

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
450 Fifth Street NW  
Washington, D.C. 29549

**Form 8-K**

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 19, 2022

**THE CATO CORPORATION**

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

1-31340  
(Commission  
File Number)

56-0484485  
(IRS Employer  
Identification No.)

8100 Denmark Road, Charlotte, North Carolina  
(Address of Principal Executive Offices)

28273-5975  
(Zip Code)

(704) 554-8510  
(Registrant's Telephone Number, Including Area Code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A - Common Stock, par value \$.033 per share	CATO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## THE CATO CORPORATION

### **Item 1.01 Entry into a Material Definitive Agreement**

On May 19, 2022, The Cato Corporation (the “Company”), entered into a credit agreement (the “Credit Agreement”) among the Company, the guarantors party thereto, the banks party thereto and Wells Fargo Bank, National Association, as Agent. The Credit Agreement provides for a five-year \$35.0 million unsecured revolving credit facility (the “Revolving Credit Facility”). The agreement also provides that the Company may seek increases to the Revolving Credit Facility in an aggregate amount so that the Revolving Credit Facility does not exceed \$75.0 million.

Borrowings under the Revolving Credit Facility will bear interest at an annual rate of the Secured Overnight Funding Rate (SOFR) plus 1.0% or (b) an alternate base rate (as described in the Credit Agreement). In addition, a commitment fee accrues with respect to the unused amount of the Revolving Credit Facility at an annual rate of 0.10%.

The Revolving Credit Facility is guaranteed by each of the Company’s wholly owned domestic subsidiaries, other than any subsidiary that owns part of the Company’s York, South Caroling real estate holdings, and its bank and captive insurance subsidiaries Cedar Hill National Bank and Providence Insurance, respectively.

The Credit Agreement provides that the Company must maintain compliance with a minimum consolidated tangible net worth and a minimum coverage ratio of EBITDAR to fixed charges, as determined in accordance with the Credit Agreement.

The Credit Agreement also contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, limitations on certain other indebtedness, loans and investments, liens, mergers, asset sales, transactions with affiliates and capital expenditures, as well as customary events of default.

The foregoing description of the Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Credit Agreement. A copy of this Credit Agreement is incorporated as exhibit 10.1 hereto.

### **Item 1.02 Termination of a Material Definitive Agreement**

The disclosure provided in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 1.02. On May 19, 2022, in connection with the closing of the Revolving Credit Facility described in Item 1.01, the Company terminated its credit agreement, dated as of August 22, 2003, between the Company and Branch Banking and Trust Company, as administrative agent, issuing bank, and a bank.

### **Item 2.02. Results of Operations and Financial Condition.**

On May 19, 2022, The Cato Corporation issued a press release regarding its financial results for the first quarter ending April 30, 2022. A copy of this press release is hereby incorporated as Exhibit 99.1 hereto.

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

The disclosure provided in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03

**Item 5.07. Submission of Matters to a Vote of Security Holders.**

On May 19, 2022, the Registrant held its Annual Meeting. The following are the voting results on each matter submitted to the Registrant’s stockholders at the Annual Meeting. The proposals below are described in detail in the Proxy Statement.

At the Annual Meeting, the two nominees for director were elected to the Registrant’s Board of Directors (Proposal 1 below).

In addition, management’s proposal regarding the Company’s executive compensation was approved (Proposal 2 below).

In addition, management’s proposal regarding the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the fiscal year ending January 28, 2023 was approved (Proposal 3 below).

Summary of Voting By Proposal

1. To elect Theresa J. Drew and D. Harding Stowe, each for a term expiring in 2025 and until their successors are elected and qualified. Votes recorded, by nominee, were as follows:

Nominee	For	Abstain	Broker Non-Votes
Theresa J. Drew	27,362,039	4,473,136	4,264,851
D. Harding Stowe	21,708,643	10,126,532	4,264,851

2. To approve, on an advisory basis, the Company’s executive compensation. The Company’s shareholders voted to approve this proposal with 20,981,540 for and 10,786,018 votes against. There were 67,616 abstentions and 4,264,852 Broker non-votes.
3. To approve, to ratify the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the fiscal year ending January 28, 2023. The Company’s shareholders voted to approve this proposal with 35,942,344 for and 78,843 votes against. There were 78,839 abstentions.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

[Exhibit 10.1 – Credit Agreement dated as of May 19, 2022 among the Registrant, the guarantors party thereto, the banks party thereto and Wells Fargo Bank, National Association, as Agent.](#)

[Exhibit 99.1 - Press Release issued May 19, 2022](#)

Exhibit 104 – Cover Page Interactive Data File (embedded within Inline XBRL document)

## Signatures

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

THE CATO CORPORATION

May 23, 2022

Date

/s/ John P. D. Cato

John P. D. Cato  
Chairman, President and  
Chief Executive Officer

May 23, 2022

Date

/s/ Charles D. Knight

Charles D. Knight  
Executive Vice President  
Chief Financial Officer

## Exhibit Index

<b><u>Exhibit</u></b>	<b><u>Exhibit No.</u></b>
<a href="#"><u>10.1 - Credit Agreement date as of May 19, 2022 among the Registrant, the guarantors party thereto, the banks party thereto and Wells Fargo Bank, National Association, as Agent.</u></a>	10.1
<a href="#"><u>99.1 - Press Release issued May 19, 2022</u></a>	99.1
104 Cover page Interactive Data File (embedded within Inline XBRL document)	104

CREDIT AGREEMENT

dated as of

May 19, 2022

among

THE CATO CORPORATION, a Delaware corporation,  
The Initial Guarantors Listed Herein,

The Banks Listed Herein

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Agent

## CREDIT AGREEMENT

AGREEMENT dated as of May 19, 2022 among THE CATO CORPORATION, a Delaware corporation, CADEL LLC, a Delaware limited liability company, CHW, LLC, a Delaware limited liability company, CATO OF TEXAS L.P., a Texas limited partnership, CATOSOUTH LLC, a North Carolina limited liability company, catocorp.com, LLC, a Delaware limited liability company, CATOWEST, LLC, a Nevada limited liability company, CATO SOUTHWEST, INC., a Delaware corporation, CATO WO LLC, a Delaware limited liability company, CATO OF FLORIDA L.L.C., a Florida limited liability company, CATO OF TENNESSEE, LLC, a Tennessee limited liability company, CATO OF VIRGINIA, LLC, a Virginia limited liability company, CATO OF NORTH CAROLINA, LLC, a North Carolina limited liability company, CATO OF ILLINOIS, LLC, a Illinois limited liability company, CATO OF SOUTH CAROLINA, LLC, a South Carolina limited liability company, OHIO CATO STORES, LLC, a Ohio limited liability company, CATO OF GEORGIA, LLC, a Georgia limited liability company, the BANKS listed on the signature pages hereof and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent.

The parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

**SECTION 1.01**      **Definitions.** The terms as defined in this Section 1.01 shall, for all purposes of this Agreement and any amendment hereto (except as otherwise expressly provided or unless the context otherwise requires), have the meanings set forth herein:

“Acquisition” means the acquisition of (i) a controlling equity interest in another Person (including the purchase of an option, warrant or convertible or similar type security to acquire such a controlling interest at the time it becomes exercisable by the holder thereof), whether by purchase of such equity interest or upon exercise of an option or warrant for, or conversion of securities into, such equity interest, or (ii) assets of another Person which constitute all or any material part of the assets of such Person or of a line or lines of business conducted by such Person.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” of any Person means (i) any other Person which directly, or indirectly through one or more intermediaries, controls such Person, (ii) any other Person which directly, or indirectly through one or more intermediaries, is controlled by or is under common control with such Person, or (iii) any other Person of which such Person owns, directly or indirectly, 20% or more of the common stock or equivalent equity interests. As used herein, the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agent” means Wells Fargo Bank, National Association, in its capacity as agent for the Banks and the Issuing Bank hereunder, and its successors and permitted assigns in such capacity.

