Company is a party have been duly and validly executed and delivered by the Company, and assuming the due execution and delivery by each of the other Parties, constitute the valid and binding agreement of the Company enforceable against the Company in accordance with the terms and conditions hereof and thereof, subject to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, fraudulent conveyance and other similar Laws and principles of equity affecting creditors' rights and remedies generally (the "***General Enforceability Exceptions***").

(c) Except as set forth on Schedule 3.1(c), the execution and delivery of this Agreement by the Company and the other Transaction Documents to which the Company is a party and the consummation and performance by the Company of its obligations thereunder shall not (i) result in a violation or breach of any provision of the Governing Documents of the Company or any Subsidiary; (ii) result in a violation or breach of any provision of any Law or Order applicable to the Company or any of its Subsidiaries, (iii) require the Consent of or notice to any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any Material Contract or (iv) result in the creation or imposition of any Lien other than a Permitted Lien on any properties or assets of the Company or any of the Subsidiaries, except in the cases of clauses (ii) and (iii), where the violation, breach, conflict, default, acceleration or failure to give notice would not reasonably be expected to be material or where the violation, breach, conflict, default, acceleration or failure relates to any facts that are particular to the Purchaser and/or its Subsidiaries and/or any of their respective assets or liabilities. No consent, approval, Permit, Order, declaration or filing with, or notice to, any Governmental Entity is required by or with respect to the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement and the consummation of the Transactions, except for such filings as may be required under the HSR Act and as set forth on Schedule 3.1(c) and/or such consents, approvals, Permits, Orders, declarations, filings or notices that, in the aggregate, would not reasonably be expected to be material and/or such consents, approvals, Permits, Orders, declarations, filings or notices that relate to any facts that are particular to the Purchaser and/or its Subsidiaries and/or any of their respective assets or liabilities.

3.2 ***Capitalization of the Company***. The authorized capital stock of the Company consists of (i) 70,000 shares of Preferred Stock, of which, all 70,000 shares have been designated as redeemable preferred stock, par value $0.001 per share, of which, as of the date of this Agreement, 62,373.639 shares are issued and outstanding and 1,270.927 shares have been reserved for issuance as Preferred Warrant Shares upon the exercise of the Preferred Warrants, and (ii) 37,000,000 shares of Common Stock, of which 34,235,302 shares are issued and outstanding, 724,344 shares have been reserved for issuance as Common Warrant Shares upon the exercise of the Common Warrants and 351,836.9 shares have been reserved for issuance as upon the exercise of the Company Stock Options, and as of the date of this Agreement, such shares of capital stock are held of record by the Persons listed on Schedule 1.1. All of the issued and outstanding shares of capital stock of the Company have been duly authorized and validly issued, and are fully paid and nonassessable. Except for the Company Stock Options, the Common Warrant Shares, the Preferred Warrant Shares, all of which are set forth on Schedule 3.2(i), and except as otherwise set forth on Schedule 3.2(ii), there are no outstanding subscriptions, options, warrants, commitments, preemptive rights, deferred compensation rights, agreements, arrangements or commitments of any kind to which the Company is a party relating to the issuance of, or outstanding securities convertible into or exercisable or exchangeable for, any shares of capital stock of the Company or which restrict the transfer of any such shares. Except as provided in the Amended and Restated Certificate of Incorporation of the Company as currently in effect (as amended, the "***Company Charter***") and as otherwise set forth on Schedule 3.2(iii), there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of capital stock or other equity interests or any other securities of the Company.

3.3 ***Subsidiaries***.

(a) Except as set forth on Schedule 3.3(a)(i), all of the outstanding shares of capital stock of, or other equity interests in, each of the Subsidiaries (y) have been validly issued and are fully paid and non-assessable and (z) are free and clear of any and all Liens other than Permitted Liens. Except as set forth on Schedule 3.3(a)(ii), all of the outstanding shares of capital stock (or equity interests of entities other than corporations) of each of the Subsidiaries are beneficially owned, directly or indirectly, by the Company. There are not outstanding, (i) any options, warrants, or other rights to purchase from any Subsidiary any shares of capital stock (or equity interests of entities other than corporations) of any Subsidiary, (ii) any securities convertible into or exchangeable for shares of capital stock (or equity interests of entities other than corporations) of any Subsidiary, or (iii) any other commitments of any kind for the issuance of shares of capital stock (or equity interests of entities other than corporations) or options, warrants, or other securities of any Subsidiary.

(b) Schedule 3.3(b) sets forth a true and complete list of each Subsidiary and such Subsidiary's legal form, jurisdiction of incorporation or organization, the names of such Subsidiary's beneficial owners, and the number of outstanding shares of capital stock (or equity interests of entities other than corporations) held by such Subsidiary's beneficial owners. Except for the Subsidiaries, the Company does not own any capital stock of, or other equity interest in, or any interest convertible into, or exercisable or exchangeable for, any capital stock of, or other equity interest in, any other Person.

(c) Each Subsidiary is duly organized, validly existing and in good standing under the laws of its applicable jurisdiction as set forth on Schedule 3.3(b), has all requisite power and authority to carry on its business as now conducted and to own or lease and operate its properties and assets, and is duly qualified to do business as a foreign entity under the laws of each jurisdiction where such qualification is necessary, except where the failure to be so qualified would not reasonably be expected to be material.

3.4 ***Financial Information***.

(a) Schedule 3.4(a) contains complete copies of the audited consolidated balance sheets of the Company and its Subsidiaries as at December 29, 2013 and December 30, 2012, and consolidated statements of income and retained earnings, stockholders' equity and cash flows for the years then ended (collectively, the "***Audited Financial Statements***") and the unaudited consolidated balance sheet of the Company and its Subsidiaries at April 27, 2014 and consolidated statements of income and cash flows for the four (4)-month period then ended (collectively, the "***Interim Financial Statements***" and, together with the Audited Financial Statements, the "***Financial Statements***").

(b) The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments and the absence of notes. The Financial Statements are based on the books and records of the Company and its Subsidiaries, and present fairly, in all material respects, the consolidated financial condition of the Company and its Subsidiaries, as of the date thereof and for the period covered thereby.

(c) Except as set forth on Schedule 3.4(c), neither the Company nor any of its Subsidiaries has any material liabilities that would be required to be reflected or reserved against on a consolidated balance sheet of the Company prepared in accordance with GAAP, except (a) those that are adequately reflected or reserved against on the consolidated balance sheet dated December 29, 2013 included in the Audited Financial Statements, (b) those that have been incurred in the Ordinary Course of Business consistent with past practice since such date and (c) Selling Expenses that are being paid at Closing.

3.5 ***Absence of Certain Changes***. Except as set forth on Schedule 3.5, and Schedule 6.5 for certain actions that may be taken after the date hereof, since December 29, 2013, the Company has not undergone any change in the condition (financial or otherwise), assets, liabilities, Indebtedness, Liens or capitalization, so as to cause a Material Adverse Effect, and neither the Company nor any of its Subsidiaries has:

(a) Acquired or disposed of any assets or properties in any transaction with any Affiliate or, except in the Ordinary Course of Business, acquired, disposed of or leased any assets or properties in any transaction with any other Person, including the making of any material capital expenditures;

(b) Adopted any amendment of its Governing Documents; split, combined or reclassified any of its shares of capital stock or other equity interests; issued or sold any shares of capital stock or other equity interests; granted any options, warrants or other rights to purchase or obtain any shares of capital stock or other equity interests; declared or paid any dividends or distributions on or in respect of its capital stock or other equity interests or redeemed, purchased or acquired any of its own shares of capital stock or other equity interests;

(c) Granted to any salaried employee or any class of other employees any increase in compensation in any form (including any material increase in value of any benefits), any increase in eligibility to earn compensation in any form (including bonus or other incentive compensation), or any right to severance or termination pay, or entered into any employment agreement with any employee, except in the Ordinary Course of Business and except as required by applicable Law;

(d) Adopted or materially amended any Benefit Plan, except as required by applicable Law;

(e) Suffered any strike or other labor trouble with employees or been the subject of any effort to reorganize the Company's or any of its Subsidiaries' workforce, or any part thereof, into a bargaining unit;

(f) Incurred, assumed or guaranteed any Indebtedness in an aggregate amount exceeding Two Hundred Fifty Thousand Dollars ($250,000), except unsecured current obligations and liabilities incurred in the Ordinary Course of Business and draws on the revolving line of credit in the Ordinary Course of Business or incurred any Lien other than any Permitted Lien;

(g) Amended, changed, or terminated, or suffered any amendment, change, or termination of, any Material Contract;

(h) Adopted a material change in any method of accounting or accounting practice, except as required by GAAP;

(i) Canceled or compromised any material claim or waived or released any material right or instituted, settled, or agreed to settle any Legal Proceeding;

(j) Adopted any plan of merger, consolidation, reorganization, liquidation or dissolution or filed a petition in bankruptcy under any provisions of any bankruptcy, insolvency or reorganization Law or consented to the filing of any bankruptcy or similar petition against it under any similar Law;

(k) Acquired by merger or consolidation with, or by purchase of a substantial portion of the assets or stock of, or by any other manner, any business or any Person or any division thereof;

(l) Entered into a new line of business or abandoned or discontinued any existing lines of business;

(m) Made, changed or rescinded any material Tax election, amended any material Tax Return, changed a method of accounting for Tax purposes, entered into a Tax "closing agreement," or agreed to an extension of a statute of limitations with respect to a material amount of Taxes (other than as a result of customary extensions to file Tax Returns); or

(n) Agreed or committed to do any of the foregoing.

3.6 ***Assets***.

(a) Neither the Company nor any of its Subsidiaries own any real property. Schedule 3.6(a) sets forth all lease agreements, including all amendments and supplements thereto, to which the Company or any of its Subsidiaries are bound as parties with respect to any Leased Real Property (the "***Real Property Leases***"). All Real Property Leases are valid, binding and in full force and effect and are enforceable, subject to the General Enforceability Exceptions, against the Company or one of its Subsidiaries, as the case may be, and, to the Knowledge of the Company, the other party thereto, in accordance with their terms.

(b) The Company and/or its Subsidiaries own title to, or have valid leasehold or license interests in, all of the real property and tangible and intangible personal properties utilized by the Company and/or its Subsidiaries in the ownership or operation of their respective businesses and such properties are sufficient for the continued conduct of the such businesses after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct such businesses as currently conducted. All of the tangible personal properties are in good operating condition and repair (subject to normal wear and tear) and are adequate for the uses to which they are being put.

(c) Except as set forth on Schedule 3.6(c), no Liens (other than Permitted Liens) exist on any of the Company's or its Subsidiaries' assets, properties, or the Leased Real Property.

(d) All Personal Property Leases are valid, binding, and in full force and effect and are enforceable against the Company or one of its Subsidiaries, subject to the General Enforceability Exceptions, as the case may be, and, to the Knowledge of the Company, the other party thereto, in accordance with their terms. To the Knowledge of the Company, there are no defaults existing under any of the Personal Property Leases on the part of any party thereto.

3.7 ***Contracts***.

(a) Schedule 3.7(a) lists each of the following Contracts, including all amendments and supplements thereto, of the Company and/or its Subsidiaries**,** (together with all Real Property Leases listed on Schedule 3.6(a), collectively, the "***Material Contracts***"):

(i) Each Contract (other than any vendor contracts under MSP arrangements entered into in the Ordinary Course of Business) that, by its terms, expressly requires payments by the Company or any of its Subsidiaries in excess of Two Hundred and Fifty Thousand Dollars ($250,000) during calendar year 2014 or expressly requires such payments in any calendar year commencing on or after January 1, 2015 and that cannot be cancelled by the Company or such Subsidiary without penalty or without more than thirty (30) days' notice;

(ii) Each Contract whereby the Company or any of its Subsidiaries generated revenues in excess of One Million Dollars ($1,000,000) (or, in the case of OWM arrangements (determined on a site-by-site basis), Three Million Dollars ($3,000,000)) during the twelve (12)-month period ended March 30, 2014;

(iii) All Contracts that relate to the sale of any of the Company's or its Subsidiaries' assets, other than in the Ordinary Course of Business, for consideration in excess of One Hundred Thousand Dollars ($100,000);

(iv) All Contracts that relate to the acquisition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise), in each case (A) excluding the acquisition of assets made in the Ordinary Course of Business, and (B) involving amounts in excess of One Hundred Thousand Dollars ($100,000);

(v) Except for Contracts relating to trade receivables, all Contracts relating to Indebtedness in each case having an outstanding principal balance in excess of Fifty Thousand Dollars ($50,000);

(vi) All collective bargaining agreements or Contracts with any labor organization, union or association to which the Company or any of its Subsidiaries is a party or is otherwise subject to;

(vii) All Contracts with any officer, director, equity holder, or Affiliate of any Seller, in each case, other than employment related arrangements;

(viii) All Contracts containing covenants of the Company or any of the Subsidiaries not to compete in any line of business or with any Person in any geographical area;

(ix) All material licenses, sublicenses and other agreements set forth on Schedule 3.9(d);

(x) Each Contract either (A) for (x) the employment of any executive officer of the Company, or (y) an individual employee of the Company or any of its subsidiaries whose annual base salary exceeds One Hundred and Fifty Thousand Dollars ($150,000) on a full time basis, in each case with respect to (x) and (y), that is not terminable by the Company or any Subsidiary party thereto without the payment of severance as required by the express terms of such Contract solely to the extent such terms provide severance in an amount greater than any statutory severance required pursuant to applicable Law, or (B) that provides for any retention, change in control, or other similar payments triggered by the Transactions;

(xi) All Contracts with independent contractors or consultants (or similar arrangements) who receive more than One Hundred Thousand Dollars ($100,000) or more per annum from the Company or any of its Subsidiaries for services performed and which Contract cannot be cancelled by the Company or such Subsidiary without penalty or without more than thirty (30) days' notice; and

(xii) All Contracts providing for the material indemnification of any Person by the Company or any Subsidiary, other than Contracts entered into in the Ordinary Course of Business.

(b) The Company has delivered or made available to the Purchaser true and correct copies of all Material Contracts. Except as set forth on Schedule 3.7(b), all Material Contracts are valid, binding, and in full force, and are enforceable against the Company or one of its Subsidiaries, as the case may be, and, to the Knowledge of the Company, the other parties thereto, in accordance with their terms, subject to the General Enforceability Exceptions. Except as set forth on Schedule 3.7(b), neither the Company nor any of its Subsidiaries, as the case may be, is (with or without the lapse of time or the giving of notice, or both) in material breach or default in any respect under any Material Contract, and, to the Knowledge of the Company, no other party to any Material Contract is (with or without the lapse of time or the giving of notice, or both) in breach or default in any respect thereunder. Neither the Company, nor to the Knowledge of the Company any other party thereto, has exercised, or expressed a clear intent to exercise, any termination rights with respect to any of the Material Contracts.

3.8 ***Employee Benefit Matters***.

(a) Schedule 3.8(a) sets forth a list of each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"), and each other material plan, program or arrangement providing compensation or benefits to current or former directors, officers, or employees (or dependents or beneficiaries thereof) and (i) which is sponsored, maintained, contributed to, or required to be contributed to by the Company or an any of its Subsidiaries, or (ii) under which the Company has any material obligation or liability (the "***Benefit Plans***"). With respect to each Benefit Plan, the Company has made available to the Purchaser (if applicable to such Benefit Plan): (A) all material documents embodying or governing such Benefit Plan, and any funding medium for the Benefit Plan (including trust agreements); (B) the most recent IRS determination or opinion

letter with respect to such Benefit Plan under Code Section 401(a); (C) the most recently filed IRS Forms 5500; (D) the summary plan description; and (E) any material notices, inquiries or other communications from a Governmental Entity.

(b) Except as set forth on Schedule 3.8(b), (i) each Benefit Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the IRS regarding its qualification thereunder or may rely on an opinion letter issued by the IRS with respect to a prototype plan adopted in accordance with the requirements for such reliance and nothing has occurred that would reasonably be expected to cause the revocation of such determination letter or the unavailability of reliance on such opinion letter, (ii) each Benefit Plan has been administered in accordance with its terms and requirements of applicable law in all material respects, and (iii) neither any Benefit Plan nor any other benefit plan maintained or contributed to by the Company or any ERISA Affiliate within the last six (6) years is subject to Title IV of ERISA or Section 412 of the Code or is a "multiemployer plan," as defined in Section 3(37) of ERISA.

(c) Except as set forth on Schedule 3.8(c), and other than as required under Section 4980B of the Code or other applicable Law, no Benefit Plan provides benefits in the nature of health, life or disability insurance following retirement or other termination of employment (other than death or disability benefits when death or disability occurs during employment).

(d) Except as set forth on Schedule 3.8(d), (i) there is no pending, or to the Knowledge of the Company, threatened in writing, litigation or other formal proceedings (other than routine claims for benefits) relating to a Benefit Plan, and (ii) to the Knowledge of the Company, no Benefit Plan has within the three (3) years prior to the date hereof been the subject of an examination or audit by a Governmental Entity.

(e) Except as set forth on Schedule 3.8(e), the execution and delivery of this Agreement (alone or in conjunction with any other event, including any termination of employment on or in connection with the Closing) will not (i) entitle any employee to any compensation or benefit payment (including severance or payments as defined in Section 280G of the Code), (ii) accelerate the vesting (except potentially in connection with the cancellation of the Company Stock Options pursuant to Section 1.3(a)) or trigger any material payment or funding of any compensation or benefit under any Benefit Plan, (iii) result in any material breach or violation of, or default under, or limit the Company's or any Subsidiary's right to amend, modify or terminate, any Benefit Plan, or (iv) result in the forgiveness of any indebtedness of any employee. The Company and its Subsidiaries have no commitment or obligation and have not made any representations to any employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend or modify any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the Transactions or otherwise.

(f) Neither the Company nor any of its ERISA Affiliates has (i) incurred, or reasonably expects to incur, either directly or indirectly, any material liability under Title I or Title IV of ERISA or related provisions of the Code or foreign Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii)

withdrawn from any pension plan subject to Title IV of ERISA; (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA; or (v) engaged in any nonexempt prohibited transaction under Section 406 or ERISA or Code Section 4975 that would reasonably be expected to result in any material liability to the Company.

(g) None of the Company nor any of its Subsidiaries has any obligation to pay, gross up, or otherwise indemnify any individual for any Taxes imposed under Code Section 409A or Code Section 4999.

(h) To the Knowledge of the Company, the Company and its ERISA Affiliates is classifying, and has for the past four (4) years classified, all individuals who perform services for them correctly under each Benefit Plan, ERISA, the Code, and all other applicable Laws as common law employees, independent contractors or leased employees.

(i) Except as set forth on Schedule 3.8(i), neither the Company nor any Affiliate has sponsored, maintained, contributed to or been required to contribute to, or has any liability under, any employee benefit plan that is subject to the laws of a foreign jurisdiction.

3.9 ***Intellectual Property***.

(a) Schedule 3.9(a) sets forth a complete and accurate list of all patents, registered trademarks, registered copyrights and domain names, and applications for any of the foregoing, that are owned by the Company or any of its Subsidiaries.

(b) The Company or a Subsidiary of the Company is the owner of, or has the right to use, all Intellectual Property, as is necessary in connection with the business of the Company and its Subsidiaries as currently conducted. Each item of Intellectual Property owned, licensed or used by the Company or a Subsidiary of the Company immediately prior to the Closing will be owned, licensed or available for use by the Company immediately following the Closing. Each item of Intellectual Property owned by the Company and its Subsidiaries is, to the Knowledge of the Company, valid and enforceable and otherwise fully complies with all Laws applicable to the enforceability thereof.

(c) Neither the Company nor any of its Subsidiaries is a party to any suit, action or proceeding that involves a claim of infringement, unauthorized use, or violation of any Intellectual Property used or owned by any Person against the Company or its Subsidiaries, or challenging the ownership, use, validity or enforceability of any Intellectual Property owned or used by the Company or its Subsidiaries.

(d) Schedule 3.9(d) sets forth a complete and accurate list of all licenses, sublicenses and other agreements to which the Company and/or its Subsidiaries are a party (i) granting any other Person the right to use the Intellectual Property, or (ii) pursuant to which the Company or its Subsidiaries are authorized to use any third party Intellectual Property, which are used by the Company or its Subsidiaries in the business of the Company as currently conducted, other than commercial off-the-shelf software. With respect to each item of identified in Schedule 3.9(d): (i) to the Knowledge of the Company, such item is not subject to any Order; (ii) to the Knowledge of the Company, no Proceeding is pending or is threatened or anticipated that challenges the legality, validity or enforceability of such item; and (iii) the Company has not

granted any sublicense or similar right with respect to such item, except as permitted by the terms of such license or agreement.

(e) The Company and each Subsidiary of the Company has taken commercially reasonable and prudent action to maintain and protect each item of Intellectual Property that it owns, licenses or uses, including reasonable security measures to protect the confidentiality of any trade secrets.

(f) The Company and each of its Subsidiaries has not violated or infringed upon or otherwise come into conflict with any Intellectual Property other than patents of third parties, and to the Knowledge of the Company and each of its Subsidiaries, has not violated or infringed upon or otherwise come into conflict with any patents of third parties. The Company and each of its Subsidiaries has not received any written notice alleging any such violation, infringement or other conflict. To the Knowledge of the Company, no third party has infringed upon or otherwise come into conflict with any Intellectual Property of the Company or its Subsidiaries.

(g) No software in any of the Company or its Subsidiaries' products or services contains, incorporates, links or calls to or otherwise uses any software (in source or object code form) licensed from another party under a license commonly referred to as an open source, free software, copyleft or community source code license (including any library or code licensed under the GNU General Public License, GNU Lesser General Public License, Apache Software License, Common Public License, Common Development and Distribution License, Eclipse Public License, Mozilla Public License or any other public source code license arrangement, collectively "Open Source Software") in a manner that obligates the Company or any Subsidiary to disclose, make available, offer or deliver any other portion of the source code of any Product or component thereof to any third party other than such Open Source Software.

(h) All present employees, contractors, and consultants of the Company and its Subsidiaries who have materially contributed to the conception, development, authoring, creation, or reduction to practice of any Intellectual Property used in the Company's or its Subsidiaries' operations have executed agreements that assign all right, title, and interest in such Intellectual Property to the Company or its Subsidiaries and protect the confidentiality of all trade secrets of the Company and its subsidiaries. To the Knowledge of the Company and its Subsidiaries, no present or former employee, director, officer, or contractor of the Company or its subsidiaries is, as a result of or in the course of such employee's, director's, officer's, or contractor's engagement by the Company, in default or breach of any material term of any employment agreement, non-disclosure agreement, assignment or invention agreement, or similar agreement with the Company.

(i) Except as set forth in Schedule 3.9(i) of the Company Disclosure Schedule, the Company and each of its Subsidiaries has not disclosed, delivered or licensed to any Person, agreed to disclose, deliver or license to any Person, or permitted the disclosure or delivery to any escrow agent or other Person of, any source code owned by the Company or its Subsidiaries ("***Source Code***"). To the Knowledge of the Company, no event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time, or both) will, or

would reasonably be expected to, result in the disclosure, delivery or license by the Company, it Subsidiaries or any Person then acting on its behalf to any Person of any Source Code.

(j) To the Knowledge of the Company, the Company and its subsidiaries are in compliance with the terms of all Contracts relating to data privacy, security or breach notification (including provisions that impose conditions or restrictions on the collection, use, disclosure, transmission, destruction, maintenance, storage or safeguarding of personally identifiable information (as defined in NIST Special Publication 800-122) ("***PII***"). The Company and its Subsidiaries use commercially reasonable measure to protect the integrity and security of PII in their possession, custody or control.

(k) Within the last two (2) years, neither the Company or its Subsidiaries has received any written notice of any claim or action relating to the Company or its Subsidiaries' information privacy or data security practices, including with respect to the access, disclosure or use of personal information maintained by or on behalf of the Company or its Subsidiaries, and to the Company's Knowledge no Person has threatened any such claim or action.

(l) Within the last two (2) years, and except as set forth on Schedule 3.9(l), neither the Company nor any of its Subsidiaries has experienced any loss, damage, or unauthorized access, disclosure, use or breach of security of any PII in the Company's or its Subsidiaries' possession, custody or control, or otherwise held or processed on its behalf.

3.10 ***Insurance***. Schedule 3.10 sets forth a list, as of the date hereof, of all material insurance policies maintained by the Company and/or its Subsidiaries (collectively, the "***Insurance Policies***"), true and correct copies of which have been made available to the Purchaser. Such Insurance Policies are in full force and effect. All premiums due on such Insurance Policies have been paid. Neither the Company nor any of its Subsidiaries has received any written notice of cancellation of, premium increase with respect to or alteration of coverage under any of such Insurance Policies. All such Insurance Policies (a) are valid and binding in accordance with their terms; and (b) have not been subject to any lapse in coverage. There are no claims related to the business of the Company or its Subsidiaries pending under any such Insurance Policies as to which coverage has been denied or in respect of which there is an outstanding reservation of rights. None of the Company or any of the Subsidiaries is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. To the Knowledge of the Company, the Insurance Policies are reasonably sufficient for the operation of the businesses of the Company and its Subsidiaries as currently conducted.

3.11 ***Litigation***. Except as set forth on Schedule 3.11, there are no Legal Proceedings pending or, to the Knowledge of the Company, threatened by or against the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is subject to any Order of any Governmental Authority that, individually or in the aggregate, would be material.

3.12 ***Operations in Conformity with Law***.

(a) Except as set forth on Schedule 3.12, the Company and its Subsidiaries are in compliance in all material respects with all applicable Laws.

(b) All Permits required for the Company and its Subsidiaries to conduct their business have been obtained and are valid and in full force and effect, except where the failure to obtain such Permits would not reasonably be expected to be material. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any material Permit.

3.13 ***Customers***.

(a) Schedule 3.13 lists each of the top fifty (50) customers of the Company and its Subsidiaries (which, in the case of OWM arrangements, shall be determined on a site-by-site basis, and in the case of other arrangements, by individual contract) by billings, on a consolidated basis, during the fiscal year ended December 29, 2013 (each, a "***Significant Customer***") and the percentage of total revenues of the Company and its Subsidiaries such Significant Customer represented during such period. Neither the Company nor any of its Subsidiaries has granted any Significant Customer any regularly recurring rebates, discounts, refunds, sign-on bonuses or similar adjustments in price at any time during the past twelve (12) months other than contained in the Material Contract with such Significant Customer.

(b) Neither the Company nor any of its Subsidiaries has received any written notice, or, to the Knowledge of the Company, oral notice, from any Significant Customer that such Significant Customer will not continue as a customer of the Company or any of its Subsidiaries after the Closing or that such customer intends to terminate or materially and adversely modify existing Contracts with the Company or any of its Subsidiaries, as applicable. To the Knowledge of the Company, no Significant Customer of the Company or its Subsidiaries has asserted a claim that remains outstanding for indemnification arising from any services provided to any such Significant Customer.

3.14 ***Taxes***.

(a) Except as set forth on Schedule 3.14:

(i) the Company and its Subsidiaries have duly and timely filed (or obtained extensions as to) all Tax Returns that are required to have been filed by them, and all such Tax Returns are true, correct and complete in all material respects;

(ii) the Company and its Subsidiaries have paid all Taxes that are due and payable by the Company or any Subsidiary (whether or not such Taxes were reflected on any Tax Returns);

(iii) (A) neither the Company nor any of its Subsidiaries is a party to any action or proceeding by any Tax Authority or other governmental authority for assessment or collection of Taxes from the Company or such Subsidiary, and (B) neither the Company nor any Subsidiary has granted any waiver of any statute of limitation with respect to, or any extension of a period for the assessment of, any Tax; and

(iv) (A) during the three years immediately prior to the date hereof, neither the Company nor any of its Subsidiaries has been audited by any Tax Authority or other governmental authority with respect to the Tax Returns of the Company or such Subsidiary and

neither the Company nor any Subsidiary has received any written notice of deficiency or assessment of additional Taxes for which it would be liable, or any written notice of an intention to commence a Tax audit, (B) no deficiency assessment or proposed adjustment of the Taxes for which the Company or any of its Subsidiaries would be liable is pending, and (C) no Tax Authority or other governmental authority in a jurisdiction where the Company or any Subsidiary does not file Tax Returns has made any written claim that the Company or such Subsidiary, as applicable, is or may be subject to Tax in that jurisdiction;

(v) each of the Company and its Subsidiaries has complied in all material respects with applicable Laws relating to the payment and withholding of any Taxes required to be withheld from any payment to an employee, creditor or other third party;

(vi) there are no liens for Taxes on any of the assets of the Company or any of its Subsidiaries other than Liens for taxes not yet due and payable;

(vii) (A) none of the Company or any Subsidiary has liability for Taxes of any other Person as a result of being or ceasing to be a member of any "affiliated group" of corporations within the meaning of Section 1504 of the Code (or any similar affiliated, combined, consolidated or unitary group or arrangement for group relief for state, local, or foreign Tax purposes), (B) neither the Company nor any Subsidiary has liability for Taxes of any other Person arising under contract, by operation of law, by reason of being a successor or transferee, or otherwise, and (C) neither the Company nor any Subsidiary is a party to or bound by any contract, agreement or other arrangement regarding the sharing or allocation of liability for Taxes or payment of Taxes, in each case, other than in respect of a group the common parent of which is the Company;

(viii) neither the Company nor any Subsidiary will be required to include any item of income in, or exclude any item of deduction from, income for any Tax period (or portion thereof) ending after the Closing Date as a result of any: (A) change in method of accounting for a Tax period ending on or prior to the Closing Date; (B) installment sale or open transaction disposition made on or prior to the Closing Date; (C) prepaid amount received on or prior to the Closing Date; or (D) agreement with a Tax Authority entered into on or prior to the Closing Date;

(ix) neither the Company nor any Subsidiary is participating or has participated in a "listed transaction" within the meaning of Section 6707A(c)(2) of the Code and Treasury Regulation Section 1.6011-4(b)(2);

(x) in connection with the consummation of the Transaction, no payment or benefit has been, will be, or may be made or provided under this Agreement, under any arrangement contemplated by this Agreement, or under any agreement or arrangement to which the Company or any Subsidiary is a party that, either alone or together with any other payments or benefits, constitutes or would constitute a "parachute payment" within the meaning of Code Section 280G(b)(2). None of the Company, any Subsidiary, the Purchaser, or any affiliate of the Purchaser will be obligated to pay or reimburse any Person for any Taxes imposed under Code Section 4999 as a result of the consummation of the Transaction, either alone or in connection with any other event;

(xi) each outstanding share of Company stock is property that is "substantially vested" under Code Section 83 and Treasury Regulation Section 1.83-3(b). Each election made under Code Section 83(b) with respect to the issuance of any Company Share was timely and valid, and each such election is currently in effect and has not been revoked, terminated, or declared invalid;

(xii) to the Knowledge of the Company, neither the Company nor any of its Subsidiaries is engaged in or has ever been engaged in a trade or business through a "permanent establishment" within the meaning of an applicable income Tax treaty in any country other than the country in which the Company or such Subsidiary, as the case may be, is formed or organized; and

(xiii) neither the Company nor any Subsidiary has been either a "distributing corporation" or a "controlled corporation" within the respective meanings of such terms under Code Section 355(a)(1)(A) in a distribution of stock qualifying under Code Section 355 (A) in the two years before the date of this Agreement or (B) in a distribution that could otherwise constitute part of a "plan" or "series of related transactions" within the meaning of Code Section 355(e) in conjunction with the transactions contemplated by this Agreement.

(b) Notwithstanding anything to the contrary in this Agreement, the Company makes no representations and warranties with respect to the amount, validity or usability of its net operating losses, Tax basis in its assets, Tax credits, or other Tax attributes for taxable periods beginning after the Closing Date.

(c) Except for certain representations in Section 3.8 related to Taxes, the representations and warranties set forth in this Section 3.14 shall constitute the sole and only representations and warranties by the Company with respect to Taxes.

3.15 ***Employee Matters***.

(a) Except as set forth on Schedule 3.15(a)(i), the Company and each of its Subsidiaries (or any predecessor entity, if applicable) is, and during the last four (4) years, has been in compliance with all then applicable Laws with respect to employment, including termination of employment, WARN and any similar state or local "mass layoff" or "plant closing" Law, hiring, discrimination, civil rights, terms and conditions of employment, wages, hours, and safety and health, workers' compensation, common law employee status and the collection and payment of withholding and social security taxes and any similar tax, collective bargaining, and employment practices, and has not engaged in any unfair labor practice, except where such non-compliance, taken as whole, is not material. There has been no "mass layoff" or "plant closing" (as defined by WARN) with respect to the Company or any of its Subsidiaries within the six (6) months before the Closing Date. During the last four (4) years the Company and each of its Subsidiaries (or any predecessor entity, if applicable) has withheld all amounts required by law or by agreement to be withheld from the wages, salaries, and other payments to its employees, including any common law employees, and to the Knowledge of the Company is not liable for any arrears of wages (including commissions, bonuses, or other compensation), or any taxes or any penalty for failure to comply with any of the foregoing (or, if any arrears, penalty, or interest were assessed against the Company or any of its Subsidiaries regarding the

foregoing, it has been fully satisfied). To the Knowledge of the Company, neither the Company nor any of its Subsidiaries is liable for any payment to any trust or other fund or to any governmental or administrative authority with respect to unemployment compensation benefits, workers' compensation benefits, social security, social benefits, or other benefits or obligations for any current or former employees, including any common law employees (other than routine payments to be made in the Ordinary Course of Business). Except as set forth on Schedule 3.15(a)(ii), there are no pending claims against any the Company or any of its Subsidiaries under any workers' compensation plan or policy or for long-term disability and there are no complaints, charges or claims pending or, to the Knowledge of the Company, threatened between the Company or any of its Subsidiaries and any current or former employee, which claims have or could reasonably be expected to result in an action, suit, proceeding, claim, arbitration, or investigation before any Governmental Entity, including claims for compensation, severance benefits, vacation time, vacation pay, or pension benefits, or any other complaint, charge or claim pending in any court or administrative agency from any current or former employee or any other person arising out of the Company or any of its Subsidiaries' status as an employer or purported employer, or as an entity which engages independent contractors or consultants, or any workplace practices or policies whether in the form of claims for discrimination, harassment, unfair labor practices, grievances, wage and hour violations, wrongful discharge, based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of or failure to employ any individual or otherwise. To the Knowledge of the Company, no current or former employee of the Company or any of its Subsidiaries is, or has in the past two (2) years been, in violation of any material term of any noncompetition agreement or any restrictive covenant to a former employer relating to the right of such current or former employee to be employed by the Company or any of its Subsidiaries or to the use of trade secrets or proprietary information of others.

(b) Neither the Company nor any of its Subsidiaries is subject to any labor strike, lockout, dispute, slow down, stoppage or similar labor dispute with respect to any current or former employees. Except as set forth on Schedule 3.15(b), neither the Company nor any of its Subsidiaries has received during the three years immediately prior to the date hereof any written notice of, and to the Knowledge of the Company there is not threatened, any labor or civil rights dispute, controversy, arbitration, or grievance or any other unfair labor practice, proceeding or breach of contract claim or action with respect to claims of, or obligations to, any current or former employees.

(c) Except as set forth on Schedule 3.15(c), (i) there is no collective bargaining or similar agreement with any union, labor organization, works council, or similar representative covering any employee of the Company or any of its Subsidiaries, (ii) no petition for certification or election of any such representative is existing or pending or, to the Knowledge of the Company, threatened to be brought or filed with respect to any employee of the Company or any of its Subsidiaries, and (iii) no such representative has sought certification or recognition with respect to any such employee and there is no organizing activity, to the Knowledge of the Company, pending or threatened by any such representative or group of employees.

3.16 ***Brokers***. Except as set forth on Schedule 3.16, all negotiations relating to this Agreement and the Transactions have been carried on without the intervention of any Person

acting on behalf of the Company in such manner as to give rise to any valid claim against the Company or the Purchaser for any brokerage or finder's commission, fee, or similar compensation.

3.17 ***Environmental Matters***.

(a) The Company and its Subsidiaries are, and have at all times been, in compliance in all material respects with all applicable Environmental Laws, including obtaining, maintaining in good standing, and complying with all Environmental Permits. No action or proceeding is pending or, to the Knowledge of the Company, threatened to revoke, modify, or terminate any such Environmental Permit.

(b) Neither the Company nor any of its Subsidiaries is the subject of any outstanding written Order or Contract with any Governmental Entity with respect to (i) Environmental Laws, (ii) Remedial Action, or (iii) any Release or threatened Release of a Hazardous Material.

(c) No claim has been made in the past three (3) years or is pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries alleging that the Company or any of its Subsidiaries is in violation of any Environmental Law or Environmental Permit has any liability under any Environmental Law.