“Agreement” means this Credit Agreement, together with all amendments and supplements hereto.

“Anti-Corruption Laws” means: (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anticorruption laws, regulations or ordinances in any jurisdiction in which Borrower or any other Loan Party is located or doing business.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Margin” has the meaning set forth in Section 2.06(a).

“Assignee” has the meaning set forth in Section 9.07(c).

“Assignment and Acceptance” means an Assignment and Acceptance executed in accordance with Section 9.07(c) in the form attached hereto as Exhibit H.

“Authority” has the meaning set forth in Section 8.02.

“Available Tenor” means, as of any date of determination and with respect to any then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 8.03(d).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank” means each bank listed on the signature pages hereof as having a Revolving Credit Commitment and their respective successors and assigns.

“Base Rate” means, at any time, the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50% and (c) Daily Simple SOFR in effect on such day plus 1.00%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or Daily Simple SOFR, as applicable (provided that clause (c) shall not be applicable during any period in which Daily Simple SOFR is unavailable or unascertainable). Notwithstanding the foregoing, in no event shall the Base Rate be less than 1.00%.

“Base Rate Loan” means a Revolving Credit Advance during Interest Periods when the applicable Loan bears or is to bear interest at a rate based upon the Base Rate as provided in Section 2.06.

“Benchmark” means, initially, Daily Simple SOFR or Term SOFR, as applicable; provided that if a Benchmark Transition Event has occurred with respect to Daily Simple SOFR or Term SOFR, as applicable, or the applicable then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 8.03(a).



“Benchmark Replacement” means, with respect to any Benchmark Transition Event for any then-current Benchmark, the sum of: (a) the alternate benchmark rate that has been selected by the Agent and Borrower as the replacement for such Benchmark giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to such then-current Benchmark for Dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to any then-current Benchmark:

(A) in the case of clause (A) or (B) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors (if applicable) of such Benchmark (or such component thereof); or

(B) in the case of clause (C) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided, that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (C) and even if any Available Tenor (if applicable) of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, if the applicable then-current Benchmark has any Available Tenors, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (A) or (B) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to any then-current Benchmark:

(A) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors (if applicable) of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor (if applicable) of such Benchmark (or such component thereof);

(B) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors (if applicable) of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor (if applicable) of such Benchmark (or such component thereof); or

(C) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors (if applicable) of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, if the applicable then-current Benchmark has any Available Tenors, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means, with respect to any then-current Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date with respect to such Benchmark has occurred if, at such time, no Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 8.03 and (y) ending at the time that a Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 8.03.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 CFR § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan.”

“Borrower” means The Cato Corporation, a Delaware corporation, and its successors and permitted assigns.

“Capital Expenditures” means for any period the sum of all capital expenditures incurred during such period by Borrower and its Consolidated Subsidiaries, as determined in accordance with FASB ASC 842, which shall include, without limitation, the purchase or lease of any assets which if purchased would constitute fixed assets or which if leased would constitute a finance lease or Type A lease (but excluding, for the avoidance of doubt, any operating lease or Type B lease); provided, however, that Capital Expenditures shall not include

any such expenditures (i) for replacements, repairs or acquisitions of capital assets, to the extent made with the proceeds of insurance in connection with a casualty event, or (ii) for replacements, repairs or acquisitions of capital assets, to the extent made with proceeds from a sale or other disposition permitted under this Agreement (within 180 days after receipt of such proceeds).

“Capital Lease” means any lease of property that would, in accordance with FASB ASC 842, be required to be classified and accounted for as a finance lease or Type A lease (but excluding, for the avoidance of doubt, any operating lease or Type B lease).

“Capital Lease Obligations” means, with respect to any Capital Lease, the amount of the obligation of the lessee thereunder that would, in accordance with GAAP, appear as a liability on the balance sheet of such lessee in respect of such Capital Lease.

“Capital Stock” shall mean all shares, options, partnership, membership and other interests or other equivalents (howsoever designated) of or in the equity of a Person, whether voting or nonvoting, including, without limitation, common stock, partnership interests, membership interests, warrants, preferred stock, convertible debentures and all agreements, instruments and documents convertible, in whole or in part, into any one or more or all of the foregoing.

“Cash” shall mean legal currency of the United States of America.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq., as amended from time to time, and all rules and regulations from time to time promulgated thereunder.

“CERCLIS” means the Comprehensive Environmental Response Compensation and Liability Information System established pursuant to CERCLA.

“Closing Certificate” has the meaning set forth in Section 3.01(d).

“Closing Date” has the meaning set forth in the introductory paragraph of Section 3.01.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Federal tax code. Any reference to any provision of the Code shall also be deemed to be a reference to any successor provision or provisions thereof.

“Compliance Certificate” has the meaning set forth in Section 5.01(e).

“Conforming Changes” means, with respect to either the use or administration of an initial Benchmark or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Domestic Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Consolidated Operating Profits” means, for any period, the Operating Profits of Borrower and its Consolidated Subsidiaries.

“Consolidated Subsidiary” means at any date any Subsidiary or other entity the accounts of which, in accordance with GAAP, would be consolidated with those of Borrower in its consolidated and consolidating financial statements as of such date.

“Consolidated Tangible Net Worth ” means Net Worth less all Intangible Assets.

“Consolidated Total Assets” means, at any time, the total assets of Borrower and its Consolidated Subsidiaries, determined on a consolidated basis, as set forth or reflected on the most recent consolidated balance sheet of Borrower and its Consolidated Subsidiaries, prepared in accordance with GAAP.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with Borrower, are treated as a single employer under Section 414 of the Code.

“Costs of Acquisition” means, with respect to any Acquisition, as at the date of entering into any agreement therefor, the sum of the following (without duplication): (i) the value of the capital stock, warrants or options to acquire capital stock of Borrower or any Subsidiary to be transferred in connection therewith, (ii) the amount of any cash and fair market value of other property (excluding property described in clause (i) and the unpaid principal amount of any debt instrument) given as consideration, (iii) the amount (determined by using the face amount or the amount payable at maturity, whichever is greater) of any Debt incurred, assumed or acquired by Borrower or any Subsidiary in connection with such Acquisition, (iv) all additional purchase price amounts in the form of earnouts and other contingent obligations that should be recorded on the financial statements of Borrower and its Subsidiaries in accordance with GAAP, (v) all amounts paid in respect of covenants not to compete, consulting agreements that should be recorded on financial statements of Borrower and its Subsidiaries in accordance with GAAP, and other affiliated contracts in connection with such Acquisition and (vi) the aggregate fair market value of all other consideration given by Borrower or any Subsidiary in connection with such Acquisition. For purposes of determining the Cost of Acquisition for any transaction, (A) the capital stock of Borrower shall be valued (I) in the case of capital stock that is then designated as a national market system security by the National Association of Securities Dealers, Inc. or is listed on a national securities exchange, the average of the last reported bid and ask quotations or the last prices reported thereon, and (II) with respect to any other shares of capital stock, as determined by the Board of Directors of Borrower and, if requested by the Agent, determined to be a reasonable valuation by the independent public accountants referred to in Section 5.01(a), (B) the capital stock of any Subsidiary shall be valued as determined by the Board of Directors of such Subsidiary and, if requested by the Agent, determined to be a reasonable valuation by the independent public accountants referred to in Section 5.01(a), and (C) with respect to any Acquisition accomplished pursuant to the exercise of options or warrants or the conversion of securities, the Cost of Acquisition shall include both the cost of acquiring such option, warrant or convertible security as well as the cost of exercise or conversion.