(d) To the Knowledge of the Company, no facts, circumstances, or conditions exist with respect to the Leased Real Property that would reasonably be expected to result in the Company or any of its Subsidiaries incurring Environmental Costs and Liabilities.

(e) To the Knowledge of the Company, there are no investigations of the Company or any of its Subsidiaries, or, to the Knowledge of the Company, its or their respective, currently or previously owned, operated, or leased property pending or threatened that could lead to the imposition of any unbudgeted Environmental Costs and Liabilities to the Company or any of its Subsidiaries under Environmental Law.

3.18 ***Disclaimer of Other Representations and Warranties***.

(a) NEITHER THE COMPANY NOR ANY OF ITS SUBSIDIARIES, REPRESENTATIVES, EMPLOYEES, DIRECTORS, OFFICERS OR SELLERS HAS MADE, AND SHALL NOT BE DEEMED TO HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATING TO THE COMPANY OR ANY OF ITS SUBSIDIARIES OR THE BUSINESS OF THE COMPANY OR ANY OF ITS SUBSIDIARIES OR OTHERWISE IN CONNECTION WITH THE TRANSACTION, OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE III OR AS A SELLER IN ARTICLE IV.

(b) Without limiting the generality of the foregoing, neither the Company, any Seller or any other Person (including any representative, employee, officer, director or stockholder of the Company or any of its Subsidiaries) has made, and shall not be deemed to have made, any express or implied representation or warranty, either written or oral, in the materials relating to the business of the Company and its Subsidiaries made available to the

Purchaser, including due diligence materials, or in any presentation of the business of the Company and its Subsidiaries by management of the Company or others in connection with the Transaction, and no statement contained in any of such materials or made in any such presentation shall be deemed a representation or warranty hereunder. It is understood that any cost estimates, projections or other predictions, any data, any financial information or any memoranda or offering materials or presentations, including any offering memorandum or similar materials made available by the Company and its representatives, are not and shall not be deemed to be or to include representations or warranties of the Company.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLERS

Each of the Sellers, solely as to itself, hereby represents and warrants to the Purchaser as follows, in each case as of the date hereof and as of the Closing:

4.1 ***Authority and Validity***. Such Seller has the power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to consummate the Transactions that are required of such Seller pursuant to such Transaction Documents. This Agreement has been duly and validly executed and delivered by such Seller and (assuming due authorization, execution and delivery by the other Parties hereto) constitutes a valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as may be limited by the General Enforceability Exceptions.

4.2 ***No Violation***. The execution, delivery and performance of such Seller of this Agreement and any other Transaction Document executed by such Seller does not, and the consummation of the Transactions by such Seller that are requires of such Seller pursuant to such Transaction Documents, shall not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under, any provision of (a) the Governing Documents of such Seller if such Seller is an entity, (b) any Laws or Orders applicable to such Seller; or (c) any Contract to which such Seller is a party or by which such Seller is bound or to which any of such Seller's properties or assets is subject, other than, in the case of clauses (b) and (c), such conflicts, violations, defaults, terminations or cancellations that would not reasonably be expected to impair or delay such Seller's ability to consummate the Transactions required of such Seller pursuant to the Transaction Documents to which such Seller is a party.

4.3 ***Ownership of Common Shares and/or Preferred Shares***. Each such Seller is the legal and beneficial owner of the Common Shares, Preferred Shares, Common Warrant Shares and/or Preferred Warrant Shares set forth opposite his, her or its name on Schedule 1.1, free and clear of all Liens. Except as set forth on Schedule 4.3, such Seller is not party to any stockholders agreements, voting agreements, voting trust agreements, joint venture agreements, or registration rights agreements with respect to the Common Shares, Preferred Shares, Common Warrant Shares and/or Preferred Warrant Shares.

4.4 ***Litigation***. There are no Legal Proceedings pending that relate to this Agreement or the Transactions or, to the actual knowledge of such Seller after due inquiry, threatened,

against or affecting such Seller or any of its Affiliates that challenges the validity or enforceability of this Agreement or seeks to enjoin or prohibit consummation of, or seek other material equitable relief with respect to, the Transaction or that would reasonably be expected to impair or delay the such Seller's ability to consummate the Transactions required of such Seller pursuant to the Transaction Documents to which such Seller is a party.

4.5 ***Disclaimer of Other Representations and Warranties***. SUCH SELLER HAS NOT MADE, AND SHALL NOT BE DEEMED TO HAVE MADE, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER RELATING TO SUCH SELLER OR TO THE COMPANY OR ANY OF ITS SUBSIDIARIES OR THE BUSINESS OF THE COMPANY OR ANY OF ITS SUBSIDIARIES OR OTHERWISE IN CONNECTION WITH THE TRANSACTION, OTHER THAN THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE IV.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser hereby represents and warrants to the Company and each Seller as follows, in each case as of the date hereof and as of the Closing Date:

5.1 ***Corporate Organization***. The Purchaser is a corporation duly incorporated and validly existing under the Laws of State of Washington. The Purchaser has all requisite corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted. The Purchaser is duly qualified to do business in each jurisdiction in which the nature of its business or the ownership of its properties makes such qualification necessary, except for where such failures to be so qualified would not, individually or in the aggregate, reasonably be expected to delay or impair the Purchaser's abilities to consummate the Transactions.

5.2 ***Authority and Validity***. The Purchaser has all requisite power and authority to execute and deliver this Agreement and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by the Purchaser, and no other proceedings on the part of the Purchaser are necessary to approve this Agreement or to consummate the Transactions. This Agreement has been duly and validly executed and delivered by the Purchaser and (assuming due authorization, execution and delivery by the Company and Sellers) constitutes a valid and binding obligation of each of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as may be limited by the General Enforceability Exceptions.

5.3 ***No Violation***. The execution, delivery and performance by the Purchaser of this Agreement does not, and the consummation of the Transactions by the Purchaser shall not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under, any provision of (a) the Governing Documents of the Purchaser; (b) any applicable Laws or applicable Orders; (c) any Contract to which the Purchaser is a party or by which the Purchaser is bound or to which any of the Purchaser's properties or assets is subject; or (d) any of the Permits granted by a

Governmental Entity to the Purchaser, other than, in the case of clauses (b), (c) and (d), such conflicts, violations, defaults, terminations or cancellations that would not reasonably be expected to impair or delay the Purchaser's ability to consummate the Transactions.

5.4 ***Investment Intention***. The Purchaser is acquiring the Preferred Shares, the Common Shares, the Preferred Warrant Shares and the Common Warrant Shares being sold hereunder for its own account, for investment purposes only and not with a view to the distribution (as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "***Securities Act***") thereof. The Purchaser understands that neither the Preferred Shares, the Common Shares, the Preferred Warrant Shares nor the Common Warrant Shares being sold hereunder have been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available. The Purchaser is an "accredited investor" as defined in Rule 501(a) of the Securities Act.

5.5 ***Financial Capability; Solvency***. The Purchaser shall have as of the Closing Date sufficient funds to be able to pay full Enterprise Value and any expenses incurred by the Purchaser in connection with the Transactions. The Purchaser has not incurred any obligation, commitment, restriction or liability of any kind that would impair or adversely affect such resources and capabilities. No transfer of property is being made and no obligation is being incurred in connection with the Transactions with the intent to hinder, delay or defraud either present or future creditors of the Purchaser, the Company or any of their respective subsidiaries. Immediately after giving effect to the Transactions, the Purchaser and its subsidiaries (including the Company and its Subsidiaries) shall be Solvent. As used herein, "***Solvent***" means, with respect to any Person, that (a) the assets of such Person, at a present fair saleable valuation, exceeds the sum of its debts (including contingent and unliquidated debts); (b) the present fair saleable value of the assets of such Person exceeds the amount that shall be required to pay such Person's probable liability on its existing debts as they become absolute and matured; (c) such Person has adequate capital to carry on its business; and (d) such Person does not intend or believe it shall incur debts beyond its ability to pay as such debts mature.

5.6 ***Brokers***. All negotiations relating to this Agreement and the Transactions have been carried on without the intervention of any Person acting on behalf of the Purchaser in such manner as to give rise to any valid claim against the Company, any of its Subsidiaries or any Seller for any brokerage or finder's commission, fee, or similar compensation.

5.7 ***Litigation***. There are no Legal Proceedings pending that relate to this Agreement or the Transactions or, to the knowledge of the Purchaser, threatened, against or affecting the Purchaser or any of its Affiliates that challenges the validity or enforceability of this Agreement or seeks to enjoin or prohibit consummation of, or seek other material equitable relief with respect to, the Transaction or that would reasonably be expected to impair or delay the Purchaser's ability to consummate the Transactions.

5.8 ***Inspection; No Other Representations***. The Purchaser is an informed and sophisticated Person, and has engaged expert advisors experienced in the evaluation and acquisition of companies such as the Company and its Subsidiaries as contemplated hereunder. The Purchaser acknowledges that neither the Company, nor any of its Subsidiaries nor any Seller nor any other Person (including any representative, employee, officer, director or stockholder of

the Company or any of its Subsidiaries) makes, or has made, any representation or warranty with respect to (i) any projections, estimates or budgets delivered to or made available to the Purchaser of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company and its Subsidiaries or the future business and operations of the Company and its Subsidiaries (including any future sales of any of the Company's Subsidiaries' products) or (ii) any other information or documents made available to the Purchaser or its counsel, accountants or advisors with respect to the Company, its Subsidiaries or any of their respective businesses, assets, liabilities or operations, except with respect to the Company as expressly set forth in ARTICLE III, or except with respect to any Seller as expressly set forth in ARTICLE IV. The Purchaser acknowledges and agrees that the representations and warranties set forth in this Agreement (as qualified by the Schedules) supersede, replace and nullify in every respect the data set forth in any other document, material or statement, whether written or oral, made available to the Purchaser.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1 ***Further Assurances***. Subject to the terms hereof, during the period from the date of this Agreement until the Closing or the earlier termination of this Agreement (the "***Pre-Closing Period***"), the Company and the Purchaser shall each use their respective commercially reasonable efforts to (a) take, or cause to be taken, all actions, and do, or cause to be done, and to assist and cooperate with the other Parties in doing, all things necessary, proper or advisable to consummate and make effective the Transactions as promptly as practicable; (b) obtain from any Governmental Entity or any other third party any Consents or Orders required to be obtained or made by the Company or the Purchaser in connection with the authorization, execution and delivery of this Agreement, the other Transaction Documents and the consummation of the Transactions, including those set forth on Schedule 3.1(c); (c) as promptly as practicable, make all necessary filings, and thereafter make and cooperate with the other Party with respect to any other required submissions, with respect to this Agreement and the Transactions required under (i) any applicable U.S. federal or state or foreign securities Laws, (ii) the HSR Act and any related governmental request thereunder (it being agreed that the Company and the Purchaser shall use commercially reasonable efforts, within three (3) Business Days after the execution of this Agreement, to make the necessary filing with the appropriate Governmental Entity in accordance with the HSR Act and to seek early termination with respect thereto) and any similar non-US competition notifications that the Company and the Purchaser mutually agree are reasonably necessary, (iii) any other applicable Law; and (d) execute or deliver any additional instruments reasonably necessary to consummate the Transactions in accordance with the terms hereof. The Company and the Purchaser shall cooperate with each other in connection with the making of all such filings. For the avoidance of doubt, (A) the failure to obtain any Consent or Order set forth on Schedule 3.1(c) shall not serve as the basis for the Purchaser to terminate this Agreement pursuant to Section 2.3 or to seek indemnification under ARTICLE III *provided, however*, that the Company used commercially reasonable efforts to obtain such Consent or Order pursuant to this Section 6.1, (B) the failure to obtain any Consent or Order set forth on Schedule 3.1(c) shall not serve as the basis for the Company or the Securityholder Representative to terminate this Agreement pursuant to Section 2.3 or to seek indemnification under ARTICLE III *provided, however*, that the Purchaser used commercially reasonable efforts

to obtain such Consent or Order pursuant to this Section 6.1 and (C) notwithstanding the foregoing, nothing in this Agreement shall require, or be construed to require, the Purchaser or any of its Affiliates to agree to (1) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of the Purchaser, the Company or any of their respective Affiliates; (2) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests that, in either case, would reasonably be expected to adversely impact the economic or business benefits to the Purchaser of the Transactions; or (3) any material modification or waiver of the terms and conditions of this Agreement.

6.2 ***Confidentiality***. The Purchaser acknowledges that the information provided to it in connection with this Agreement and the Transactions is subject to the terms of the letter agreement by and among the Company and the Purchaser dated February 6, 2014 (the "***Non-Disclosure and Confidentiality Agreement***"), the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing, the Non-Disclosure and Confidentiality Agreement shall terminate. In the event that this Agreement terminates pursuant to Section 2.3, however, the Non-Disclosure and Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

6.3 ***Publicity***. The Parties hereto shall, and shall cause each of their respective Affiliates and representatives to, maintain the confidentiality of this Agreement and shall not, and shall cause each of their respective Affiliates not to, issue or cause the publication of any press release or other public announcement with respect to this Agreement or the Transactions without the prior written consent of the Securityholder Representative and the Purchaser, which consent shall not be unreasonably withheld; *provided*, *however*, that (i) upon the execution of this Agreement and upon the Closing, the Securityholder Representative and the Purchaser shall release a mutually agreed upon joint press release, (ii) a Party may, without the prior consent of the Purchaser and the Securityholder Representative, issue or cause publication of any such press release or public announcement, or make any filings with the Securities and Exchange Commission or other Governmental Entity, to the extent that such party reasonably determines, after consultation with outside legal counsel, such action to be required by Law or by the rules of any applicable stock exchange or self-regulatory organization, in which event such Party shall use its commercially reasonable efforts to consult with the Purchaser and the Securityholder Representative and allow reasonable time to comment on such press release or public announcement in advance of its issuance and (iii) nothing in this Section 6.3 shall prohibit any institutional Seller from disclosing any information relating to the Transactions to any investor or limited partner of such Seller to the extent such disclosure is made in the ordinary course of such Seller's business.

6.4 ***Tax Matters***.

(a) Subject to the terms and conditions of this Agreement, including Section 6.4(b), each Seller (including each Joining Common Holder) (in proportion to their respective Pro Rata Portions, severally and not jointly) shall indemnify and hold harmless the Purchaser Indemnified Parties from and against any and all Losses incurred with respect to or attributable to (i) all Taxes (or the non-payment thereof) imposed on the Company or any of its Subsidiaries for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date (a

"***Pre-Closing Tax Period***"), including, for avoidance of doubt, the Company portion of any employment Taxes associated with any payments in connection with the Transactions, (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company or any of its Subsidiaries (or any predecessor of the foregoing) is or was a member prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local or foreign law, (iii) Taxes of any Person imposed on the Company or any of its Subsidiaries as a transferee or successor, by contract or pursuant to any law, rule or regulation, which Taxes relate solely to an event or transaction occurring on or before the Closing; (iv) any breach of any of the representations made by the Company in Section 3.14; and (v) Included Payroll Taxes; except, in each such case, to the extent such Taxes constitute or are related to an Excluded Item. Each Purchaser Indemnified Party's remedies for Losses with respect to Taxes shall be limited to Taxes arising in any taxable period (or portion thereof) of the Company and/or its Subsidiaries ending on or before the Closing Date, except with respect to Losses arising from breaches of representations and warranties set forth in Section 3.14(a)(vii), Section 3.14(a)(viii), or Section 3.14(a)(xiii).

(b) Notwithstanding anything herein to the contrary, the Purchaser, on the one hand, and the Sellers (in proportion to their respective Pro Rata Portions, severally and not jointly), on the other hand, shall each pay, when due, one half of all transfer, documentary, sales, use, stamp, registration and other similar Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the Transactions and shall, at its own expense, file all necessary Tax Returns and other documentation with respect to such Taxes, fees and charges.

(c) The Securityholder Representative shall cause to be prepared all income, franchise or other similar Tax Returns of the Company and its Subsidiaries for all Tax periods ending on or before the Closing Date and any other Tax Returns of the Company or any of its Subsidiaries for all Tax periods ending on or before the Closing Date if the Sellers may be obligated to indemnify the Purchaser for Taxes covered by such Tax Returns under this Agreement ("***Pre-Closing Tax Returns***"). Such Tax Returns shall be prepared in a manner consistent with past practice, except as otherwise required by applicable Law; *provided*, *however*, that (i) all items accruing on the Closing Date shall be allocated to the Company's taxable period ending on the Closing Date pursuant to Treasury Regulations Section 1.1502-76(b)(1)(ii)(A)(1) (and not pursuant to the "next day" rule under Treasury Regulations Section 1.1502-76(b)(1)(ii)(B) or pursuant to the ratable allocation method under Treasury Regulations Section 1.1502-76(b)(2)(ii) or 1.1502-76(b)(2)(iii)), (ii) no election to waive a carryback of net operating losses under Section 172(b)(3) of the Code shall be made and (iii) all Transaction Deductions shall, to the maximum extent permitted by Law, be deducted on the Company's income Tax Returns for the taxable period ending on the Closing Date. The Securityholder Representative shall provide the Purchaser drafts of the Pre-Closing Tax Returns, together with work papers containing detail reasonably sufficient to substantiate the deductibility of the Transaction Deductions, at least forty-five (45) days prior to the filing of such Tax Returns. The Purchaser shall provide written notice to the Securityholder Representative of its disagreement with any items in any such Pre-Closing Tax Return within fifteen (15) days of its receipt of such Pre-Closing Income Tax Return, and if the Purchaser fails to provide such notice, the Purchaser shall timely file or cause to be timely filed all such Tax Returns of the Company and each of its Subsidiaries as prepared by the Securityholder Representative. In the event of a dispute with

respect to any Pre-Closing Tax Returns, such dispute will be referred to and resolved by the Neutral Arbitrator, in which case the Purchaser will timely file or cause to be timely filed all such Tax Returns reflecting such final resolution. The Purchaser shall prepare or cause to be prepared any Tax Returns of the Company and any of its Subsidiaries for all Tax periods that begin on or before and end after the Closing Date (all such Tax Returns, the "***Straddle Returns***"). Such Straddle Returns shall be prepared in a manner consistent with past practice, except as otherwise required by applicable Law. In respect of Straddle Returns or in respect of Tax Returns for Pre-Closing Tax Periods that the Purchaser is preparing (the "***Purchaser Prepared Pre-Closing Returns***"), the Purchaser shall provide drafts of such Straddle Returns and/or such Purchaser Prepared Pre-Closing Returns, as applicable, to the Securityholder Representative at least forty-five (45) days prior to the due date for filing such Straddle Returns and/or such Purchaser Prepared Pre-Closing Returns, as applicable, and the Securityholder Representative shall have thirty (30) days to review and approve such draft Straddle Returns and/or such draft Purchaser Prepared Pre-Closing Returns, as the case may be. The Securityholder Representative and the Purchaser shall negotiate in good faith to resolve any disputes over such Straddle Returns and/or such Purchaser Prepared Pre-Closing Returns, as applicable, for the following fifteen (15) days. Any disputes over Straddle Returns and/or Purchaser Prepared Pre-Closing Returns, as the case may be, that cannot be resolved through negotiations between the Purchaser and the Securityholder Representative shall be taken to the Neutral Arbitrator. The determination of the Neutral Arbitrator shall be binding on the Parties, and the Purchaser will file or cause to be filed any such Straddle Return reflecting such final resolution. The costs of the Neutral Arbitrator shall be borne fifty percent (50%) by the Purchaser and fifty percent (50%) by the Sellers (in proportion to their respective Pro Rata Portions, severally and not jointly).

(d) The Securityholder Representative shall have the right to control and the Purchaser shall have the right to participate (at its own expense) in any audit, litigation or other proceeding with respect to Taxes and Tax Returns of the Company or any of its Subsidiaries for any Tax period ending on or prior to the Closing Date (a "***Pre-Closing Tax Contest***"); provided, however, that the Securityholder Representative shall keep the Purchaser reasonably informed of the details and status of such Pre-Closing Tax Contest (including providing the Purchaser with copies of all written correspondence regarding such matter), and the Securityholder Representative shall not settle or compromise any such Pre-Closing Tax Contest without the Purchaser's prior written consent (not to be unreasonably withheld, conditioned or delayed) if such settlement or compromise could have the effect of increasing a Tax liability of the Company or its Subsidiaries that is not indemnified by the Securityholders under this Agreement. The Purchaser shall provide the Securityholder Representative with prompt notice of any written inquiries by a Taxing Authority relating to a Pre-Closing Tax Contest within five (5) days of the receipt of such notice. Purchaser and the Securityholder Representative (if it so elects) shall jointly control any audit, litigation or other proceeding with respect to Taxes and Tax Returns of the Company or any of its Subsidiaries for any Straddle Period. Purchaser shall control any Pre-Closing Tax Contest that the Securityholder Representative has elected not to control and any contest with respect to a Straddle Period that the Securityholder Representative has elected not to jointly control, provided, in each such case, that (x) the Securityholder Representative shall have the right to participate (at its own expense) in any such matter and (y) the Purchaser shall keep the Securityholder Representative reasonably informed of the details and status of such matter (including providing the Securityholder Representative with copies of all written correspondence regarding such matter). The Purchaser shall not settle any such proceedings without the prior

written consent of the Securityholder Representative (which consent shall not to be unreasonably withheld, conditioned or delayed) if such settlement, adjustment, or compromise would have the effect of increasing a Tax liability that the Securityholders are required to indemnify under this Agreement.

(e) The Securityholder Representative and the Purchaser shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of any Tax Returns for the Company and its Subsidiaries, the filing and prosecution of any Tax claims, and any audit, litigation or other proceeding with respect to Taxes of the Company or any of its Subsidiaries. Such cooperation shall include making employees available on a mutually convenient basis to provide assistance in the preparation of the Pre-Closing Tax Returns and additional information and explanation of any material provided hereunder.

(f) Without the prior written consent of the Securityholder Representative, neither the Purchaser, the Company nor any of their respective Affiliates shall make or change any Tax election, adopt or change any accounting method, file or amend any Tax Return, surrender any right to claim a refund of Taxes or take any other action if such election, adoption, change, amendment, surrender or action could have the effect of increasing the Tax liability that the Sellers are required to indemnify under this Agreement or reduce the amount of any refund to which the Securityholders would otherwise be entitled pursuant to Section 6.4(j) of this Agreement.

(g) For the portion of the Closing Date after the time of Closing, other than actions expressly contemplated hereby, the Purchaser shall cause the Company and its Subsidiaries to carry on its business only in the ordinary course in the same manner as heretofore conducted.

(h) The Purchaser, the Company and their respective Affiliates shall cause the Tax year of the Company and its Subsidiaries to end at the end of the day on the Closing Date for federal and applicable state, local and foreign income Tax purposes, to the extent permitted under applicable Law. If applicable Law does not permit the Company or any of its Subsidiaries to close its taxable year on the Closing Date or in any case in which a Tax is assessed with respect to a taxable period that includes the Closing Date (but does not end on that day) (a "***Straddle Period***"), the Taxes, if any, attributable to the portion of the Straddle Period that is a Pre-Closing Tax Period shall be allocated (including for purposes of Sections 6.4(a) and Section 6.4(j)) as follows: (i) the amount of any Taxes based on or measured by income or receipts, sales or use taxes, employment taxes, or withholding taxes of the Company and its Subsidiaries for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date, and (ii) the amount of any other Taxes of the Company and its Subsidiaries for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in such Straddle Period. The Purchaser and its Subsidiaries, including the Company, shall file consolidated U.S. federal income Tax Returns for all taxable periods after the Closing Date.

(i) Neither the Purchaser nor any of its Affiliates shall make an election under Section 338 of the Code (or any comparable provision of foreign, state or local Law) in respect of the Transactions.

(j) Any refunds for Taxes (including any interest in respect thereof) actually received by the Purchaser, the Company or any of their respective Affiliates, related to, or resulting or arising, directly or indirectly from any Taxes of the Company or its Subsidiaries for a taxable period (or portion thereof) ending on or before the Closing Date shall be property of the Securityholders (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)) in accordance with their respective Pro Rata Escrow Portions, except to the extent any such refund was taken into account in the determination of the Closing Date Net Working Capital Amount. The Purchaser shall pay to the Securityholders (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)) in accordance with their respective Pro Rata Escrow Portions, any such refund actually received (net of all reasonable out-of-pocket expenses (including any Taxes imposed on such refund)) within fifteen (15) days after receipt thereof. The Purchaser, the Company and their respective Affiliates shall, if the Securityholder Representative so requests, cause the Company or any of its Subsidiaries, at the expense of the Securityholders (in proportion to its respective Pro Rata Escrow Portion, severally and not jointly), to file for and use their reasonable best efforts to obtain any Tax refund to which Securityholders would be entitled under this Section 6.4(j). The Purchaser shall, upon request, permit the Securityholder Representative to participate in the prosecution of any such refund claim at the expense of the Securityholders (in proportion to its respective Pro Rata Escrow Portion, severally and not jointly). The Purchaser shall elect to receive all refunds in cash if such election could cause such refunds to be subject to this Section 6.4(j).

(k) The indemnification provided for in this Section 6.4 shall be the sole remedy for any claim in respect of Taxes, including any claim arising out of or relating to a breach of Section 3.14. In the event of a conflict between the provisions of this Section 6.4, on the one hand, and the provisions of ARTICLE VIII, on the other, the provisions of this Section 6.4 shall control.

(l) Either (i) the Company shall provide the Purchaser on the Closing Date with a certificate in accordance with Treasury Regulations Section 1.1445-2(c)(3) certifying that the Company is not a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code or (ii) each Seller will provide the Purchaser on the Closing Date with a certificate in accordance with Treasury Regulations Section 1.1445-2(b)(2) certifying that such Seller is not a foreign person within the meaning of Section 1445 of the Code.

(m) Purchaser or the Company, as applicable, shall pay to the Securityholders (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)) in accordance with their respective Pro Rata Escrow Portions, by wire transfer of immediately available funds, an amount, in cash, equal to the Post-Closing Transaction Tax Benefits on October 15 of the taxable year following the taxable year in which the expenses relating to the relevant Post-Closing Transaction Deductions are paid. For purposes of this Agreement, "***Post-Closing Transaction Tax Benefits***" shall mean the product of (i) an amount equal to the Post-Closing Transaction Deductions for the relevant taxable year and (ii) an assumed income tax rate of thirty-five percent (35%).

6.5 ***Conduct of the Business Prior to the Closing***. Except as set forth on Schedule 6.5, during the Pre-Closing Period, the Company shall, and shall cause its Subsidiaries to, conduct their respective businesses in the Ordinary Course of Business, except as required by

Law or as otherwise expressly contemplated by this Agreement, and use commercially reasonable efforts to preserve substantially intact its business and all of its material assets and properties, attempt to keep available the services of its current officers and significant employees, and maintain in all material respects its current relations and goodwill with vendors, customer base and other Persons having material business relationships with the Company and/or its Subsidiaries. During the Pre-Closing Period, except as consented to in writing by the Purchaser (which consent shall not be unreasonably withheld or delayed), the Company shall not, and shall not permit any of its Subsidiaries to, take any action that would cause any of the changes, events or conditions described in Section 3.5 to occur.

6.6 ***Pre-Closing Period Access to Information***.

(a) Subject to Section 6.6(b), except as required pursuant to any confidentiality agreement or similar Contract between the Company or any of its Subsidiaries and a third Person or pursuant to applicable Law (in which case the Company shall provide the Purchaser with a description of such information or materials being withheld and shall use commercially reasonable efforts to obtain permission to disclose such information to the Purchaser or to its legal counsel on a confidential basis), during the Pre-Closing Period, the Company shall: (i) provide the Purchaser and its representatives (including any Person who is considering providing financing to the Purchaser to finance all or any portion of the Enterprise Value that is subject to a written confidentiality agreement with customary restrictions on use and disclosure of information with respect to the Company and its Subsidiaries, and their respective representatives) with reasonable access, upon reasonable prior notice and during normal business hours at mutually convenient times, to the officers, employees, agents and accountants of the Company and its Subsidiaries and their assets and properties and books and records; and (ii) furnish the Purchaser and such other Persons with all such information and data (including copies of Contracts, Benefit Plans and other books and records) concerning the business and operations of the Company and its Subsidiaries as the Purchaser or any of such other Persons reasonably may request in connection with such investigation.

(b) Any such access and/or investigation by the Purchaser and its representatives shall not unreasonably interfere with any of the businesses or operations of the Company or its Subsidiaries. Neither the Purchaser nor any of its representatives shall have any contact whatsoever, prior to the Closing Date, with respect to the Company or any of its Subsidiaries or the Transactions with any agent, broker, partner, lessor, vendor, customer, supplier, employee or consultant of the Company or any of its Subsidiaries, except in consultation with the Company and then only with the express prior approval of the Company. All requests by the Purchaser for access or information shall be submitted or directed exclusively to an individual or individuals to be designated by the Company.

6.7 ***Post-Closing Preservation of Records***. In order to facilitate the resolution of any claims made against or incurred by the Company and/or any of its Subsidiaries prior to the Closing, or for any other reasonable purpose, for a period of seven (7) years after the Closing Date, the Purchaser shall:

(a) retain the books and records (including personnel files) of the Company and its Subsidiaries relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of the Company and such Subsidiaries; and

(b) upon reasonable prior notice (including notice of the purpose thereof), afford the Securityholder Representative reasonable access (including the right to make photocopies), during normal business hours at mutually convenient times, to such books and records. Any such access shall not unreasonably interfere with any of the businesses or operations of the Company or its Subsidiaries.

6.8 ***No Solicitation***. From the date hereof until the earlier of the termination of this Agreement pursuant to Section 2.3 or the Closing, each Common Holder and the Company shall, and shall cause the Company and its Subsidiaries and each of their respective directors, officers, partners, members, managers, trustees, employees, agents and advisors (collectively, the "***Company Representatives***") to cease any and all existing activities, discussions or negotiations with any Person other than the Purchaser with respect to, and to deal exclusively with the Purchaser and its designated Affiliates and representatives regarding, any and all acquisitions of, and investments in, the Company and its Subsidiaries, whether by way of merger, consolidation or other business combination with any other Person, purchase or exchange of equity interests, purchase of assets or otherwise (an "***Alternative Transaction***") and, without the prior consent of the Purchaser, the Common Holders and the Company shall not, and shall cause the Company's Subsidiaries and the Company Representatives not to:

(a) solicit, initiate or otherwise engage in any negotiations, discussions or other communications with any other Person relating to any Alternative Transaction;

(b) provide information or documentation to any other Person with respect to the Company or any of its Subsidiaries or any of their respective businesses or assets in respect of any Alternative Transaction; or

(c) enter into any Contract (or approve the entry into any Contract) with any other Person in respect of any Alternative Transaction.

6.9 ***Director and Officer Indemnification and Insurance***.

(a) The Purchaser agrees that all rights to indemnification, advancement of expenses and exculpation by the Company and its Subsidiaries now existing in favor of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Closing Date, an officer, director, or manager, as applicable, of the Company or any of its Subsidiaries, as provided in the Governing Documents of the Company or such Subsidiary, in each case as in effect on the date of this Agreement, or pursuant to any other Contract in effect on the date hereof and disclosed to the Purchaser in accordance with Section 3.7(a)(xii) shall survive the Closing Date and shall continue in full force and effect in accordance with their respective terms for at least six (6) years after the Closing Date.

(b) Prior to or at the Closing, the Company shall obtain and fully pay for a "tail" insurance policy with respect to the directors' and officers' insurance policy in effect immediately prior to the Closing with a claims period of six (6) years from the Closing Date with

at least the same coverage and amounts, and containing terms and conditions that are not less advantageous to the directors, officers and managers of the Company, in each case with respect to claims arising out of or relating to events that occurred on or prior to the Closing Date (including in connection with the Transactions). The Company shall pay all premium payments for such directors' and officers' liability "tail" insurance coverage prior to or at the Closing, and, to the extent such premium payments remain unpaid after the Closing, they shall be treated as Selling Expenses. During the term of such directors' and officers' liability "tail" insurance policy, the Purchaser shall not (and shall cause the Company not to) take any action following the Closing to cause such policy to be cancelled or any provision therein to be amended, modified or waived; *provided*, *however*, that neither the Purchaser, the Company nor any Affiliate thereof shall be obligated to pay any premiums or amounts in respect thereof unless such amounts were included as Selling Expenses.

(c) The obligations of the Purchaser and the Company under this Section 6.9 shall not be terminated or modified in such a manner as to adversely affect any director, officer or manager to whom this Section 6.9 applies without the consent of such affected director, officer or manager (it being expressly agreed that the directors, officers and managers to whom this Section 6.9 applies shall be third-party beneficiaries of this Section 6.9, each of whom may enforce the provisions of this Section 6.9).

(d) In the event the Purchaser, the Company or any Subsidiary of the Company or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of the Purchaser, the Company or such Subsidiary, as the case may be, shall assume all of the obligations set forth in this Section 6.9.

6.10 ***Joinder of Additional Common Holders***. In the event any holder of Company Stock Options exercises any such Company Stock Option for shares of Common Stock between the date hereof and the Closing, the Company shall promptly notify the Purchaser of such exercise and shall require each such Person (each, a "***Joining Common Holder***") to become party to this Agreement as a "Common Holder" and a "Seller" in order to receive payment hereunder in accordance with Section 1.4 by executing a Joinder Agreement in the form attached hereto as **Exhibit B** (each, a "***Joinder Agreement***") setting forth all of the shares of Common Stock held by such Joining Common Holder. The Parties agree that any such Joining Common Holder shall become and constitute a "Common Holder" and a "Seller" for all purposes of this Agreement, including for purposes of the sale of Common Shares held thereby at the Closing in accordance with this Agreement. Prior to the Closing, the Company shall update Schedule 1.1 hereto to reflect the Common Shares owned by all Joining Common Holders.

6.11 ***Employment and Benefit Matters***. For the period commencing on the Closing Date and ending on the one year anniversary of the Closing Date, the Purchaser agrees to maintain the compensation and benefit levels, including base salary, annual cash incentive opportunities, retirement benefits, and health and welfare benefits for the Company Employees at levels that are, in the aggregate, comparable to those in effect for the Company Employees immediately prior to the Closing; *provided that* the foregoing will not be interpreted to in any

way restrict the Purchaser's discretion to terminate the employment of any Company Employees or otherwise modify the terms of employment with any particular Company Employees after the Closing. The Purchaser shall treat, and cause the applicable benefit plans to treat, the service of the Company Employees with the Company (or any Subsidiary of the Company) attributable to any period before the Closing Date as service rendered to the Purchaser or any Subsidiary of the Purchaser for purposes of eligibility and vesting under the Purchaser's vacation program, health or welfare plan(s) maintained by the Purchaser, and the Purchaser's defined contribution plans, except where credit would result in duplication of benefits. Without limiting the foregoing, to the extent that any Company Employee participates in any health or other group welfare benefit plan of the Purchaser following the Closing Date, the Purchaser shall cause any eligibility waiting periods under any health or similar welfare plan of the Purchaser to be waived with respect to the Company Employees and their eligible dependents, to the extent satisfied under the corresponding plan in which the Company Employee participated immediately prior to the Closing Date.

6.12 ***280G Matters***. The Company shall obtain and deliver to the Purchaser, prior to soliciting the vote of the Company's stockholders with respect to the 280G Proposal, a parachute payment waiver (each, a "*Parachute Payment Waiver*") from each Person who is or reasonably could be, with respect to the Company, a "disqualified individual" (within the meaning of Section 280G of the Code), as determined immediately prior to the initiation of the Stockholder solicitation required by this Section 6.12, and who reasonably might otherwise receive, have received or have the right or entitlement to receive an excess parachute payment under Section 280G of the Code. Prior to the Closing, the Company shall solicit the vote of the Stockholders in accordance with the terms of Section 280G(b)(5)(B) of the Code (the "*280G Proposal*") so as to render, if an affirmative vote is obtained, the parachute payment provisions of Section 280G of the Code inapplicable to any and all payments and benefits provided pursuant to contracts or arrangements that, in the absence of the executed Parachute Payment Waivers by the affected Persons under the immediately preceding paragraph, might otherwise reasonably result, separately or in the aggregate, in the payment of any amount or the provision of any benefit that would not be deductible by reason of Section 280G of the Code, with such stockholder approval to be solicited in a manner that is intended to satisfy all applicable requirements of such Section 280G(b)(5)(B) of the Code, including Q-7 of Section 1.280G-1 of the Treasury Regulations. The documentation constituting the 280G Proposal shall be subject to the Purchaser's prior review and approval, which shall not be unreasonably withheld or delayed.