“Daily Simple SOFR” means, for any day (a “Simple SOFR Rate Day”), a rate per annum equal to the greater of (a) SOFR for the day (such day, a “SOFR Determination Day”) that is five (5) U.S. Government Securities Business Days prior to (i) if such Simple SOFR Rate Day is a U.S. Government Securities Business Day, such Simple SOFR Rate Day or (ii) if such Simple SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such Simple SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website, and (b) the Floor. If by 5:00 p.m. on the second (2nd) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with respect to the Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in

respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator's Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive Simple SOFR Rate Days. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to Borrower.

"Daily Simple SOFR Loan" means any Loan bearing interest at a rate based on Daily Simple SOFR (other than pursuant to the Daily Simple SOFR component of the definition of "Base Rate"), as provided in Section 2.6(a).

"Debt" means with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (excluding current accounts payable incurred in the ordinary course of business and due within twelve months of the incurrence thereof) which would appear as liabilities on the balance sheet of such Person, (d) all Debt of others that are secured by any Lien on any asset of such Person, whether or not such Person has assumed or become liable for the payment thereof, (e) all Capital Lease Obligations, (f) all obligations of such Person under Hedge Agreements (valued as the termination value thereof computed in accordance with a method approved by the International Swap Dealers Association and agreed to by such Person in the applicable Hedge Agreement, if any), (g) the maximum amount of all letters of credit issued or bankers' acceptances facilities created for the account of such Person, and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (h) all unfunded employee benefit plan obligations and liabilities, (i) all Debt of others Guaranteed by such Person; (j) the principal portion of all obligations of such Person under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease under GAAP; (k) deferred taxes and (l) the indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer. Notwithstanding the foregoing, the term "Debt" shall be understood to exclude any indebtedness or obligations owed from one Loan Party to another Loan Party.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived in writing, become an Event of Default.

"Default Rate" means, with respect to any Revolving Credit Advance, on any day, the sum of 2% plus the then highest interest rate (including the Applicable Margin) which may be applicable to such Loan hereunder (irrespective of whether any such type of Loan is actually outstanding hereunder).

"Defaulting Bank" means, any Bank that (a) has failed to (i) fund all or any portion of the Loans required to be funded by it hereunder within two Domestic Business Days of the date such Loans were required to be funded hereunder unless such Bank notifies the Agent and Borrower in writing that such failure is the result of such Bank's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Agent, any Issuing Bank, or any other Bank any other amount required to be paid by it hereunder (including in respect of participations in Letters of Credit) within two Domestic Business Days of the date when due, (b) has notified Borrower, the Agent, or any Issuing Bank in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing

or public statement relates to such Bank's obligation to fund a Loan hereunder and states that such position is based on such Bank's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Domestic Business Days after written request by the Agent or Borrower, to confirm in writing to the Agent and Borrower that it will comply with its prospective funding obligations hereunder (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (c) upon receipt of such written confirmation by the Agent and Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the FDIC or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a governmental authority so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such governmental authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. Any determination by the Agent or Borrower that a Bank is a Defaulting Bank under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank upon delivery of written notice of such determination to Borrower, each Issuing Bank and each Bank.

"Designated Officer" means the president, treasurer or chief financial officer of a Loan Party or any other officer of a Loan Party authorized by resolution of the board of directors of such Loan Party to engage in the activity specified herein with respect to such officer.

"Dollars" or "\$" means dollars in lawful currency of the United States of America.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in North Carolina are authorized or required by law to close.

"Domestic Subsidiary" means any Subsidiary that was formed under the laws of the United States or any state of the United States or the District of Columbia.

"EBITDAR" means for Borrower and its Subsidiaries for any period, an amount equal to the sum of:

(a) Net Income for such period; *plus*

(a) in each case, to the extent deducted in determining Net Income for such period, without duplication, (i) interest expense, (ii) income Taxes, (iii) depreciation and amortization, (iv) impairment expenses, (v) non-cash impairment charges related to one-time or non-recurring expenses at Borrower's stores, (vi) non-cash charges or expenses relating to stock based compensation (but excluding any non-cash charge or expense that represents an accrual for a cash expense to be taken in a future period), plus (d) the Gross Rental Expense, all as determined in accordance with GAAP.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

“Environmental Authority” means any federal, state, local or regional government that exercises any form of jurisdiction or authority under any Environmental Requirement.

“Environmental Authorizations” means all licenses, permits, orders, approvals, notices, registrations or other legal prerequisites for conducting the business of a Loan Party or any Subsidiary of a Loan Party required by any Environmental Requirement.

“Environmental Judgments and Orders” means all judgments, decrees or orders issued by an Environmental Authority arising from or in any way associated with any Environmental Requirements.

“Environmental Laws” means any and all federal, state, and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of Hazardous Materials into the environment, including, without limitation, ambient air, surface water, groundwater or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or the clean-up or other remediation thereof.

“Environmental Liabilities” means any liabilities, whether accrued, contingent or otherwise, arising from and in any way associated with any Environmental Requirements.

“Environmental Notices” means actual notice from any Environmental Authority or by any other person or entity, of possible or alleged noncompliance with or liability under any Environmental Requirement, including without limitation any complaints, citations, demands or requests from any Environmental Authority or from any other person or entity for correction of any violation of any Environmental Requirement or any investigations concerning any violation of any Environmental Requirement.

“Environmental Proceedings” means any judicial or administrative proceedings arising from or in any way associated with any Environmental Requirement.

“Environmental Releases” means releases as defined in CERCLA or under any applicable Environmental Law.

“Environmental Requirements” means any legal requirement relating to any applicable Environmental Law and applicable to a Loan Party, any Subsidiary of a Loan Party or the Properties.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law. Any reference to any provision of ERISA shall also be deemed to be a reference to any successor provision or provisions thereof.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

“Event of Default” has the meaning set forth in Section 6.01.

“FDIC” means the Federal Deposit Insurance Corporation.

“Federal Funds Rate” means, for any day, the rate per annum (rounded upward, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to Wells Fargo on such day on such transactions as determined by the Agent.

“Financials” or “Financial Statements” means the consolidated balance sheet and statements of income and cash flow to be delivered to the Banks by the Loan Parties pursuant to Section 5.01 hereof.

“Fiscal Quarter” means any fiscal quarter of Borrower.

“Fiscal Year” means any fiscal year of Borrower.

“Fixed Charges” for any period means the sum of (i) Cash interest expense for such period, (ii) Gross Rental Expense for such period and (iii) current maturities of long term Debt of Borrower and its Consolidated Subsidiaries for such period, all as determined in accordance with GAAP.

“Floor” means a rate of interest equal to 0%.

“Fort Mill Land” means the real property owned by Borrower or any Domestic Subsidiary of Borrower located in York County, South Carolina, consisting of approximately 381 gross acres of land as of the Closing Date.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“GAAP” means generally accepted accounting principles applied on a basis consistent with those which, in accordance with Section 1.02, are to be used in making the calculations for purposes of determining compliance with the terms of this Agreement.

“Gross Rental Expense” means for any period the rental expense under non-cancelable operating leases (including without limitation any contingent rent and monthly percentage rent payable with respect thereto), amortization of deferred rent and payments under equipment leases, in each case for such period of Borrower and its Subsidiaries on a consolidated basis determined in accordance with GAAP.

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to secure, purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to provide collateral security, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Guaranteed Obligations” means any and all liabilities, indebtedness and obligations of any and every kind and nature, heretofore, now or hereafter owing, arising, due or payable from Borrower to the Banks,



the Issuing Bank, the Agent, or any of them, arising under or evidenced by this Agreement, the Notes, the Letter of Credit Agreements or any other Loan Document.