6.13 ***Release of Certain Seller Obligations***. The Purchaser shall use commercially reasonable efforts to cause each of Michael Miles Revocable Trust, Michael Miles 2004 Gift Trust, Farrington Trust No. 2 Non-GST Exempt and Farrington Trust No. 2 GST Exempt (collectively, the "***LoC Released Parties***") to be unconditionally released in full from any liability or obligation in respect of that certain letter of credit issued February 14, 2013 in favor of Seaton LLC by Bank of America, N.A. (the "***Letter of Credit***"). The Purchaser shall indemnify and hold harmless, pursuant to the terms of ARTICLE VIII, LoC Released Parties from and against any Losses suffered or incurred by it in connection with the Letter of Credit from and after the Closing. The Purchaser shall not, and shall not permit any of its Affiliates (including the Companies and its Subsidiaries) to, renew, extend, amend or supplement the Letter of Credit or without providing evidence to the LoC Released Parties that the LoC

Released Parties have been unconditionally released in full from any liability or obligation in respect of the Letter of Credit.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 ***Conditions to Each Party's Obligation***. The respective obligation of each Party to effect the Transactions is subject to the satisfaction at or prior to Closing of the following conditions:

(a) ***HSR Act; Other Approvals and Consents***. Any waiting period applicable to the consummation of the Transactions under the HSR Act shall have expired or been terminated and all other consents, approvals, Orders or authorizations of, or registrations, declarations or filings with, any Governmental Entity required to consummate the Transactions shall have been filed, made or obtained, except for such consents, approvals, Orders or authorizations that involve an insignificant amount of assets and that do not provide for any penalties or fines due to the failure to receive such consents, approvals, Orders or authorizations.

(b) ***No Injunctions or Restraints; Illegality***. No Order issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Transactions shall be in effect; *provided, however,* the Parties hereto shall, subject to the terms of this Agreement, use their commercially reasonable efforts to have any such Order vacated or lifted. No statute, rule, regulation, or Order shall have been enacted, entered, promulgated or enforced by any Governmental Entity that prohibits, restricts or makes illegal the consummation of the Transactions.

7.2 ***Conditions to Obligation of the Purchaser***. The obligation of the Purchaser to effect the Transactions is subject to the satisfaction, or waiver by the Purchaser, at or prior to Closing, of the following conditions:

(a) ***Representations and Warranties***. The representations and warranties of the Company and each Seller set forth in this Agreement shall be true and correct in all respects, at and as of the date hereof and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties specifically speak as of another date, in which case such representations and warranties shall be so true and correct as of such specific date), except where the failure of such representations and warranties to be true and correct would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect (it being understood that, for purposes of determining the accuracy of such representations and warranties, all "Material Adverse Effect" qualifications and other materiality qualifications and similar qualifications contained in such representations and warranties shall be disregarded).

(b) ***Performance of Covenants and Agreements***. The Company and each Seller shall have performed all covenants and agreements required to be performed by it under this Agreement in all material respects at or prior to the Closing Date.

(c) ***Legal Proceedings***. No action or proceeding by or before any Governmental Entity shall have been instituted or threatened (and not subsequently settled, dismissed or otherwise terminated) that is reasonably expected to restrain, prohibit or invalidate the Transactions.

(d) ***Closing Deliverables***. The Company shall have delivered or caused to be delivered to the Purchaser the deliverables set forth in Section 2.2(a) and each Seller and/or the Securityholder Representative shall have delivered or caused to be delivered to the Purchaser the deliverables set forth in Section 2.2(b).

(e) ***Joinder of Additional Common Holders***. The Company shall have delivered or caused to be delivered to the Purchaser the Joinder Agreements.

(f) ***Payoff Letters***. Payoff letters in customary form satisfactory to the Purchaser (specifying effectiveness and release of any security interests upon receipt of payment) with respect to all payments relating to any Indebtedness shall have been executed by each of the Persons to whom such amounts are owed as of the Closing and delivered to the Company and the Purchaser.

7.3 ***Conditions to Obligation of Sellers***. The obligation of each Seller to effect the Transactions is subject to the satisfaction, or waiver by the Securityholder Representative, at or prior to Closing, of the following conditions:

(a) ***Representations and Warranties***. The representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all respects, at and as of the date hereof and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties specifically speak as of another date, in which case such representations and warranties shall be so true and correct as of such specific date), except where the failure of such representations and warranties to be true and correct would not reasonably be expected to have, individually or in the aggregate, a material and adverse effect on the Purchaser's ability to consummate the Transactions.

(b) ***Performance of Covenants and Agreements of the Purchaser***. The Purchaser shall have performed all covenants and agreements required to be performed by it under this Agreement in all material respects at or prior to the Closing Date.

(c) ***Legal Proceedings***. No action or proceeding by or before any Governmental Entity shall have been instituted or threatened (and not subsequently settled, dismissed or otherwise terminated) that is reasonably expected to restrain, prohibit or invalidate the Transactions.

(d) ***Closing Deliverables and Actions***. The Purchaser shall have delivered or caused to be delivered to the Sellers and such other Persons referred to in Section 2.2(c) the deliverables set forth in such Section 2.2(c).

ARTICLE VIII

INDEMNIFICATION; CERTAIN REMEDIES

8.1 ***Survival***. The representations and warranties contained in this Agreement (other than the Fundamental Representations), shall survive until the Escrow Termination Date, *provided, however*, that any claim that is properly asserted in writing with respect to any such representation or warranty pursuant to this ARTICLE VIII prior to the Escrow Termination Date shall survive until such claim is finally resolved and satisfied. The Fundamental Representations shall survive until the third (3rd) anniversary of the Closing Date, *provided*, *however*, that any claim that is properly asserted with respect to a breach of any Fundamental Representation pursuant to this ARTICLE VIII prior to the third (3rd) anniversary of the Closing Date shall survive until such claim is finally resolved and satisfied. All covenants and other agreements contained in this Agreement shall survive the Closing in accordance with their respective terms.

8.2 ***Indemnification by the Sellers***.

(a) After the Closing and subject to Section 8.4 and the other provisions of this ARTICLE VIII, each Seller (including each Joining Common Holder), severally and not jointly, shall indemnify, defend and hold harmless, and agrees to reimburse the Purchaser and its directors, officers, employees and stockholders (collectively, the "***Purchaser Indemnified Parties***"), from and against any and all losses, liabilities, obligations, damages and expenses (individually, a "***Loss***" and, collectively, "***Losses***") of a Purchaser Indemnified Party based upon or resulting from:

(i) any breach of any of the representations or warranties made by the Company in ARTICLE III of this Agreement;

(ii) any breach of or failure to perform, on or prior to the Closing, any covenant or agreement made by the Company in this Agreement;

(iii) any breach of any of the representations or warranties made by such Seller in ARTICLE IV of this Agreement;

(iv) any breach of or failure to perform any covenant or agreement made by such Seller in this Agreement, other than Section 6.4;

(v) any breach of or failure to perform any covenant or agreement made by such Seller in Section 6.4; and

(vi) the matters identified on Schedule 1.6(a) hereto (such matters, the "***Special Indemnity Matters***").

(b) The Purchaser Indemnified Parties shall take, and the Purchaser shall cause the Company and their respective Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event that would reasonably be expected to, or does, give rise thereto.

8.3 ***Indemnification by the Purchaser***.

(a) After the Closing and subject to Section 8.4 and the other provisions of this ARTICLE VIII, the Purchaser hereby agrees to reimburse, defend, indemnify and hold each Seller and their respective directors, officers, employees, stockholders, members and partners, as applicable (collectively, the "***Securityholder Indemnified Parties***"), harmless from and against any and all Losses of a Securityholder Indemnified Party based upon or resulting from:

(i) any breach of any of the representations or warranties made by the Purchaser in this Agreement; and

(ii) any breach of or failure to perform any covenant or agreement made by the Purchaser in this Agreement.

8.4 ***Limitations on Indemnification***.

(a) Notwithstanding the provisions of this ARTICLE VIII, except to the extent such Losses arise out of a breach of a Company Fundamental Representation, no Seller shall have any indemnification obligations for Losses under Section 8.2(a)(i): (i) unless and until the aggregate amount of all such Losses actually incurred by the Purchaser Indemnified Parties under Section 8.2(a)(i) exceeds an amount equal to Two Million Two Hundred Fifty Thousand Dollars ($2,250,000) (the "***Basket Amount***"), from and after which time the Sellers shall be liable only for the amount that exceeds the Basket Amount; (ii) unless and until the aggregate amount of such Losses actually incurred by the Purchaser Indemnified Parties under Section 8.2(a)(i) for any claim relating to any single matter or series or group of related matters exceeds Seventy-Five Thousand Dollars ($75,000.00) (a "***Qualifying Claim***") and only Qualifying Claims, and only the amount of any Qualifying Claim in excess of Seventy-Five Thousand Dollars ($75,000.00), shall be applied toward the satisfaction of the Basket Amount; and(iii) except to the extent such Losses arise out of a breach of a Company Fundamental Representation, in no event shall the aggregate indemnification to be paid by the Sellers under Section 8.2(a)(i) exceed the amount then available in the Indemnity Escrow Account. Notwithstanding anything to the contrary contained herein: (A) except to the extend such Losses arise out of a breach of a Company Fundamental Representation, the Purchaser Indemnified Parties' sole recourse with respect to indemnifiable claims for Losses under Section 8.2(a)(i) shall be to the amount then available in the Indemnity Escrow Account; (B) no Purchaser Indemnified Party may make a claim against the Indemnity Escrow Account for any Losses other than Losses that are subject to indemnification pursuant to Section 6.4, Section 8.2(a)(i), Section 8.2(a)(ii) and/or Section 8.2(a)(v); and (C) the Purchaser Indemnified Parties' sole recourse with respect to indemnifiable claims under Section 8.2(a)(vi) and/or with respect to any Special Indemnity Matter shall be a right to recover Special Losses from the amount then available in the Special Escrow Account and no Purchaser Indemnified Party may make a claim against the Special Escrow Account for any Losses other than Special Losses. Furthermore, the Purchaser Indemnified Parties acknowledge and agree that in no event shall the aggregate liability of any Seller (including any Joining Common Holder) under this Agreement exceed the aggregate Consideration Received by such Seller.

(b) No Seller shall be required to indemnify any Purchaser Indemnified Party and the Purchaser shall not be required to indemnify any Securityholder Indemnified Party to the extent of any Losses that a court of competent jurisdiction shall have determined by final and non-appealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of the Party seeking indemnification.

(c) Notwithstanding anything to the contrary contained in this Agreement, and subject in each case to the limitations in this ARTICLE VIII, the term "severally and not jointly" as used in Section 6.4(a) and Section 8.2 means that each Seller's respective liability for Losses shall be limited as follows:

(i) with respect to indemnification claims made by a Purchaser Indemnified Party pursuant to Section 8.2(a)(iii), Section 8.2(a)(iv) or Section 8.2(a)(v) against a particular Seller, the breaching Seller shall be solely liable for all such Losses (if any); and

(ii) with respect to indemnification claims made by a Purchaser Indemnified Party pursuant to Section 6.4, Section 8.2(a)(i), Section 8.2(a)(ii) and/or Section 8.2(a)(v), indemnification shall first be provided by the funds then remaining in the Indemnity Escrow Account; *provided*, *however*, in the case where a Purchaser Indemnified Party has incurred Losses pursuant to Section 6.4, Section 8.2(a)(i) (but only with respect to a breach of a Company Fundamental Representation), Section 8.2(a)(ii) and/or Section 8.2(a)(v) that exceed the amount then available in the Indemnity Escrow Account, then each Seller shall only be responsible for its respective Pro Rata Portion of the amount by which such Losses exceed the amount then available in the Indemnity Escrow Account.

(d) Notwithstanding anything to the contrary contained in this Agreement, no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of any Purchaser Indemnified Party or any Securityholder Indemnified Party, after the consummation of the Transactions, to rescind this Agreement or the consummation of the Transactions.

8.5 ***Indemnification Procedures***.

(a) In the event that indemnification may be sought under this ARTICLE VIII (an "***Indemnification Claim***") in connection with (i) any action, suit or proceeding that may be instituted or (ii) any claim that may be asserted, in any such case, by any Person not a party to this Agreement, the Party seeking indemnification hereunder (the "***Indemnified Party***") shall promptly cause written notice of the assertion of such Indemnification Claim to be delivered to the Party from whom indemnification hereunder is sought (the "***Indemnifying Party***") prior to the expiration of the applicable survival period set forth in Section 8.1; *provided, however*, that no delay on the part of the Indemnified Party in giving any such notice shall relieve the Indemnifying Party of any indemnification obligation hereunder unless (and then solely to the extent that) the Indemnifying Party is prejudiced by such delay. The Indemnified Party shall have the right to be represented by counsel of its choice and to defend against, negotiate, settle or otherwise deal with any Indemnification Claim and, if the Indemnified Party elects to defend against, negotiate, settle or otherwise deal with any Indemnification Claim, it shall within thirty (30) days (or sooner, if the nature of the Indemnification Claim so requires) (the "***Dispute***

Period") notify the Indemnified Party of its intent to do so. If the Indemnified Party within the Dispute Period elects not to defend against, negotiate, settle or otherwise deal with any Indemnification Claim, the Indemnifying Party may defend against, negotiate, settle or otherwise deal with such Indemnification Claim using counsel of its choice, which must be reasonably satisfactory to the Indemnified Party. If the Indemnified Party assumes the defense of any Indemnification Claim, the Indemnifying Party may participate, at its own expense, in the defense of such Indemnification Claim. The Parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Indemnification Claim. Notwithstanding anything in this Section 8.5 to the contrary, neither the Indemnifying Party nor the Indemnified Party shall, without the written consent of the other Party, not to be unreasonably withheld, settle or compromise any Indemnification Claim or permit a default or consent to entry of any judgment. The Parties hereto agree that the Purchaser shall, reasonably and in good faith, defend the Special Indemnity Matters upon, and subject to, the terms of this Section 8.5 and that the Purchaser shall not settle any Special Indemnity Matter unless pursuant to an Approved Settlement Agreement and that the Securityholder Representative shall have the right to participate, at the Seller's expense, in the defense of such Special Indemnity Matters.

(b) In the event that an Indemnified Party has any claim against an Indemnifying Party hereunder, but which such claim does not involve an action, suit, proceeding or claim by a third party not party to this Agreement, which such Indemnified Party determines to assert, then such Indemnified Party shall assert such Indemnification Claim by sending written notice to the Indemnifying Party describing in reasonable detail the nature of such claim and the Indemnified Party's estimate of the amount of Losses attributable to such claim.

(c) After any final and non-appealable decision, judgment or award shall have been rendered by a Governmental Entity of competent jurisdiction, or a settlement or arbitration shall have been consummated, or the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement (any such event a "***Final Determination***") with respect to any Indemnification Claim hereunder, then the Indemnifying Party shall pay any amount so determined to such Indemnified Party.

8.6 ***Calculation of Losses***.

(a) The amount of any Losses for which indemnification is provided under this ARTICLE VIII or Section 6.4 shall (i) be net of any amounts actually recovered or recoverable by the Indemnified Party under insurance policies or otherwise with respect to such Losses and each Indemnified Party will use commercially reasonable efforts to collect and/or recover any such amounts, and (ii) be reduced by the product of (x) the portion of any such Loss that constitutes a deductible payment for U.S. federal income Tax purposes and (y) an income tax rate of thirty-five percent (35%). Any reduction to an indemnity payment under this Section 8.6(a) shall not apply with respect to Special Losses (payments in respect of which shall be subject to the Special Loss Tax Benefit).

(b) For the purposes hereof, if any Purchaser Indemnified Party, the Company or any of its or their Affiliates (each, a "***Special Loss Party***," and collectively, the "***Special Loss Parties***") receives any Special Loss Offset at any time after a distribution has been made from the Special Indemnity Escrow, and such Special Loss Offset had not already been

used to offset Special Losses, then such Special Loss Party shall, and the Purchaser and the Company shall cause such Special Loss Party to, pay the amount of such Special Loss Offset to the Securityholders (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)) in the same manner as amounts would then be paid to such Securityholders under the Escrow Agreement had such Special Loss Offset been an amount of Special Indemnity Escrow returned to such Securityholders pursuant to the terms of the Escrow Agreement.

(c) Notwithstanding anything to the contrary elsewhere in this Agreement, no Party shall, in any event, be liable to any other Person for any Losses pursuant to this ARTICLE VIII or Section 6.4 to the extent such Losses constitute, include or relate to any consequential, incidental, indirect, special or punitive damages, including loss of future revenue, income or profits, diminution of value or loss of business reputation or opportunity or a multiple of revenue, income, profits or any other amount.

(d) Notwithstanding anything to the contrary elsewhere in this Agreement, the Purchaser Indemnified Parties are not entitled to indemnification pursuant to this ARTICLE VIII or Section 6.4 to the extent that any matter, amount, item of other fact for which they are seeking indemnification hereunder is an Excluded Item.

(e) For the purposes of determining the amount of Losses for which indemnification is provided under this ARTICLE VIII (and, for the avoidance of doubt, not for determining whether a breach of any representation or warranty set forth in ARTICLE III or ARTICLE IV has occurred), all qualifications and limitations as to materiality, Material Adverse Effect and words of similar import in ARTICLE III and ARTICLE IV shall be disregarded, except in each case (i) with respect to the representations and warranties in Section 3.4(b), the lead in to Section 3.5 and Section 3.13(b), and (ii) to the extent "material" is used to qualify the subject matter of a representation or warranty (e.g., "material" contract) rather than the nature of an occurrence (e.g., "material" violation or "in all material respects").

8.7 ***Tax Treatment of Indemnity Payments***. The Parties agree to treat any indemnity payment made pursuant to this ARTICLE VIII or Section 6.4 as an adjustment to the purchase price for federal, state, local and foreign income Tax purposes.

8.8 ***Exclusive Remedy; Release***. The Parties agree that after the Closing, the exclusive remedies of the Purchaser Indemnified Parties and the Securityholder Indemnified Parties for any Losses based upon, arising out of or otherwise in respect of the matters set forth in this Agreement and the Transaction Documents are the indemnification obligations of the Parties set forth in this ARTICLE VIII or Section 6.4. The Purchaser hereby acknowledges and agrees that prior to the Closing, the Purchaser shall have no right or remedy to take any action in respect of, and the Company and the Sellers shall have no liability to the Purchaser in respect of, any breach by the Company or the Sellers, as applicable, of any representations or warranties contained herein or any failure to comply with any of the covenants, conditions or agreements contained herein, except (i) to terminate this Agreement pursuant to Section 2.3 hereof, in which event, the Company and the Sellers shall thereupon only have liability with respect thereto as provided for in Section 2.5 or (ii) to seek specific performance pursuant to Section 9.13 for injunctive relief. To the maximum extent permitted by applicable Law, each Party, on behalf of itself and, as applicable, each Purchaser Indemnified Party and each Seller Indemnified Party,

hereby waives all other rights and remedies with respect to any matter in any way relating to this Agreement or arising in connection herewith, whether under Law or otherwise. Notwithstanding anything to the contrary herein, the existence of this ARTICLE VIII or Section 6.4 and of the rights and restrictions set forth therein and elsewhere in this Agreement do not limit any legal remedy against any Party hereto to the extent such Party has committed actual fraud against the Party seeking such legal remedy.