“Guarantors” means collectively: (a) the Initial Guarantors; and (b) all Wholly Owned Domestic Subsidiaries acquired, formed or otherwise in existence after the Closing Date, as required by Section 5.26 (other than any Wholly Owned Domestic Subsidiaries existing as of the Closing Date and that are not Initial Guarantors).

“Hazardous Materials” includes, without limitation, (a) solid or hazardous waste, as defined in the Resource Conservation and Recovery Act of 1980, 42 U.S.C. §6901 et seq. and its implementing regulations and amendments, or in any applicable state or local law or regulation, (b) any “hazardous substance”, “pollutant” or “contaminant”, as defined in CERCLA, or in any applicable state or local law or regulation, (c) gasoline, or any other petroleum product or by-product, including crude oil or any fraction thereof, (d) toxic substances, as defined in the Toxic Substances Control Act of 1976, or in any applicable state or local law or regulation and (e) insecticides, fungicides, or rodenticides, as defined in the Federal Insecticide, Fungicide, and Rodenticide Act of 1975, or in any applicable state or local law or regulation, as each such Act, statute or regulation may be amended from time to time.

“Hedge Agreement” means any interest rate or foreign currency hedging agreement entered into by one or more of the Loan Parties providing for a swap, cap, floor or collar agreement or similar hedging or arrangement providing for the transfer or mitigation of interest rate or foreign currency risk, either generally or under specific contingencies.

“Immaterial Subsidiaries” means any Subsidiary that would not constitute a “significant subsidiary” of Borrower as defined in Rule 1.02 of Regulation S-X promulgated by the SEC.

“Initial Guarantors” means collectively (i) Cato West, LLC, a Nevada limited liability company; (ii) Cato Southwest, Inc., a Delaware corporation; (iii) CatoSouth LLC, a North Carolina limited liability company; (iv) CHW, LLC, a Delaware limited liability company; (v) catocorp.com, LLC, a Delaware limited liability company; (vi) CaDel LLC, a Delaware limited liability company; (vii) Cato of Texas L.P., a Texas limited partnership; (viii) Cato WO LLC, a Delaware limited liability company; (ix) Cato of Florida L.L.C., a Florida limited liability company; (x) Cato of Tennessee, LLC, a Tennessee limited liability company; (xi) Cato of Virginia, LLC, a Virginia limited liability company; (xii) Cato of North Carolina, LLC, a North Carolina limited liability company; (xiii) Cato of Illinois, LLC, a Illinois limited liability company; (xiv) Cato of South Carolina, LLC, a South Carolina limited liability company; (xv) Ohio Cato Stores, LLC, a Ohio limited liability company; and (xvi) Cato of Georgia, LLC, a Georgia limited liability company.

“Intangible Assets” means all intangible assets of Borrower and its Subsidiaries, on a consolidated basis, including, without limitation, covenants not to compete, and any other asset that would be treated as an intangible under GAAP.

“Interest Payment Date” means the first day of each month.

“Interest Period” means as to any Term SOFR Loan, the period commencing on the date such Term SOFR Loan is disbursed or converted to or continued as a Term SOFR Loan and ending on the numerically corresponding day in the first, second, third or sixth month thereafter, as Borrower may elect in the applicable Notice of Borrowing and subject to availability; provided that:

(A) the Interest Period shall commence on the date of advance of or conversion to any Term SOFR Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(B) if any Interest Period would otherwise expire on a day that is not a Domestic Business Day, such Interest Period shall expire on the next succeeding Domestic Business Day; provided that if any Interest Period would otherwise expire on a day that is not a Domestic Business Day but is a day of the month after which no further Domestic Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Domestic Business Day;

(C) (1) no Interest Period may be selected which begins before the Termination Date and would otherwise end after the Termination Date; provided that in any event an Interest Period may be less than the period selected in and only in the calendar month in which the Notes originate or mature;

(2) for any Base Rate Loan, a calendar month; provided that the last Interest Period under this Agreement shall end on the Termination Date.

(D) there shall be no more than eight (8) Interest Periods in effect at any time;

(E) no tenor that has been removed from this definition pursuant to Section 8.03(d) shall be available for specification in any Notice of Borrowing.

“Investment” means any investment in any Person, whether by means of purchase or acquisition of obligations or securities of such Person, capital contribution to such Person, loan or advance to such Person, making of a time deposit with such Person, Guarantee or assumption of any obligation of such Person or otherwise.

“Investment Policy” means the Investment Policy attached hereto as Schedule 1.01 - Investment Policy.

“Issuing Bank” means Wells Fargo, and any successor in such capacity.

“John Cato” means John P. Derham Cato and any of his children and trusts for their benefit.

“Lending Office” means, as to each Bank, its office located at its address set forth on the signature pages hereof (or identified on the signature pages hereof as its Lending Office) or such other office as such Bank may hereafter designate as its Lending Office by notice to Borrower and the Agent.

“Letter of Credit” means the letters of credit issued by the Issuing Bank pursuant to Section 2.03(a) and “Letter of Credit” means any one of such Letters of Credit, as any of such letters of credit may be extended, renewed, replaced or amended from time to time.

“Letter of Credit Advance” means an advance made by the Issuing Bank pursuant to Section 2.03(c).

“Letter of Credit Agreement” means any agreement entered into by Borrower and the Issuing Bank pursuant to which a Letter of Credit is issued, as amended, modified or restated from time to time.

“Letter of Credit Commitment” means, with respect to each Bank, (i) the amount designated as the Letter of Credit Commitment set forth opposite the name of such Bank on the signature pages hereof, or (ii) as to any Bank which enters into an Assignment and Acceptance (whether as transferor Bank or as Assignee thereunder), the amount of such Bank’s Letter of Credit Commitment after giving effect to such Assignment and Acceptance, in each case as such amount may be reduced from time to time pursuant to Sections 2.08 and 2.09.

“Lien” means, with respect to any asset, any mortgage, deed to secure debt, deed of trust, lien, pledge, charge, security interest, security title, preferential arrangement which has the practical effect of

constituting a security interest or encumbrance, servitude or encumbrance of any kind in respect of such asset to secure or assure payment of a Debt or a Guarantee, whether by consensual agreement or by operation of statute or other law, or by any agreement, contingent or otherwise, to provide any of the foregoing. For the purposes of this Agreement, Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“Loan” means a Base Rate Loan, Daily Simple SOFR Loan, Term SOFR Loan, or Revolving Credit Advance and “Loans” means Base Rate Loans, Daily Simple SOFR Loans, Term SOFR Loans, Revolving Credit Advances (which terms are not necessarily exclusive of the other said terms, e.g., a Term SOFR Loan may also be a Revolving Credit Advance) or any or all of them, as the context shall require.

“Loan Documents” means this Agreement, the Notes, the Letter of Credit Agreements, the Letters of Credit, any other document evidencing, relating to or securing the Revolving Credit Advances, or the Letters of Credit, and any other document or instrument delivered from time to time in connection with this Agreement, the Notes, the Letter of Credit Agreements, the Letters of Credit, or Revolving Credit Advances, as such documents and instruments may be amended or supplemented from time to time.

“Loan Parties” means collectively Borrower and each Guarantor that is now or hereafter a party to any of the Loan Documents.

“Margin Stock” means “margin stock” as defined in Regulations T, U or X of the FRB, as in effect from time to time, together with all official rulings and interpretations issued thereunder.