ARTICLE IX

GENERAL PROVISIONS

9.1 ***Expenses***. Except as otherwise expressly provided herein (including Section 6.1 and Section 6.4 hereof), all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the Transactions shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred; *provided*, *however*, that the Purchaser shall pay any filing or other similar fees payable in connection with any filings or submissions under the HSR Act and any comparable foreign Laws.

9.2 ***Notices***. All notices, requests, demands and other communications made under or by reasons of this Agreement shall be in writing and shall be given by hand delivery, certified or registered mail, return receipt requested, facsimile or next day courier to the affected Party at the address set forth below. Such notices shall be deemed given (a) at the time personally delivered, if delivered by hand with receipt acknowledged; (b) at the time received, if sent by certified or registered mail; (c) upon issuance by the transmitting machine of a confirmation slip that the number of pages constituting the notice has been transmitted without error, if sent by facsimile; and (d) the first day after timely delivery to the courier, if sent by next day courier specifying next day delivery:

(i) if to the Purchaser and, following Closing, the Company:

TrueBlue, Inc.
1015 A Street
Tacoma, WA 98401
Attn: General Counsel
Tel: (253) 680-8210
Fax: (253) 502-5792

with a copy (which shall not constitute notice) to:

K&L Gates LLP
925 Fourth Avenue, Suite 2900
Seattle, WA 98104
Attn.: Kristy Harlan and Josh Gaul
Tel.: (206) 623-7580
Fax: (206) 623-7022

(ii) if to any Seller, to the Securityholder Representative at the address provided below.

(iii) if, prior to Closing, to the Company and, after the Closing, to the Securityholder Representative:

Leeds Equity Partners, LLC
350 Park Avenue, 23rd Floor
New York, NY 10022
Attn.: Carter Harned
Tel.: (212) 835-2050
Fax: (212) 835-2020

with a copy (which shall not constitute notice) to:

Goodwin|Procter LLP
53 State Street
Boston, MA 02109
Attn: James M. Curley, Esq.
Tel: (617) 570-8186
Fax: (617) 523-1231

9.3 ***Interpretation***. When a reference is made in this Agreement to "Sections," "Exhibits" or Annexes, such reference shall be to a section of, or an exhibit of, this Agreement unless otherwise indicated. When a reference is made in this Agreement to "Schedule," such reference shall be to a section of the Disclosure Schedules unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa, and references herein to any gender includes each other gender. The Company and the Sellers may, at their option, include in the Disclosure Schedule items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement. Information disclosed on a particular Disclosure Schedule shall be deemed a disclosure on each other Disclosure Schedule to the extent the relevance of such disclosure to such other Disclosure Schedule is reasonably apparent from the face of such disclosure.

9.4 ***Counterparts***. This Agreement may be executed in two or more counterparts, including by electronic transmission, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the Parties and delivered to the other Parties.

9.5 ***Entire Agreement; Construction***. This Agreement (including the Disclosure Schedules, annexes and exhibits hereto and the other agreements and instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

9.6 ***Amendment***. This Agreement may not be amended except by an instrument in writing signed by the Purchaser and the Securityholder Representative and, with respect to Section 1.9 and terms directly (on their face) related thereto, the Farrington Trusts.

9.7 ***Waiver***. The Purchaser may, with respect to the Sellers and/or Vested Option Holders, and the Securityholder Representative may, with respect to the Purchaser, (a) extend the time for the performance of any of its obligations or other acts; (b) waive any inaccuracies in its representations and warranties contained herein or in any document delivered pursuant hereto; or (c) waive compliance with any of its agreements or conditions contained herein, except in each case with respect to Section 1.9 and terms directly (on their face) related thereto. Any such extension or waiver shall be valid if set forth in an instrument in writing.

9.8 ***Governing Law***. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware. All legal proceedings arising out of or relating to this Agreement shall be heard and determined exclusively in any Delaware federal court; *provided*, *however*, that if such federal court does not have jurisdiction over such legal proceeding, such legal proceeding shall be heard and determined exclusively in any Delaware state court. Consistent with the preceding sentence, the Parties hereto hereby: (a) submit to the exclusive jurisdiction of any federal or state court sitting in the State of Delaware for the purpose of any legal proceeding arising out of or relating to this Agreement brought by any party hereto; (b) agree that service of process shall be validly effected by sending notice in accordance with Section 9.2; and (c) irrevocably waive, and agree not to assert by way of motion, defense, or otherwise, in any such legal proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the legal proceeding is brought in an inconvenient forum, that the venue of the legal proceeding is improper, or that this Agreement or the Transactions may not be enforced in or by any of the above-named courts

9.9 ***Securityholder Representative***.

(a) By the execution and delivery of this Agreement, each of the Sellers (including each Joining Common Holder) hereby irrevocably constitutes Leeds Equity Partners IV, L.P. (the "***Securityholder Representative***") as the true and lawful agent and attorney in fact of such Sellers with full power of substitution to act jointly in the name, place and stead of such Sellers with respect to the transfer of Common Shares owned by the Common Holders, Preferred Shares owned by the Preferred Holders, Common Warrants of the Common Warrant Holders and the Preferred Warrant of the Preferred Warrant Holder, each in accordance with the

terms of this Agreement. Without limiting the generality of the foregoing, the Securityholder Representative shall have full power and authority (but not the obligation) to take all actions under this Agreement and the Escrow Agreement that are to be taken by the Securityholder Representative. The Securityholder Representative may take any and all actions that it believes are reasonably necessary or appropriate under this Agreement and the Escrow Agreement, including executing the Escrow Agreement as the Securityholder Representative, giving and receiving any notice or instruction permitted or required under this Agreement or the Escrow Agreement by the Securityholder Representative, interpreting all of the terms and provisions of this Agreement and the Escrow Agreement, authorizing payments to be made with respect hereto or thereto, obtaining reimbursement as provided for herein for all out-of-pocket fees and expenses and other obligations of or incurred by the Securityholder Representative in connection with this Agreement and the Escrow Agreement, defending all Indemnification Claims against the Escrow Fund pursuant to ARTICLE VIII and all disputes pursuant to Section 1.7 or Section 1.8 hereof, consenting to, compromising or settling all Indemnification Claims or disputes pursuant to Section 1.7 or Section 1.8 or Losses or Special Losses claimed by any Purchaser Indemnified Party pursuant to ARTICLE VIII hereof, conducting negotiations with the Purchaser and its agents regarding such claims or disputes, dealing with the Purchaser and the Escrow Agent under this Agreement, taking any all other actions specified in or contemplated by this Agreement and the Escrow Agreement, and engaging counsel, accountants or other representatives in connection with the foregoing matters. Without limiting the generality of the foregoing, except as provided in the following sentence, the Securityholder Representative shall have the full power and authority to interpret all the terms and provisions of this Agreement and the Escrow Agreement and to consent to any amendment hereof or thereof in its capacity as the Securityholder Representative. Notwithstanding anything to the contrary herein, the Securityholder Representative shall have no rights to (i) amend, alter or waive, or interpret in a way that is not consistent with this Agreement and such interpretation is adverse to the Farrington Trusts, any provision of Section 1.9 or any terms directly (on their face) related thereto or (ii) amend, alter or waive any other provisions of this Agreement, or interpret terms of any other provisions of this Agreement in a way that is not consistent with this Agreement and such interpretation is adverse to the Farrington Trusts, if such amendment, alteration, waiver or interpretation increases any obligations or liabilities of the Farrington Trusts or diminish any rights of the Farrington Trusts. From time to time, but in any event once every calendar quarter, the Securityholder Representative shall have a conference call with the Farrington Trusts and/or their representatives and during such call shall provide responses and information as to reasonable questions and requests from such Persons as to matters related to this Agreement, including without limitation Indemnification Claims and the 2005 Earn-Out.

(b) The Securityholder Representative shall have the authority (but not the obligation) to:

(i) Receive all notices or documents given or to be given to the Securityholder Representative pursuant hereto or pursuant to the Escrow Agreement or in connection herewith or therewith and to receive and accept services of legal process in connection with any suit or proceeding arising under this Agreement or the Escrow Agreement;

(ii) Engage counsel, and such accountants and other advisors and incur such other expenses in connection with this Agreement, the Escrow Agreement and the

transactions contemplated hereby and thereby as the Securityholder Representative may in its sole discretion deem appropriate; and

(iii) After the Closing, take such action as the Securityholder Representative may in its sole discretion deem appropriate in respect of: (i) waiving any inaccuracies in the representations or warranties of the Purchaser, or any breach of a covenant or agreement by the Purchaser, in each case contained in this Agreement or in any document delivered by the Purchaser pursuant hereto; (ii) such other action as the Securityholder Representative is authorized to take under this Agreement or the Escrow Agreement; (iii) receiving all documents or certificates and making all determinations, in its capacity as the Securityholder Representative, required under this Agreement or the Escrow Agreement; and (iv) taking all such actions as may be necessary to carry out any of the transactions contemplated by this Agreement and the Escrow Agreement, including the defense and/or settlement of any claims for which indemnification is sought pursuant to ARTICLE VIII and any waiver of any obligation of the Purchaser.

(c) Notwithstanding any provision herein to the contrary, the Securityholder Representative shall have no duties to the Sellers or have any liability to the Sellers with respect to any action taken, decision made or instruction given by the Securityholder Representative in connection with the Escrow Agreement or this Agreement if taken in accordance with the terms of this Agreement.

(d) The Sellers, severally and not jointly based on their respective Pro Rata Portions, shall indemnify and hold harmless the Securityholder Representative against any loss, liability or expense incurred by the Securityholder Representative or any of its Affiliates and any of their respective partners, directors, officers, employees, agents, stockholders, consultants, attorneys, accountants, advisors, brokers, representatives or controlling persons, in each case relating to the Securityholder Representative's conduct as the Securityholder Representative, other than losses, liabilities or expenses resulting from the Securityholder Representative's gross negligence or willful misconduct in connection with its performance under this Agreement and the Escrow Agreement. This indemnification shall survive the termination of this Agreement. The costs of such indemnification (including the costs and expenses of enforcing this right of indemnification) shall be first deducted from the Securityholder Expense Amount and shall thereafter be individual obligations of the Sellers in proportion to their respective Pro Rata Portions of such costs, which obligations may be satisfied as contemplated by Section 9.9(g). The Securityholder Representative may, in all questions arising under this Agreement, rely on the advice of counsel and for anything done, omitted or suffered in good faith by the Securityholder Representative in accordance with such advice, the Securityholder Representative shall not be liable to the Sellers or the Escrow Agent or any other person. In no event shall the Securityholder Representative be liable hereunder or in connection herewith for (i) any indirect, punitive, special or consequential damages or (ii) any amounts other than those that are satisfied out of the Holdback Account.

(e) In the performance of its duties hereunder, the Securityholder Representative shall be entitled to (i) rely upon any document or instrument reasonably believed to be genuine, accurate as to content and signed by any Seller or any Party hereunder and

(ii) assume that any Person purporting to give any notice in accordance with the provisions hereof has been duly authorized to do so.

(f) The Securityholder Representative is authorized, in its sole discretion, to comply with final, nonappealable orders or decisions issued or process entered by any court of competent jurisdiction or arbitrator with respect to the Escrow Funds. If any portion of the Escrow Funds is disbursed to the Securityholder Representative and is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Securityholder Representative is authorized, in its sole discretion, but in good faith, to rely upon and comply with any such order, writ, judgment or decree that it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Securityholder Representative complies with any such order, writ, judgment or decree, it shall not be liable to any Seller or to any other Person by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled set aside or vacated.

(g) The Securityholder Expense Amount shall be withheld from amounts otherwise payable to the Sellers and Award Participants pursuant to this Agreement at the Closing and contributed by the Purchaser on behalf of the Sellers and Award Participants to the Holdback Account as provided in Section 1.6(c) and Section 2.2(c)(i) through Section 2.2(c)(v) for the Securityholder Representative to hold on behalf of the Sellers and Award Participants as a fund for any reasonable out-of-pocket fees and expenses (including legal, accounting and other advisors' fees and expenses, if applicable) incurred by the Securityholder Representative in its capacity as the Securityholder Representative and as a fund, at the sole discretion of the Securityholder Representative, to pay any amounts owing to a Purchaser Indemnified Party, subject to the provisions of ARTICLE VIII hereof, pursuant to Section 1.8, Section 6.4, Section 8.2(a)(i), Section 8.2(a)(ii), Section 8.2(a)(v) and/or Section 8.2(a)(vi). Notwithstanding anything to the contrary contained in this Section9.9, with respect to any out-of-pocket fees and expenses (including legal, accounting and other advisors' fees and expenses, if applicable) incurred by the Securityholder Representative in its capacity as the Securityholder Representative, the Securityholder Representative shall be entitled, in its sole discretion, to have each Seller pay such Sellers's respective Pro Rata Portion of any reasonable out-of-pocket fees and expenses (including legal, accounting and other advisors' fees and expenses, if applicable) incurred by the Securityholder Representative in its capacity as the Securityholder Representative; *provided*, *however*, that (i) the Securityholder Representative must first exhaust any amounts remaining in the Holdback Account, (ii) the Securityholder Representative shall first provide to the Sellers an accounting of all of its expenses and the reasons for a request for the additional funds. The Securityholder Representative acknowledges and agrees that in no event shall the aggregate liability of any Seller (including any Joining Common Holder) under this Agreement, including any amounts paid under this Section 9.9, exceed the aggregate Consideration Received by such Seller. Subject to Section 1.9, at the discretion of the Securityholder Representative, the Securityholder Representative shall distribute (or cause to be distributed) any amounts remaining in the Holdback Account to the Sellers or Award Participants (in the case of the amounts distributed with respect to Incentive Bonus Payments, to the

Company for further distribution to the Award Participants in accordance with Section 1.3(b)) in the following order:

(i) First, if any amounts have been withheld from the Preferred Holders, the Preferred Warrant Holder and/or the Award Participants pursuant to Section 2.2(c)(i), Section 2.2(c)(ii) and/or Section 2.2(c)(v) in order to fund the Escrow Shortfall Amount, then to the Preferred Holders, the Preferred Warrant Holder and the Award Participants who were subject to such withholding on a pro rata basis in accordance with the Escrow Shortfall Pro Rata Portion of each such Preferred Holder, the Preferred Warrant Holder and each such Award Participant until such time as each such Preferred Holder, the Preferred Warrant Holder and such Award Participant has, when taken together with any prior distribution such holder has received pursuant to the terms of the Escrow Agreement (if any) been returned, the entire amount of the Escrow Shortfall Amount that was withheld from such Party pursuant to the terms of Section 2.2(c)(i), Section 2.2(c)(ii) and/or Section 2.2(c)(v); and

(ii) Thereafter, to the Securityholders (subject to the prior application and satisfaction in full of the provisions of Section 1.5(e)) in accordance with their respective Pro Rata Escrow Portions.

(h) The appointment of the Securityholder Representative hereunder is irrevocable and any action taken by the Securityholder Representative pursuant to the authority granted in this Section 9.9 shall be effective and absolutely binding as the action of the Securityholder Representative under this Agreement or the Escrow Agreement.

9.10 ***Severability***. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

9.11 ***Assignment***. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto (whether by operation of law or otherwise) without the prior written consent of the Purchaser and the Securityholder Representative. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective, heirs, successors and permitted assigns.

9.12 ***No Third Party Beneficiaries***. Except as otherwise specifically set forth herein (including Section 8.2 and Section 8.3), this Agreement is for the sole benefit of the Parties hereto and their permitted assigns, and nothing herein expressed or implied shall give or be construed to give any Person, other than the Parties hereto and such permitted assigns, any legal or equitable rights hereunder. All references herein to the enforceability of agreements with third Parties, the existence or non-existence of third party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights and risks among the Parties hereto and are not intended to be admissions against interests, give rise to any

inference or proof of accuracy, be admissible against any Party hereto by any third party or give rise to any claim or benefit to any third party.

9.13 ***Enforcement of Agreement***. The Parties hereto agree that irreparable damage would occur if any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to (a) any other remedy to which they are entitled hereunder, at law or in equity, prior to the Closing, or (b) any other remedy to which they are entitled hereunder after the Closing.

9.14 ***Conflicts and Privilege***. It is acknowledged by each of the Parties hereto that the Securityholder Representative and the Majority Stockholder Entity has retained Goodwin Procter LLP ("***Goodwin***") to act as their counsel and as counsel to the Company in connection with the transactions contemplated hereby. The Purchaser and the Company hereby agree that, in the event that a dispute arises after the Closing between any Purchaser Indemnified Party on the one hand, and the Securityholder Representative and/or the Majority Stockholder Entity on the other hand, with respect to the Transactions, Goodwin may represent the Securityholder Representative and the Majority Stockholder Entity in such dispute even though the interests of the Securityholder Representative and the Majority Stockholder Entity may be directly adverse to the Purchaser Indemnified Parties (including the Company and each of its Subsidiaries), and even though Goodwin may have represented the Company and/or its Subsidiaries in a matter substantially related to such dispute, or may be handling ongoing matters for the Company and/or its Subsidiaries. The Purchaser and the Company further agree, and agree to cause all of the Company's Subsidiaries to agree, that, as to all communications, in any form whatsoever, (x) among Goodwin, the Company, the Subsidiaries of the Company, the Securityholder Representative and/or any Seller before Closing that relate in any way to the Transactions and (y) Goodwin, the Securityholder Representative and/or any Seller after Closing (collectively, (x) and (y), the "***Communications***"), the attorney-client privilege and the expectation of client confidence belongs to the Securityholder Representative and the Majority Stockholder Entity and may be controlled only by the Securityholder Representative and the Majority Stockholder Entity and shall not pass to or be claimed by the Purchaser or any Purchaser Indemnified Party (including the Company and any Subsidiary of the Company). In connection with the foregoing, Purchaser hereby irrevocably waives and agrees not to assert, and agrees to cause the Company and the Company's Subsidiaries to irrevocably waive and not to assert, any conflict of interest arising from or in connection with (a) Goodwin's representation of the Company and/or the Company's Subsidiaries prior to the Closing with respect to the Transactions and (b) Goodwin's representation of the Stockholder Representative and the Majority Stockholder Entity prior to and after the Closing. To the extent that files or other materials maintained by Goodwin constitute property of its clients that are or relate to Communications, only the Stockholder Representative and the Majority Stockholder Entity shall hold such property rights and Goodwin shall have no duty to reveal or disclose any such files or other materials or any Communications by reason of any attorney-client relationship between Goodwin, on the one hand, and Purchaser, the Company or the Company's Subsidiaries, on the other hand. Purchaser agrees that it will not, and that it will cause the Company and the Company's Subsidiaries not to, (i) access or use the Communications, including by way of review of any electronic data, communications or other information, or by seeking to have the Securityholder Representative or Majority

Stockholder Entity waive the attorney-client or other privilege, or by otherwise asserting that Purchaser, the Company or any Company Subsidiary has the right to waive the attorney-client or other privilege or (ii) seek to obtain the Communications from Goodwin.