“Material Adverse Effect” means a material adverse change in or a material adverse effect on (a) the condition (financial or otherwise), operations, business or properties of Borrower or any of its Consolidated Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or the Banks under the Loan Documents, or the ability of the Loan Parties to perform their obligations under the Loan Documents, or (c) the legality, validity or enforceability of any Loan Document.

“Minimum EBITDAR Coverage Ratio” means, as of the end of any Fiscal Quarter, the ratio of (i) EBITDAR for the four-Fiscal Quarter period then ended minus Taxes paid in Cash for such four-Fiscal Quarter period to (ii) the Fixed Charges for such four-Fiscal Quarter period.

“Multiemployer Plan” shall have the meaning set forth in Section 4001(a)(3) of ERISA.

“Net Income” means the consolidated net income of Borrower and its Subsidiaries determined in accordance with GAAP.

“Net Worth” means at any time the combined stockholders’ equity of Borrower and its Subsidiaries on a consolidated basis at such time determined in accordance with GAAP.

“Notes” means each of the Revolving Credit Notes, or any or all of them, as the context shall require.

“Notice of Borrowing” has the meaning set forth in Section 2.02.

“Obligations” means and include the Revolving Credit Advances, Letter of Credit Advances and all other loans, advances, indebtedness, liabilities, obligations, covenants and duties (including post-petition interest on the foregoing, to the extent lawful) owing, arising, due or payable jointly or severally, from any Loan Party to Agent, the Issuing Bank or any Bank of any kind or nature, present or future, howsoever evidenced, created, incurred, acquired or owing, whether arising under this Agreement, the Notes, the Letter of Credit

Agreements, the other Loan Documents or otherwise with respect to the Revolving Credit Advances, Letter of Credit Advances, Letters of Credit, or the other Loan Documents, whether direct or indirect (including those acquired by assignment), absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, attorneys' fees and any other sums chargeable to any Loan Party by Agent, the Issuing Bank or any Bank under this Agreement, the Notes, the Letter of Credit Agreements or any of the other Loan Documents.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Officer's Certificate" has the meaning set forth in Section 3.01(e).

"Operating Profits" means, as applied to any Person for any period, the operating income of such Person for such period, as determined in accordance with GAAP.

"Participant" has the meaning set forth in Section 9.07(b).

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permitted Lien" means the Liens permitted under Section 5.11.

"Person" means an individual, a corporation, a limited liability company, a partnership (including without limitation, a joint venture), an unincorporated association, a trust or any other entity or organization, including, but not limited to, a government or political subdivision or an agency or instrumentality thereof.

"Plan" means any "employee benefit plan" within the meaning of Section 3(3) of ERISA maintained by any member of the Controlled Group.

"Preferred Stock" means Capital Stock of any of Loan Parties that gives the holder thereof a preference over the holders of such Loan Party's common stock with respect to the payment of dividends or liquidation proceeds, or otherwise designated by such Loan Party as "preferred stock."

"Previous Loan Agreement" means the Loan Agreement, by and between the Loan Parties and the lenders named therein, dated as of August 22, 2003, as amended.

"Prime Rate" means, at any time, the rate of interest per annum publicly announced from time to time by the Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

"Principal Payment Date" means the first day of each month.

"Prohibited Transaction" shall have the meaning given such term under ERISA.

"Properties" means all real property owned, leased or otherwise used or occupied by a Loan Party or any Subsidiary of a Loan Party, wherever located, now or in the future.

"Pro Rata Share" of any amount means, with respect to any Bank at any time, the product of such amount times a fraction the numerator of which is the amount of such Bank's Revolving Credit Commitment at

such time and the denominator of which is the aggregate amount of the Revolving Credit Commitments of all of the Banks at such time.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Quarterly Payment Date” means March 31, June 30, September 30 and December 31 of each year.

“Redeemable Preferred Stock” of any Person means any preferred stock issued by such Person which is at any time prior to the Termination Date either (i) mandatorily redeemable (by sinking fund or similar payments or otherwise) or (ii) redeemable at the option of the holder thereof.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Reportable Event” shall have the meaning given such term in ERISA.

“Required Banks” means (A) at any time there are only two (or fewer) Banks party to this Agreement: (1) Banks having at least 66 2/3% of the aggregate amount of the Revolving Credit Commitments; or (2) if the Revolving Credit Commitments are no longer in effect, Banks holding at least 66 2/3% of the aggregate outstanding principal amount of the Notes, Letter of Credit Advances and Undrawn Amounts; and (B) at any time there are more than two Banks party to this Agreement: (1) Banks having at least 51% of the aggregate amount of the Revolving Credit Commitments or, (2) if the Revolving Credit Commitments are no longer in effect, Banks holding at least 51% of the aggregate outstanding principal amount of the Notes, Letter of Credit Advances and Undrawn Amounts.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Restricted Payment” means (i) any dividend or other distribution on any shares of Borrower’s capital stock (except dividends payable solely in shares of its capital stock) or (ii) any payment on account of the purchase, redemption, retirement or acquisition of (a) any shares of Borrower’s capital stock (except shares acquired upon the conversion thereof into other shares of its capital stock) or (b) any option, warrant or other right to acquire shares of Borrower’s capital stock.

“Revolving Credit Advance” shall mean an advance made to Borrower under this Agreement pursuant to Section 2.01. A Revolving Credit Advance is: (i) a “Base Rate Advance” if such Revolving Credit Advance is a Base Rate Loan; (ii) a “Daily Simple SOFR Advance” if such Revolving Credit Advance is a Daily Simple SOFR Loan; or (iii) a “Term SOFR Advance” if such Revolving Credit Advance is a Term SOFR Loan.

“Revolving Credit Borrowing” means a borrowing hereunder consisting of Revolving Credit Advances made to Borrower at the same time by the Banks pursuant to Section 2.01. A Revolving Credit Borrowing is: (i) a “Base Rate Borrowing” if such Revolving Credit Advances are Base Rate Loans, (ii) a “Daily Simple SOFR Borrowing” if such Revolving Credit Advances are Daily Simple SOFR Loans; or (iii) a “Term SOFR Borrowing” if such Revolving Credit Advances are Term SOFR Loans. A “Daily Simple SOFR Borrowing” and a “Term SOFR Borrowing” may collectively be referred to as a “SOFR Loan Borrowing”.

“Revolving Credit Commitment” means, with respect to each Bank, (i) the amount set forth opposite the name of such Bank on the signature pages hereof and denominated as the Revolving Credit Commitment, or (ii) as to any Bank which enters into an Assignment and Acceptance (whether as transferor Bank or as Assignee thereunder), the amount of such Bank’s Revolving Credit Commitment after giving effect to such Assignment and Acceptance, in each case as such amount may be reduced from time to time pursuant to Sections 2.08 and 2.09.

“Revolving Credit Notes” means the promissory notes of Borrower, substantially in the form of Exhibit A hereto, evidencing the obligation of Borrower to repay the Revolving Credit Advances, together with all amendments, consolidations, modifications, renewals and supplements thereto and “Revolving Credit Note” means any one of such Revolving Credit Notes.

“Sanctioned Country” means, at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Syria, Venezuela and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any European member state, Her Majesty’s Treasury, or other relevant sanctions authority in any jurisdiction in which (a) Borrower or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the extensions of credit will be used, or (c) from which repayment of the extensions of credit will be derived.

“SEC” means the U.S. Securities and Exchange Commission.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“SOFR Loan” means any Daily Simple SOFR Loan or Term SOFR Loan.

“Subordinated Debentures” means any Debt of any Loan Party which expressly contains in the instruments evidencing such Debt, or in the indenture or other similar instrument pursuant to which such Debt is issued, subordination provisions, satisfactory to the Agent, and substantially to the effect that the holder agrees

that the Debt evidenced by such instrument, and any renewals or extensions thereof, shall at all times and in all respects be subordinate and junior in right of payment to the Obligations hereunder.

“Subsidiary” means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by Borrower or one or more of its Subsidiaries.

“Taxes” has the meaning set forth in Section 2.12(c).

“Term SOFR” means, for any calculation, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Term SOFR Determination Day; provided, further, that if Term SOFR determined as provided above (including pursuant to the proviso under clause (a) or clause (b) above) shall ever be less than the Floor, then Term SOFR shall be deemed to be the Floor.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Agent in its reasonable discretion).

“Term SOFR Loan” means any Loan bearing interest at a rate based on Term SOFR, as provided in Section 2.06(a).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Termination Date” means May 18, 2027.

“Third Parties” means all lessees, sublessees, licensees and other users of the Properties, excluding those users of the Properties in the ordinary course of Borrower’s business and on a temporary basis.

“Total Unused Revolving Credit Commitments” means at any date, an amount equal to: (A) the aggregate amount of the Revolving Credit Commitments of all of the Banks at such time, less (B) the sum of: (i) the aggregate outstanding principal amount of the Revolving Credit Advances of all of the Banks at such time; (ii) the aggregate outstanding principal amount of all Letter of Credit Advances; and (iii) the aggregate Undrawn Amounts.

“Transferee” has the meaning set forth in Section 9.07(d).

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“Undrawn Amount” means, with respect to any Letter of Credit, at any time, the maximum amount available to be drawn under such Letter of Credit at such time and “Undrawn Amounts” means, at any time, the sum of all Undrawn Amounts at such time.

“United States” means the United States of America.

“Unused Revolving Credit Commitment” means at any date, with respect to any Bank, an amount equal to its Revolving Credit Commitment less the sum of: (i) aggregate outstanding principal amount of its Revolving Credit Advances; (ii) such Bank’s Pro Rata Share of the aggregate outstanding principal amount of all Letter of Credit Advances; and (iii) such Bank’s Pro Rata Share of the Undrawn Amounts.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“Wells Fargo” means Wells Fargo Bank, National Association, a national banking association.

“Wholly Owned Domestic Subsidiary” means any Domestic Subsidiary that is a Wholly Owned Subsidiary.

“Wholly Owned Subsidiary” (i) any corporation 100% of whose Equity Interest is at the time owned by Borrower and/or one or more Wholly Owned Subsidiaries and (ii) any partnership, limited liability company, association, joint venture or other entity in which Borrower and/or one or more Wholly Owned Subsidiaries has a 100% equity interest at such time.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Accounting Terms and Determinations. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if after the date hereof there occurs any change in GAAP or in the application thereof on the operation of any provision hereof and Borrower notifies the Agent that Borrower requests an amendment to any provision hereof to eliminate the effect of such change in GAAP or in the application thereof (or if the Agent notifies Borrower that the Required Banks request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Financial



Accounting Standards Board Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of Borrower or any of its Subsidiaries at “fair value”, as defined therein, and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

SECTION 1.03 Use of Defined Terms. All terms defined in this Agreement shall have the same meanings when used in any of the other Loan Documents, unless otherwise defined therein or unless the context shall otherwise require.

SECTION 1.04 Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and the plural shall include the singular. Titles of Articles and Sections in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

SECTION 1.05 References. Unless otherwise indicated, references in this Agreement to “Articles”, “Exhibits”, “Schedules”, and “Sections” are references to articles, exhibits, schedules and sections hereof.

SECTION 1.06 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

SECTION 1.07 Rates. The Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to Daily Simple SOFR, SOFR, the Term SOFR Reference Rate or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 8.03, will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of Daily Simple SOFR, SOFR, the Term SOFR Reference Rate, or Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to Borrower. The Agent may select information sources or services in its reasonable discretion to ascertain Daily Simple SOFR, SOFR, the Term SOFR Reference Rate or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to Borrower, any Bank or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

SECTION 1.08 Pro Forma Adjustments for Acquisitions. To the extent Borrower or any Subsidiary makes any Acquisition permitted pursuant to Section 5.04 during the period of four-Fiscal Quarter period of Borrower and its Subsidiaries then most recently ended, the Minimum EBITDAR Coverage Ratio and Consolidated Tangible Net Worth shall be calculated after giving pro forma effect thereto (including pro forma adjustments arising out of events which are directly attributable to such Acquisition, are factually supportable and are expected to have a continuing impact, in each case as determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act of 1933, as amended, as interpreted by the SEC, and as certified by a Designated Officer), as if such Acquisition (and any related incurrence, repayment or assumption of Indebtedness) had occurred in the first day of such four-Fiscal Quarter period.

SECTION 1.09 Timing of Payment or Performance. Except as otherwise provided herein, when the payment of any obligation or the performance of any covenant, duty, or obligation is stated to be due or performance required on (or before) a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

## ARTICLE II

### THE CREDITS

SECTION 2.01 Commitments to Make Revolving Credit Advances. Each Bank severally agrees, on the terms and conditions set forth herein, to make Revolving Credit Advances to Borrower from time to time before the Termination Date; provided that, immediately after each such Revolving Credit Advance is made, the aggregate outstanding principal amount of Revolving Credit Advances by such Bank together with such Bank's Pro Rata Share of the aggregate outstanding principal amount of all Letter of Credit Advances and Undrawn Amounts shall not exceed the amount of its Revolving Credit Commitment, provided further that the aggregate principal amount of all Revolving Credit Advances, together with the aggregate principal amount of all Letter of Credit Advances and Undrawn Amounts, shall not exceed the aggregate amount of the Revolving Credit Commitments of all of the Banks at such time. Each Revolving Credit Borrowing under this Section shall be in an aggregate principal amount of \$500,000 or any larger multiple of \$100,000 (except that any such Revolving Credit Borrowing may be in the aggregate amount of the Unused Revolving Credit Commitments) and shall be made from the several Banks ratably in proportion to their respective Revolving Credit Commitments. Within the foregoing limits, Borrower may borrow under this Section, repay or, to the extent permitted by Section 2.10, prepay Revolving Credit Advances and reborrow under this Section at any time before the Termination Date.

### SECTION 2.02 Method of Borrowing Revolving Credit Advances.

(a) Borrower shall give the Agent notice in the form attached hereto as Exhibit B (a "Notice of Borrowing") prior to (i) 11:00 A.M. (Winston-Salem, North Carolina time) on the same Domestic Business Day of each Base Rate Borrowing, and (ii) 11:00 A.M. (Winston-Salem, North Carolina time) on the same Domestic Business Day of each SOFR Loan Borrowing, specifying:

(i) the date of such Revolving Credit Borrowing, which shall be a Domestic Business Day;

(ii) the aggregate amount of such Revolving Credit Borrowing;

(iii) whether such Revolving Credit Borrowing is to be a Daily Simple SOFR Borrowing, Term SOFR Borrowing or Base Rate Borrowing, and

(iv) in the case of a SOFR Loan Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

(b) Except as provided in Section 2.02(d) of this Agreement, upon receipt of a Notice of Borrowing, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such Revolving Credit Borrowing and such Notice of Borrowing shall not thereafter be revocable by Borrower.