9.15 ***Electronic Execution and Delivery***. A facsimile, electronic or other reproduction of this Agreement may be executed by one or more Parties to this Agreement, and an executed copy of this Agreement may be delivered by one or more Parties to this Agreement by facsimile or other electronic transmission pursuant to which the signature of or on behalf of such Party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any Party to this Agreement, all Parties to this Agreement agree to execute an original of this Agreement as well as any facsimile, electronic or other reproduction of this Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

PURCHASER:

TRUEBLUE, INC.

By: _____
Name: Derrek Gafford
Title: Executive Vice President and
Chief Financial Officer

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

COMPANY:

STAFFING SOLUTIONS HOLDINGS, INC.

By: _____
Name: Carter Harned
Title: EVP and Secretary

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

SECURITYHOLDER REPRESENTATIVE:

LEEDS EQUITY PARTNERS IV, L.P.

By: Leeds Equity Associates IV, L.L.C.

By: _____
Name: Carter Harrell
Title: Member

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

SELLERS:

LEEDS EQUITY PARTNERS IV, L.P.

By: Leeds Equity Associates IV, L.L.C.

By: _____
Name: Carter Harrell
Title: Member

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

MICHAEL MILES REVOCABLE TRUST

By: _____
Name: Michael Miles
Title: Trustee

MICHAEL MILES 2004 GIFT TRUST

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

MICHAEL MILES REVOCABLE TRUST

By: _____
Name:
Title:

MICHAEL MILES 2004 GIFT TRUST

By: Thomas A. Seaman
Name: Thomas A. Seaman
Title: Trustee

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

FARRINGTON TRUST NO. 2 NON-GST EXEMPT, Trust

By: _____
Name:
Title: Co-Trustee, Not Individually

By: Linda M Brien
Title: Co-Trustee, Not Individually

FARRINGTON TRUST NO. 2 GST EXEMPT TRUST

By: _____
Name:
Title: Co-Trustee, NOT Individually

By: Linda M Brien
Title: Co-Trustee, Not Individually

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Loree Lynch

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

PURCHASER:

[_____]

By: _____
Name:
Title:

COMPANY:

STAFFING SOLUTIONS HOLDINGS, INC.

By: _____
Name:
Title:

SELLERS:

Wilblairco II, L.L.C.

By: Thomas W. Pace
Name: Thomas W. Pace
Title: Member, Manager Committee

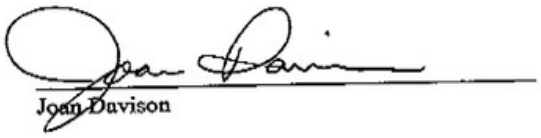
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Alison Kassel

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Patrick Beharelle

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.



Joan Davison

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Katie Bodell

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Sabrina Daniels

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Pat Lach

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

George Michelson

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Anne Osty

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Claudia Roemer

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Jim Tanchon

Jim Tanchon

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first above written.

Solely for the purposes of Section 1.9:

Linda Krier

Linda Krier

Annex I

Definitions

In addition to any other definitions contained in this Agreement, the following words, terms and phrases shall have the following meanings when used in this Agreement.

"***2005 Companies***" means Seaton, LLC (f/k/a Seaton Corp.), SMX, LLC (f/k/a SMX Corp.) and PeopleScout, Inc.

"***2005 Earn-Out***" means the 2005 Earn-Out Amount that would be owed by the 2005 Companies to the 2005 Sellers pursuant to Section 2.4 of the 2005 SPA if the Majority Stockholder Entity achieves a Return Multiple (as defined in the 2005 SPA) equal to or greater than 2.0 at any time.

"***2005 Earn-Out Amount***" means Nine Million Two Hundred Seventy Thousand Dollars ($9,275,000).

"***2005 Earn-Out Percentages***" means the percentages set forth on Schedule 1.9(a).

"***2005 SPA***" means that certain Stock Purchase Agreement, date as of June 17, 2005 (as amended and/or amended and restated from time to time), by and among Staffing Solutions Holdings, Inc., Seaton Acquisition Corp., Hugh Farrington, individually, the Farrington Trust No. 1, Michael Miles, individually and as the Stockholders' representative, the Michael Miles Grantor Retained Annuity Trust No. 1, Linda Krier, individually, Loree Lynch, individually, Seaton, LLC (f/k/a Seaton Corp.), SMX, LLC (f/k/a SMX Corp.) and PeopleScout, Inc.

"***2005 Sellers***" means Michael Miles Revocable Trust, Michael Miles 2004 Gift Trust, the Farrington Trusts, Linda Krier and Loree Lynch.

"***Affiliate***" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"***Aggregate Preferred Consideration***" is defined in Section 1.5(d) of this Agreement.

"***Aggregate Purchase Price***" is defined in the definition of "Purchase Price."

"***Agreed Accounting Principles***" means GAAP applied on a basis consistent with the methodologies, practices, principles, and policies used by the Company in the preparation of its consolidated audited balance sheet dated December 29, 2013 and its consolidated unaudited balance sheet dated March 30, 2014.

"***Agreement***" is defined in the Preamble of this Agreement.

"***Alternative Transaction***" is defined in Section 6.8 of this Agreement.

"***Approved Settlement Agreement***" is defined in the definition of "Special Losses."

"***Audited Financial Statements***" is defined in Section 3.4 of this Agreement.

"***Award***" means each Award (as defined in the Incentive Bonus Plan) outstanding under the Incentive Bonus Plan as of immediately prior to the Closing.

"***Award Participant***" means each Participant (as defined in the Incentive Bonus Plan) who is entitled to an Award in connection with the Transactions.

"***Award Participant Pro Rata Portion***" means, with respect to each Award Participant, the quotient obtained by dividing (x) the Incentive Bonus Payment received by such participant pursuant to this Agreement, by (y) aggregate Incentive Bonus Payments received by all such participants pursuant to this Agreement. For the avoidance of doubt, the aggregate Award Participant Pro Rata Portion shall always equal one hundred percent (100%).

"***Basket Amount***" is defined in Section 8.4(a) of this Agreement.

"***Benefit Plan***" is defined in Section 3.8(a) of this Agreement.

"***Business Day***" means any day of the year on which national banking institutions in New York are opened to the public for conducting business and are not required or authorized to close.

"***Cash***" means all cash and cash equivalents of the Company and its Subsidiaries on a consolidated basis other than WM Restricted Cash, in each case, in accordance with the Agreed Accounting Principles.

"***Closing***" is defined in Section 2.1 of this Agreement.

"***Closing Balance Sheet***" is defined in Section 1.8(a) of this Agreement.

"***Closing Date***" is defined in Section 2.1 of this Agreement.

"***Closing Date Net Working Capital Amount***" means the amount by which (i) Current Assets plus Cash exceeds (ii) Current Liabilities and checks outstanding that are not otherwise taken into account in the determination of Cash, in each case, determined as of 12:01 a.m. Chicago time on the Closing Date and in accordance with the Agreed Accounting Principles.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Common Consideration***" is defined in Section 1.4 of this Agreement.

"***Common Holder***" is defined in Preamble of this Agreement.

"***Common Shares***" is defined in the Recitals of this Agreement.

"***Common Stock***" is defined in the Recitals of this Agreement.

"***Common Warrant Consideration***" is defined in Section 1.2 of this Agreement.

"***Common Warrant Holders***" is defined in the Preamble of this Agreement.

"***Common Warrant Shares***" is defined in the Recitals of this Agreement.

"***Common Warrants***" is defined in the Recitals of this Agreement.

"***Communications***" is defined in Section9.14 of this Agreement.

"***Company***" is defined in Preamble of this Agreement.

"***Company Charter***" is defined in Section 3.2 of this Agreement.

"***Company Employees***" means the corporate, administrative and managerial employees of the Company. Company Employees specifically excludes all temporary employees, part-time employees and other employees (commonly referred to as "associates") staffed at a customer or a client of the Company other than in a full-time supervisory or managerial role (commonly referred to as a member of the "site management team").

"***Company Fundamental Representations***" means the representations and warranties contained in Section 3.1(a) (Status), Section 3.1(b) (Authority), Section 3.2 (Capitalization of the Company), Section 3.3 (Subsidiaries) and Section 3.16 (Brokers).

"***Company Released Persons***" is defined in Section 1.9(c).

"***Company Releasing Parties***" is defined in Section 1.9(c).

"***Company Representatives***" is defined in Section 6.8 of this Agreement.

"***Company Stock Options***" means each stock option, stock equivalent right or other right to Common Stock granted under the Stock Plan.

"***Consent***" means any approval, consent, ratification, permission, waiver or authorization from any Person other than a Governmental Entity.

"***Consideration Received***" means, with respect to each Seller, the sum of the Preferred Consideration, Preferred Warrant Consideration, Common Consideration and Common Warrant Consideration actually received by such Seller pursuant to the terms of this Agreement.

"***Contract***" means any agreement, contract, obligation, promise, commitment or undertaking that is or purports to be legally binding.

"***Current Assets***" means the aggregate amount of all current assets of the Company and its Subsidiaries listed as categories of current assets on Schedule 1.8, on a consolidated basis and in accordance with the Agreed Accounting Principles.

"***Current Liabilities***" means the aggregate amount of all current liabilities of the Company and its Subsidiaries listed as categories of current liabilities on Schedule 1.8, on a

consolidated basis and in accordance with the Agreed Accounting Principles; *provided*, *however*, that Current Liabilities shall not include any Indebtedness, Selling Expenses or other liabilities either paid on or prior to the Closing Date by or on behalf of the Company, or any other Excluded Items.

"***Disclosure Schedule***" is defined in ARTICLE III of this Agreement.

"***Dispute Period***" is defined in Section 8.5(a) of this Agreement

"***Enterprise Value***" is defined in the definition of "Purchase Price."

"***Environmental Costs and Liabilities***" means, with respect to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages (including natural resource damages), obligations to pay damages to third parties, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest that arise out of any violation of Environmental Law (including claims under common law for personal injury or property damage) or a Release of Hazardous Materials.

"***Environmental Law***" means any Law relating to the protection of human health and safety, the environment, or natural resources, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as each has been or may be amended and the regulations promulgated pursuant thereto.

"***Environmental Permit***" means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

"***ERISA***" is defined in Section 3.8(a) of this Agreement.

"***ERISA Affiliate***" means any entity that would have ever been considered a single employer with the Company under Section 4001(b) of ERISA or part of the same "controlled group" as the Company for purposes of Section 302(d)(3) of ERISA.

"***Escrow Accounts***" is defined in Section 1.6(a) of this Agreement.

"***Escrow Agent***" is defined in Section 1.6(a) of this Agreement.

"***Escrow Agreement***" is defined in Section 1.6(a) of this Agreement.

"***Escrow Amounts***" means, together, the Indemnity Escrow Amount, the Special Indemnity Escrow Amount, and the Net Working Capital Escrow Amount.

"***Escrow Fund***" has the meaning assigned to such term in the Escrow Agreement.

"***Escrow Shortfall Amount***" is defined in Section 1.6(c) of this Agreement.

"***Escrow Termination Date***" is defined in Section 1.6(a) of this Agreement.

"***Escrow Shortfall Pro Rata Portion***" means, with respect to each (i) Preferred Holder and the Preferred Warrant Holder, an amount equal to such holder's Preferred Pro Rata Portion multiplied by 93.327%, and (ii) each Award Participant, such participant's Award Participant Pro Rata Share multiplied by 6.673%. For the avoidance of doubt, the aggregate Escrow Shortfall Pro Rata Portion shall always equal one hundred percent (100%).

"***Estimated Target Net Working Capital Amount***" means an amount equal to (i) the sum of Five Hundred Seventy-Seven Million Eighty-Nine Thousand One Hundred Sixty-Six Dollars ($577,089,166.00), Net Working Capital May and Estimated Net Working Capital June, divided by (ii) twelve (12), minus (iii) Three Million Five Hundred Thousand Dollars ($3,500,000). An example, for purposes of clarity, of the calculation of the Estimated Target Net Working Capital Amount is attached as **Exhibit C**.

"***Estimated Net Working Capital June***" means the amount by which (i) Current Assets exceeds (ii) Current Liabilities, in each case, determined as of the close of business on June 29, 2014, estimated in good faith by the Company.

"***Estimated Closing Date Net Working Capital Amount***" is defined in Section 1.7 of this Agreement.

"***Estimated Preliminary Statement***" is defined in Section 1.7 of this Agreement.

"***Estimated Purchase Price Adjustment***" is defined in Section 1.7 of this Agreement.

"***Excluded Item***" means (i) any liability of the Company or any of its Subsidiaries resulting from any action taken on the Closing Date by or on behalf of the Purchaser or any of its Affiliates, including in connection with any equity or debt financing sourced by the Purchaser or any of its Affiliates, (ii) any liability that is otherwise allocated to, or the obligation of, the Purchaser or any of its Affiliates pursuant to the terms of this Agreement, (iii) any liability of the Company or any of its Subsidiaries that is included in the Final Statement as a Current Liability in determining the Closing Date Net Working Capital Amount, or (iv) the Incentive Bonus Payments.

"***Farrington Trusts***" means the Farrington Trust No. 2 Non-GST Exempt and the Farrington Trust No. 2 GST Exempt.

"***Final Determination***" is defined in Section 8.5(c) of this Agreement.

"***Final Statement***" is defined in Section 1.8(c) of this Agreement.

"***Financial Statements***" is defined in Section 3.4 of this Agreement.

"***Fundamental Representations***" means the Company Fundamental Representations, the Purchaser Fundamental Representations and the Seller Fundamental Representations.

"***GAAP***" means generally accepted accounting principles in the United States, consistently applied.

"***General Enforceability Exceptions***" is defined in Section 3.1(b) of this Agreement.

"***Goodwin***" is defined in Section9.14 of this Agreement.

"***Governing Documents***" means with respect to any particular entity, (i) if a corporation, the articles or certificate of incorporation and the bylaws (or similar organizational documents for any entity organized or existing in any non-U.S. jurisdiction), (ii) if a limited partnership, the limited partnership agreement and the articles or certificate of limited partnership (or similar organizational documents for any entity organized or existing in any non-U.S. jurisdiction), (iii) if a limited liability company, the articles of organization or certificate of formation and the limited liability company agreement or operating agreement (or similar organizational documents for any entity organized or existing in any non-U.S. jurisdiction), (iv) if any other type of entity (including any non-U.S. entity), the formation or organizational documents and the governing documents, (v) all equityholders' agreements, voting agreements, voting trust agreements, joint venture agreements, or registration rights agreements, and (vi) any amendment or supplement to any of the foregoing.

"***Governmental Entity***" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any arbitrator, court or tribunal of competent jurisdiction.

"***Hazardous Material***" means any substance, material, or waste that is regulated, classified, or otherwise characterized under or pursuant to any Environmental Law as "hazardous," "toxic," "pollutant," "contaminant," "radioactive," or words of similar meaning or effect, including petroleum and its by-products, asbestos, polychlorinated biphenyls, radon, and urea formaldehyde insulation.

"***Holdback Account***" is defined in Section 1.6(b) of this Agreement.

"***HSR Act***" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"***Incentive Bonus Payments***" means the payments (if any), as determined by the Board (as defined in the Incentive Bonus Plan), owed by the Company to the Award Participants under the Awards in connection with the Transactions.

"***Incentive Bonus Plan***" means the Staffing Solutions Holdings, Inc. 2013 Management Incentive Plan.

"***Included Payroll Taxes***" means the aggregate amount of the employer's share of payroll taxes payable by the Company and its Subsidiaries as a result of the Incentive Bonus Payments; provided that such amount shall not include (i) the amount of any social security taxes payable in

respect of any employee whose compensation subject to social security taxes will be greater than the maximum amount subject to social security taxes for the applicable taxable year without regard to the Incentive Bonus Payments and (ii) with respect to any employee whose compensation subject to social security taxes will be greater than the maximum amount subject to social security taxes for the applicable taxable year as a result of taking into account the Incentive Bonus Payments, an amount of social security taxes attributable to the incremental Incentive Bonus Payments for such taxable year from the amount of such employee's other compensation subject to social security taxes up to the social security cap. To the extent that any state payroll taxes "phase out" in a manner similar to U.S. federal social security taxes, the principles of the foregoing proviso shall be applied.

"***Indebtedness***" means, without duplication, and determined as of 12:01 a.m. Chicago time on the Closing Date, (a) a Contract under which the Company or any of its Subsidiaries has borrowed any money from, or issued or is subject to any loan agreement, credit agreement, promissory note, bond or debenture to any Person, (b) a Contract under which any of the Company or its Subsidiaries has directly or indirectly guaranteed indebtedness for borrowed money of any other Person (other than endorsements for the purpose of collection in the Ordinary Course of Business), or (c) any credit agreement, promissory note, bond or debenture issued to any Person by the Company or any of its Subsidiaries. "Indebtedness" shall not, and shall not be deemed to, include any letters of credit or any Excluded Item.

"***Indemnification Claim***" is defined in Section 8.5(a) of this Agreement.

"***Indemnified Party***" is defined in Section 8.5(a) of this Agreement.

"***Indemnifying Party***" is defined in Section 8.5(a) of this Agreement.

"***Indemnity Escrow Amount***" is defined on Schedule 1.6(a).

"***Indemnity Escrow Account***" is defined in Section 1.6(a) of this Agreement.

"***Initial Aggregate Purchase Price***" is defined in the definition of "Purchase Price."

"***Insurance Policies***" is defined in Section 3.10 of this Agreement.

"***Intellectual Property***" means all intellectual property rights arising from or in respect of the following: (i) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications, and patents issuing thereon; (ii) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, internet domain names and corporate names, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof; (iii) copyrights and registrations and applications therefor, works of authorship and mask work rights; (iv) trade secrets and all other confidential information, know-how, inventions, proprietary processes, formulae, models, and methodologies; and (v) rights of publicity.