(c) Except as provided in Section 2.02(d) of this Agreement, not later than 12:00 PM. (Winston-Salem, North Carolina time) on the date of each Revolving Credit Borrowing, each Bank shall (except as provided in subsection (d) of this Section) make available its ratable share of such Revolving Credit Borrowing, in Federal or other funds immediately available in Winston-Salem, North Carolina, to the Agent at its address referred to in or specified pursuant to Section 9.01. Unless the Agent determines that any applicable condition specified in Article III has not been satisfied, the Agent will make the funds so received from the Banks available to Borrower at the Agent's aforesaid address. Unless the Agent receives notice from a Bank, at the Agent's address referred to in Section 9.01, no later than 4:00 PM. (local time at such address) on the Domestic Business Day before the date of a Revolving Credit Borrowing stating that such Bank will not make a Revolving Credit Advance in connection with such Revolving Credit Borrowing, the Agent shall be entitled to assume that such Bank will make a Revolving Credit Advance in connection with such Revolving Credit Borrowing and, in reliance on such assumption, the Agent may (but shall not be obligated to) make available such Bank's ratable share of such Revolving Credit Borrowing to Borrower for the account of such Bank. If the Agent makes such Bank's ratable share available to Borrower and such Bank does not in fact make its ratable share of such Revolving Credit Borrowing available on such date, the Agent shall be entitled to recover such Bank's ratable share from such Bank or Borrower (and for such purpose shall be entitled to charge such amount to any account of Borrower maintained with the Agent), together with interest thereon for each day during the period from the date of such Revolving Credit Borrowing until such sum shall be paid in full at a rate per annum equal to the rate set forth in Section 2.06 for each such day during such period, provided that: (1) any such payment by Borrower of such Bank's ratable share and interest thereon shall be without prejudice to any rights that Borrower may have against such Bank; and (2) until such Bank has paid its ratable share of such Revolving Credit Borrowing, together with interest pursuant to the foregoing, it will have no interest in or rights with respect to such Revolving Credit Borrowing for any purpose hereunder. If such Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Bank's Revolving Credit Advance included in such Revolving Credit Borrowing for purposes of this Agreement.

(d) At the Agent's option and to facilitate the efficient administration of this Agreement, the Agent shall be entitled to make settlements and adjustments on a weekly basis provided that: (1) all Revolving Credit Borrowings, Revolving Credit Advances and all payments of principal with respect to such Revolving Credit Borrowings and Revolving Credit Advances shall be shared by the Banks ratably in proportion to their Revolving Credit Commitments and in accordance with this Agreement; and (2) all funds advanced by the Agent under this Agreement and all funds received by the Agent under this Agreement shall be made or received, as the case may be, by the Agent, as agent on behalf of the Banks and shall not constitute separate loans or advances made by the Agent. Unless the Agent receives notice from a Bank, at the Agent's address referred to in Section 9.01, no later than 4:00 PM. (local time at such address) on the Domestic Business Day before the date of a Revolving Credit Borrowing stating that such Bank will not make a Revolving Credit Advance in connection with such Revolving Credit Borrowing, the Agent may assume that each Bank will make a Revolving Credit Advance in connection with each Revolving Credit Borrowing and, in reliance on such assumption, the Agent may make available such Bank's ratable share of such Revolving Credit Borrowing to Borrower for the account of such Bank. No later than 11:00 A.M. (Winston-Salem, North Carolina time) on Friday of each week the Agent shall advise each Bank of its ratable share of the Revolving Credit Borrowings and payments made or received by the Agent for the period ending on the immediately preceding Wednesday. No later than 2:00 PM. (Winston-Salem, North Carolina time) on such Friday the Agent and Banks shall effect payments (and credits) so that all Revolving Credit Borrowings, Revolving Credit Advances and payments with respect to the Revolving Credit Borrowings and Letters of Credit are shared by the Banks ratably; provided, however, at any time: (1) upon the request of the Agent, each Bank shall, make its ratable share of any Revolving Credit Borrowing available to the Agent on demand but in no event later than one Domestic Business Day following the Agent's demand; and (2)

the Agent shall be entitled to recover such Bank's ratable share of each Revolving Credit Borrowing from such Bank, together with interest thereon for each day during the period from the date of any such demand until such sum shall be paid in full at a rate per annum equal to the rate set forth in Section 2.06. Each Bank's obligation under this Section 2.02(d) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation: (i) any setoff, counterclaim, recoupment, defense or other right which such Bank or any other Person may have against the Agent requesting such adjustment or payment or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the termination of the Revolving Credit Commitment; (iii) any adverse change in the condition (financial or otherwise) of Borrower, any Guarantor or any other Person; (iv) any breach of this Agreement or any of the other Loan Documents by Borrower, any Guarantor or any other Bank; or (v) any other circumstance, happening or event whatsoever whether or not similar to any of the foregoing.

(e) Borrower shall elect the initial Interest Period to a SOFR Loan by its Notice of Borrowing given to the Agent pursuant to Section 2.02(a) above. Borrower shall elect the duration of each succeeding Interest Period by giving written notice to the Agent of such duration not later than 11:00 A.M. (Winston-Salem, North Carolina time) on the day which is three (3) Domestic Business Days prior to the last day of the then current Interest Period applicable to such SOFR Loan. If the Agent does not receive timely notice of the Interest Period elected by Borrower, Borrower shall be deemed to have elected to continue such SOFR Loan at a rate based upon Daily Simple SOFR as of the last day of the Interest Period applicable to such SOFR Loan subject to Section 2.02(f) below.

(f) Borrower may, on the last Domestic Business Day of the then current Interest Period applicable to any outstanding SOFR Loan, or on any Domestic Business Day with respect to Base Rate Loans, convert any such SOFR Loan into a Base Rate Loan or any such Base Rate Loan to a SOFR Loan, in each case, in the same aggregate principal amount, provided that (x) any conversion of a SOFR Loan shall be made only on the last Domestic Business Day of the then current Interest Period applicable to such SOFR Loan, and (y) at the Agent's option, no conversion of a Base Rate Loan to a SOFR Loan shall be made, and no new SOFR Loan shall be made, during the continuance of an Event of Default. If Borrower desires to convert a SOFR Loan or Base Rate Loan, Borrower shall give the Agent written notice by no later than 3:00 p.m. (Winston-Salem, North Carolina time) (i) on the day which is three (3) Domestic Business Days prior to the date on which such conversion is to occur with respect to a conversion from a Base Rate Loan to a SOFR Loan, or (ii) on the day which is one (1) Domestic Business Day prior to the date on which such conversion is to occur (which date shall be the last Domestic Business Day of the Interest Period for the applicable SOFR Loan) with respect to a conversion from a SOFR Loan to a Base Rate Loan, specifying, in each case, the date of such conversion, the SOFR Loan(s) or Base Rate Loan(s) to be converted and if the conversion is to a SOFR Loan, the duration of the first Interest Period therefor.

### SECTION 2.03      Letters of Credit.

(a) The Issuing Bank may, from time to time upon request of Borrower, in its sole discretion issue Letters of Credit for the account of Borrower, subject to satisfaction of the conditions referenced in Section 3.03.

(b) Each Letter of Credit shall be subject to the provisions of this Agreement and to the provisions set forth in the Letter of Credit Agreement executed by Borrower in connection with the issuance of such Letter of Credit. Borrower agrees to promptly perform and comply with the terms and conditions of each Letter of Credit Agreement.