"***Interim Financial Statements***" is defined in Section 3.4 of this Agreement.

"***IRS***" means the United States Internal Revenue Service.

"***Joinder Agreement***" is defined in Section 6.10 of this Agreement.

"***Joining Common Holder***" is defined in Section 6.10 of this Agreement.

"***Knowledge of the Company***" means the actual knowledge of Patrick Beharelle, Christopher Averill, Carl Schweihs, Joan Davison or, solely with respect to Section 3.8, Section 3.9(h) and Section 3.15, Patricia Ayala, in each case after due inquiry.

"***Law***" means any and all statutes, laws, ordinances, rules, regulations, Orders, permits, codes, treaties, constitutions, case law and other rules of law enacted, promulgated or issued by any Governmental Entity.

"***Leased Real Property***" means all real property leased by the Company and/or its Subsidiaries.

"***Legal Proceeding***" means any action, claim (including any cross-claim or counter-claim), suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Entity or any arbitrator or arbitration panel.

"***Letter of Credit***" is defined in Section 6.13 of this Agreement.

"***Lien***" means any mortgage, pledge, security interest, encumbrance, lien (statutory or other), claim, charge, community property interest, condition, equitable interest, option, easement, encroachment, right of way, right of first refusal or conditional sale agreement.

"***LoC Released Parties***" is defined in Section 6.13 of this Agreement.

"***Loss***" is defined in Section 8.2(a) of this Agreement.

"***Majority Stockholder Entity***" means Leeds Equity Partners IV, L.P. (f/k/a Leeds Weld Equity Partners IV, L.P.).

"***Material Adverse Effect***" means, with respect to the Company and its Subsidiaries the occurrence or existence of an event, condition, change, effect, or development that, individually or in the aggregate, has or would reasonably expected to have an effect that is material and adverse on the financial condition, business or results of operations of the Company and its Subsidiaries, on a consolidated basis, or on the ability of the Sellers to consummate the Transactions; *provided, however*, that "***Material Adverse Effect***" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) any changes, conditions or effects in the economies or securities or financial markets in general anywhere in the world in which the Company and/or its Subsidiaries currently conducts business; (ii) changes, conditions or effects that affect the industries in which the Company operates; (iii) any change, effect or circumstance resulting from an action required or specifically permitted by this Agreement; (iv) any matter disclosed in the Disclosure Schedules solely to the extent and scope of such disclosure; (v) the effect of any changes in applicable Laws or accounting rules, including GAAP; (vi) any change, effect or circumstance resulting from the

announcement of this Agreement; or (vii) conditions caused by acts of terrorism or war (whether or not declared) or any natural or man-made disaster or other acts of God; *provided further, however,* that any event, occurrence, fact, condition or change referred to in clauses (i), (ii), (v) or (vii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate adverse effect on the Company and its Subsidiaries, on a consolidated basis, compared to other similarly sized participants in the industries in which the Company and its Subsidiaries conduct their businesses.

"***Material Contract***" is defined in Section 3.7(a) of this Agreement.

"***MSP***" means managed service provider.

"***Net Working Capital Escrow Amount***" is defined on Schedule 1.6(a).

"***Net Working Capital Escrow Account***" is defined in Section 1.6(a) of this Agreement.

"***Net Working Capital June***" means the amount by which (i) Current Assets exceeds (ii) Current Liabilities, in each case, determined as of the close of business on June 29, 2014.

"***Net Working Capital May***" means the amount by which (i) Current Assets exceeds (ii) Current Liabilities, in each case, determined as of the close of business on May 25, 2014.

"***Neutral Arbitrator***" is defined in Section 1.8(c) of this Agreement.

"***Non-Disclosure and Confidentiality Agreement***" is defined in Section 6.2 of this Agreement.

"***Objection Notice***" is defined in Section 1.8(b) of this Agreement.

"***Open Source Software***" is defined in Section 3.9(g) of this Agreement.

"***Option Holder***" is defined in Section 1.3(a) of this Agreement.

"***Order***" is defined in Section 2.3(c) of this Agreement.

"***Ordinary Course of Business***" means the ordinary and usual course of normal day-to-day operations of the Company and its Subsidiaries consistent with past practice.

"***OWM***" means onsite workforce management.

"***Parties***" is defined in the Preamble of this Agreement.

"***Permits***" means all permits, licenses, franchises, approvals, authorizations, consents, registrations or certificates required to be obtained from Governmental Entities.

"***Permitted Liens***" means (i) liens for Taxes not yet due and payable or that are being contested in good faith by appropriate procedures; (ii) mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the Ordinary Course of Business;

(iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting the Real Property Leases; (iv) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business or (v) other immaterial imperfections of title or Liens.

"***Permitted Representation***" is defined in Section 9.14 of this Agreement.

"***Per Share Common Consideration***" means the quotient obtained by dividing (i) the Common Consideration by (ii) the sum of (a) the aggregate number of Common Shares issued and outstanding as of immediately prior to Closing, plus (b) the number of shares of Common Stock that are subject to the Common Warrants.

"***Per Share Preferred Consideration***" is defined in Section 1.5(b) of this Agreement.

"***Person***" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Entity or other entity.

"***Personal Property Leases***" means all leases of tangible personal property to which the Company or any of its Subsidiaries is a party.

"***PII***" is defined in Section 3.9(j) of this Agreement.

"***Post-Closing Transaction Deductions***" means any payments in respect of Incentive Bonus Payments after the Closing (including Included Payroll Taxes) in accordance with and in satisfaction of Section 1.5(e) and whether out of any Escrow Account or otherwise pursuant to the terms of this Agreement.

"***Pre-Closing Period***" is defined in Section 6.1 of this Agreement.

"***Pre-Closing Tax Contest***" is defined in Section 6.4(d) of this Agreement.

"***Pre-Closing Tax Period***" is defined in Section 6.4(a) of this Agreement.

"***Pre-Closing Tax Returns***" is defined in Section 6.4(c) of this Agreement.

"***Preferred Consideration***" is defined in Section 1.5(b) of this Agreement.

"***Preferred Holders***" is defined in the Preamble of this Agreement.

"***Preferred Pro Rata Portion***" means, with respect to each Preferred Holder and the Preferred Warrant Holder, the quotient obtained by dividing (x) the Aggregate Preferred Consideration received by such holder pursuant to this Agreement, by (y) Aggregate Preferred Consideration received by all such holders pursuant to this Agreement. For the avoidance of doubt, the aggregate Preferred Pro Rata Portion shall always equal one hundred percent (100%).

"***Preferred Shares***" is defined in the Recitals of this Agreement.

"***Preferred Stock***" is defined in the Recitals of this Agreement.

"***Preferred Warrant Consideration***" is defined in Section 1.5(d) of this Agreement.

"***Preferred Warrant Holder***" is defined in the Preamble of this Agreement.

"***Preferred Warrant Shares***" is defined in the Recitals of this Agreement.

"***Preferred Warrant***" is defined in the Recitals of this Agreement.

"***Preliminary Statement***" is defined in Section 1.8(a) of this Agreement.

"***Pro Rata Escrow Portion***" means, with respect to each Securityholder, the quotient obtained by dividing (x) in the case of a Common Holder, the number of Common Shares held by such Common Holder, and in the case of a Common Warrant Holder, the number of Common Warrant Shares issuable pursuant to such Common Warrant Holder's Common Warrant(s) by (y) the sum of (i) the number of Common Shares held by all Common Holders party to this Agreement (including Joining Common Holders) plus (ii) the aggregate number of Common Warrant Shares held by all Common Warrant Holders. For the avoidance of doubt, the aggregate Pro Rata Escrow Portion shall always equal one hundred percent (100%).

"***Pro Rata Portion***" means, with respect to each Seller (and Award Recipient), the quotient obtained by dividing (x) the aggregate Consideration Received by such Seller pursuant to this Agreement plus the Incentive Bonus Payment received by any Award Recipient, by (y) the sum of the aggregate Consideration Received by all Sellers pursuant to this Agreement plus the aggregate Incentive Bonus Payments received by all Award Participants. For the avoidance of doubt, the aggregate Pro Rata Portion shall always equal one hundred percent (100%).

"***Purchase Price***" means an amount in cash equal to the sum of: (a) Three Hundred and Ten Million Dollars ($310,000,000) (the "***Enterprise Value***"); plus or minus (b) the Estimated Purchase Price Adjustment; minus (c) the Indebtedness; minus (d) the Incentive Bonus Payments; minus (e) the Selling Expenses; plus (f) the aggregate exercise prices of all of the Common Warrant Shares and the aggregate exercise prices of all of the Preferred Warrant Shares (the sum of the foregoing clauses (a) through (f), the "***Initial Aggregate Purchase Price***"). The Initial Aggregate Purchase Price shall be subject to further adjustment pursuant to Section 1.8 (as finally adjusted, the "***Aggregate Purchase Price***").

"***Purchaser***" is defined in the Preamble of this Agreement.

"***Purchaser Fundamental Representations***" means the representations and warranties contained in Section 5.1 (Corporate Organization), Section 5.2 (Authority and Validity), Section 5.4 (Investment Intention), Section 5.5 (Financial Capability; Solvency), Section 5.6 (Brokers), Section 5.7 (Litigation) and Section 5.8 (Inspection; No Other Representations).

"***Purchaser Indemnified Parties***" is defined in Section 8.2(a) of this Agreement.

"***Purchaser Prepared Pre-Closing Returns***" is defined in Section 6.4(c) of this Agreement

"***Purchaser Terminating Breach***" is defined in Section 2.3(e) of this Agreement.

"***Qualifying Claim***" is defined in Section 8.4(a) of this Agreement.

"***Real Property Leases***" is defined in Section 3.6(a) of this Agreement.

"***Release***" means any release, spill, emission, leaking, pumping, pouring, injection, deposit, dumping, emptying, disposal, discharge, dispersal, leaching, or migration into the indoor or outdoor environment or into or out of any property.

"***Remedial Action***" means all actions, including any capital expenditures, undertaken to (i) clean up, remove, treat, or in any other way address any Hazardous Material; (ii) prevent the Release or threat of Release or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) to correct a condition of noncompliance with Environmental Laws.

"***Resolution Period***" is defined in Section 1.8(b) of this Agreement.

"***Review Period***" is defined in Section 1.8(b) of this Agreement.

"***Securities Act***" is defined in Section 5.4 of this Agreement.

"***Securityholder Expense Amount***" is defined in Section 1.6(b) of this Agreement.

"***Securityholder Indemnified Parties***" is defined in Section 8.3(a) of this Agreement.

"***Securityholder Representative***" is defined in Section 9.9(a) of this Agreement.

"***Securityholders***" means the Common Holders and the Common Warrant Holders.

"***Seller***" is defined in Preamble of this Agreement.

"***Seller Fundamental Representations***" means the representations and warranties contained in ARTICLE IV.

"***Seller Released Persons***" is defined in Section 1.9(c).

"***Seller Releasing Parties***" is defined in Section 1.9(c).

"***Seller Terminating Breach***" is defined in Section 2.3(d) of this Agreement.

"***Selling Expenses***" means the unpaid obligations of the Company for all legal and other expenses incurred in connection with the Transactions determined as of 12:01 a.m. Chicago time on the Closing Date (including any fees and expenses of (i) Goodwin and (ii) certain other advisors of the Company); *provided*, *however*, that in no event shall Selling Expenses include, or be deemed to include, any Excluded Items; *provided*, *further*, *however*, that any Selling Expenses that would not otherwise be due until the Closing (e.g., success based fees and/or expenses) will be deemed to be incurred and unpaid as of 12:01 a.m. Chicago time on the Closing Date.

"***Significant Customer***" is defined in Section 3.13(a) of this Agreement.

"***Solvent***" is defined in Section 5.5 of this Agreement.

"***Source Code***" is defined in Section 3.9(i) of this Agreement.

"***Special Escrow Account***" is defined in Section 1.6(a) of this Agreement.

"***Special Escrow Amount***" s defined on Schedule 1.6(a).

"***Special Indemnity Escrow Period***" is defined on Schedule 1.6(a).

"***Special Indemnity Matters***" is defined in Section 8.2(a)(vi) of this Agreement.

"***Special Losses***" means monetary damages paid by the Company or any of its Subsidiaries to any plaintiff in any Special Indemnity Matter pursuant to either a (i) final, non-appealable decision of a court of competent jurisdiction, or (ii) a final, binding settlement agreement that settles any Special Indemnity Matter and fully releases the Company and its Subsidiaries from any further liability with respect to such Special Indemnity matter and is otherwise on terms that are reasonably satisfactory to the Securityholder Representative (an "***Approved Settlement Agreement***"); provided, however, that Special Losses shall be reduced and offset by any and all Special Loss Offsets.

"***Special Loss Offset***" means, regardless of when received, any and all (i) amounts contributed, paid, reimbursed or assumed by a third-party co-defendant in the Special Indemnity Matter associated with the defense, settlement and/or judgment costs and/or expenses associated with any Special Indemnity Matter that would otherwise be owed by, or due from, any Special Loss Party, (ii) other economic value provided by a third-party co-defendant in the Special Indemnity Matter to any Special Loss Party that is intended as a partial or full offset to any Special Loss Party's liability in connection with any Special Indemnity Matter, and/or (iii) Special Loss Tax Benefits.

"***Special Loss Party***" has is defined in Section 8.6(b).

"***Special Loss Tax Benefits***" means thirty-five percent (35%) of all Special Losses to the extent deductible or resulting in the equivalent of a deduction through a reduction in net income.

"***Stock Plan***" means the Staffing Solutions Holdings, Inc. 2005 Stock-Based Incentive Compensation Plan.

"***Straddle Period***" defined in Section 6.4(h) of this Agreement.

"***Straddle Returns***" is defined in Section 6.4(c) of this Agreement.

"***Subsequent Payments***" is defined in Section 1.9(a).

"***Subsidiaries***" means (i) the entities set forth on Schedule 3.3(b) and (ii) all other Persons in which the Company, directly or indirectly, owns a controlling equity interest.

"***Target Net Working Capital Amount***" means an amount equal to (i) the sum of Five Hundred Seventy-Seven Million Eighty-Nine Thousand One Hundred Sixty-Six Dollars ($577,089,166.00), the Net Working Capital May and the Net Working Capital June, divided by (ii) twelve (12), minus (iii) Three Million Five Hundred Thousand Dollars ($3,500,000).

"***Tax***" means any tax (including any income tax, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, capital stock, franchise, profits, capital gains tax, value-added tax, sales tax, property tax, withholding tax, social security (or similar) or unemployment, disability, levy, assessment, tariff, duty (including any customs duty), deficiency, or other fee, and any related charge or amount (including any fine, penalty, interest, or addition to tax)), imposed, assessed, or collected by or under the authority of any Taxing Authority.

"***Tax Authority***" and "***Taxing Authority***" mean any U.S. or non-U.S. federal, national, state, provincial, county, or municipal or other local government, any subdivision, agency, commission, or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

"***Tax Return***" or "***Tax Returns***" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes that is filed or required to be filed with any Taxing Authority, including any schedule or attachment thereto, and including any amendments.

"***Termination Date***" is defined in Section 2.3(a) of this Agreement.

"***Transactions***" means the transactions contemplated by this Agreement.

"***Transaction Deductions***" means the sum of (i) any and all payments made in respect of Incentive Bonus Payments (including the Company portion of any employment Taxes), at the Closing as contemplated by this Agreement and any other compensatory payments made by the Company or any of its Subsidiaries at Closing in connection with the Transactions (including the Company portion of any employment Taxes); (ii) any and all deductible amounts resulting from the exercise of Company Stock Options in connection with the transactions contemplated by this Agreement; (iii) any and all payments in respect of Common Stock as contemplated by this Agreement that results in a deduction to the Company pursuant to Section 421(b) of the Code (including the Company portion of any employment Taxes); (iv) the deductible portion of all Selling Expenses and all capitalized costs that become deductible due to the repayment of Indebtedness at the Closing or as contemplated by this Agreement; and (v) 70% of all success-based fees paid by the Company, in each case to the extent such amounts are deductible on the U.S. federal income Tax Return of the Company for the Tax period ending as of the Closing Date. For purposes of this Agreement, the parties agree that 70% of success-based fees paid by the Company shall be deductible under Rev. Proc. 2011-29 and shall be Transaction Deductions. The Securityholder Representative's determination of the amount of each such item that is deductible shall be conclusive for purposes of this Agreement, provided that the Securityholder Representative shall determine the deductibility of any such amounts in good faith and in consultation with the Company's tax return preparers and tax counsel, and shall not determine

that an amount is deductible if the Company's tax return preparer certifies that it does not believe a deduction is more likely than not to be available.

"***Transaction Documents***" means this Agreement and the other documents and certificates contemplated hereby, including the Escrow Agreement.

"***Transaction Tax Benefit***" means an amount equal to thirty-five percent (35%) multiplied by the lesser of (a) the U.S. federal net operating loss carryforward of the Company to Tax periods beginning after the Closing Date, and (b) the Transaction Deductions.

"***WARN***" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any similar state or local Law.

"***WM Restricted Cash***" means the balance of account 1022 on the Company's December 29, 2013 consolidated balance sheet included as part of the Audited Financial Statements**.**

"***Working Capital True-Up Amount***" means the amount equal to (i) the Closing Date Net Working Capital Amount as stated on the Final Statement, *minus* (ii) the Target Net Working Capital Amount as stated on the Final Statement, *minus* (iii) the Estimated Purchase Price Adjustment (which, in accordance with Section 1.7, may be either a positive or negative number).

EXHIBIT 31.1

CERTIFICATION

I, Steven C. Cooper, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TrueBlue, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2014

/s/ Steven C. Cooper

Steven C. Cooper

Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.1

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

We, Steven C. Cooper, the chief executive officer of TrueBlue, Inc. (the "Company"), and Derrek L. Gafford, the chief financial officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Quarterly Report of the Company on Form 10-Q, for the fiscal period ended June 27, 2014 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Steven C. Cooper	/s/ Derrek L. Gafford
Steven C. Cooper	Derrek L. Gafford
Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)

July 28, 2014

A signed original of this written statement required by Section 906 has been provided to TrueBlue, Inc. and will be retained by TrueBlue, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 31.2

CERTIFICATION

I, Derrek L. Gafford, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of TrueBlue, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2014

/s/ Derrek L. Gafford

Derrek L. Gafford

Chief Financial Officer (Principal Executive Officer)