(c) The payment by the Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement a Letter of Credit Advance in the amount of such draft. Upon written demand by the Issuing Bank, with a copy to the Agent, each Bank shall purchase from the Issuing Bank, and the

Issuing Bank shall sell to each Bank, a participation interest in such Letter of Credit Advance equal to such Bank's Pro Rata Share of such Letter of Credit Advance as of the date of such purchase, by making available to the Agent for the account of the Issuing Bank, in Federal or other funds immediately available an amount equal to such Bank's Pro Rata Share of the outstanding principal amount of such Letter of Credit Advance. Promptly after receipt thereof, the Agent shall transfer such funds to the Issuing Bank. Borrower hereby agrees to each such sale and purchase of participation interests in Letter of Credit Advances outstanding from time to time. Each Bank agrees to purchase its participation interest in an outstanding Letter of Credit Advance on (i) the Domestic Business Day on which demand therefor is made by the Issuing Bank, provided notice of such demand is given not later than 1:00 PM. (Winston-Salem, North Carolina time) on such Domestic Business Day or (ii) the first Domestic Business Day next succeeding the date of such demand if notice of such demand is given after 1:00 P.M. (Winston-Salem, North Carolina time) on any Domestic Business Day. The Issuing Bank makes no representation or warranty and assumes no responsibility with respect to any sale and purchase of a participation interest in any Letter of Credit Advance. If and to the extent that any Bank shall not have so made the amount available to the Agent in connection with its purchase of a participation interest in any Letter of Credit Advance, such Bank agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Issuing Bank, until the date such amount is paid to the Agent, at the Federal Funds Rate for the account of the Issuing Bank.

(d) The obligation of each Bank to purchase a participation interest in any Letter of Credit Advance pursuant to Section 2.03(c) shall be unconditional and shall not be affected by the existence of any Default, the failure to satisfy any condition set forth in Section 3.1, 3.2 or 3.3 or the termination of the Revolving Credit Commitments or Letter of Credit Commitments (whether by Borrower pursuant to Section 2.08 or by the Agent pursuant to Section 6.1 or otherwise).

(e) The Issuing Bank shall furnish (A) to the Agent and each Bank on the tenth Domestic Business Day of each April, July, October and January, a written report summarizing the issuance and expiration dates of Letters of Credit issued during the preceding calendar quarter and (B) to the Agent and each Bank upon request a written report setting forth the aggregate Undrawn Amounts.

(f) The failure of any Bank to purchase a participation interest in any Letter of Credit Advance shall not relieve any other Bank of its obligation hereunder to purchase its participation interest in any Letter of Credit Advance on such date, but no Bank shall be responsible for the failure of any other Bank to so purchase a participation interest on such date.

(g) Borrower shall pay to the Agent for the account of each Bank that has purchased a participation interest in a Letter of Credit Advance on the earlier of demand and the Termination Date the outstanding principal amount of such Letter of Credit Advance. The Agent will promptly distribute to each Bank its ratable share of any payment of principal of or interest on any Letter of Credit Advance received by the Agent; provided, however, that in the event that such payment received by the Agent is required to be returned, such Bank will return to the Agent any portion thereof previously distributed by the Agent to it.

(h) The Issuing Bank will notify Borrower and the Agent promptly of the presentment for payment of any Letter of Credit, together with notice of the date such payment shall be made, and the Agent promptly will notify the Banks of such matters.

#### SECTION 2.04      Notes.

(a) The Revolving Credit Advances of each Bank shall be evidenced by a single Revolving Credit Note payable to the order of such Bank for the account of its Lending Office in an amount equal to the original principal amount of such Bank's Revolving Credit Commitment.

(b) Upon receipt of each Bank's Notes pursuant to Section 3.01, the Agent shall deliver such Notes to such Bank. Each Bank shall record, and prior to any transfer of its Notes shall endorse on the schedule forming a part thereof appropriate notations to evidence, the date, amount and maturity of, and effective interest rate for, each Revolving Credit Advance, as the case may be, made by it, the date and amount of each payment of principal made by Borrower with respect thereto and such schedule shall constitute rebuttable presumptive evidence of the principal amount owing and unpaid on such Bank's Note; provided that the failure of any Bank to make, or any error in making, any such recordation or endorsement shall not affect the obligation of Borrower hereunder or under the Notes or the ability of any Bank to assign its Notes. Each Bank is hereby irrevocably authorized by Borrower so to endorse its Notes and to attach to and make a part of any Note a continuation of any such schedule as and when required.

SECTION 2.05 Maturity of Loans. Each Revolving Credit Advance included in any Revolving Credit Borrowing shall mature, and the principal amount thereof shall be due and payable, subject to Section 6.01, on the Termination Date.

SECTION 2.06 Interest Rates.

(a) "Applicable Margin" means a percentage per annum equal to (i) in the case of Revolving Credit Advances maintained as (A) Base Rate Advances, 0.00%, and (B) Daily Simple SOFR Advances or Term SOFR Advances, 1.00% and (ii) in the case of calculating the unused fee pursuant to Section 2.07(a), 0.10% per annum.

(b) During each Interest Period in which a Revolving Credit Advance is a Base Rate Loan, such Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day during the applicable Interest Period, at a rate per annum equal to the Base Rate for such day plus the Applicable Margin. Any overdue principal of and, to the extent permitted by applicable law, overdue interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid in full at a rate per annum equal to the Default Rate.

(c) During each Interest Period in which a Revolving Credit Advance is an Daily Simple SOFR Loan, such Daily Simple SOFR Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to Daily Simple SOFR for such day plus the Applicable Margin. Any overdue principal of and, to the extent permitted by applicable law, overdue interest on any Daily Simple SOFR Loan shall bear interest, payable on demand, for each day until paid in full at a rate per annum equal to the Default Rate.

(d) During each Interest Period in which a Revolving Credit Advance is a Term SOFR Loan, such Term SOFR Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to Term SOFR for such day plus the Applicable Margin. Any overdue principal of and, to the extent permitted by law, overdue interest on any Term SOFR Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Default Rate.

(e) Interest on each Base Rate Loan and SOFR Loan shall be payable for each Interest Period on the Interest Payment Date immediately succeeding the last day of the Interest Period. Notwithstanding the foregoing, (1) all accrued unpaid interest on the Revolving Credit Advances shall be paid in full on the Termination Date; and (2) should the Revolving Credit Commitment be terminated at any time prior to the Termination Date for any reason, any and all accrued unpaid interest shall be paid on the date of such termination.

(f) Each Letter of Credit Advance shall bear interest on the outstanding principal amount thereof, payable on demand, for each day from the date such Letter of Credit Advance is made until paid in full at a rate per annum equal to the Base Rate, plus the Applicable Margin for Daily Simple SOFR Loans.

(g) The Agent shall determine each interest rate applicable to the Loans hereunder. The Agent shall give prompt notice to Borrower and the Banks by telecopy of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(h) After the occurrence and during the continuance of a Default, the principal amount of the Revolving Credit Advances (and, to the extent permitted by applicable law, all accrued interest thereon) may, at the election of the Required Banks, bear interest at the Default Rate; provided, however, that automatically whether or not the Required Banks elect to do so, any overdue principal of and, to the extent permitted by law, overdue interest on any Loan shall bear interest payable on demand, for each day until paid at a rate per annum equal to the Default Rate. Interest shall continue to accrue after the filing by or against any Loan Party of any petition seeking any relief in bankruptcy or under any act or law pertaining to insolvency or debtor relief, whether state, federal or foreign.

SECTION 2.07 Fees.

(a) Borrower shall pay to the Agent for the ratable account of each Bank an unused fee equal to the product of: (i) the aggregate of the daily average amounts of such Bank's Unused Revolving Credit Commitment, times (ii) 0.10% per annum. Such unused fee shall accrue from and including the Closing Date to and including the Termination Date. Unused fees shall be payable quarterly in arrears on each Quarterly Payment Date and on the Termination Date; provided that should the Revolving Credit Commitments be terminated at any time prior to the Termination Date for any reason, the entire accrued and unpaid fee shall be paid on the date of such termination.

(b) Borrower shall pay to the Agent for the ratable account of each Bank, with respect to each Letter of Credit, a per annum letter of credit fee (the "Letter of Credit Fee") equal to the product of: (i) the aggregate average daily Undrawn Amounts, times (ii) a per annum percentage equal to the then Applicable Margin for Daily Simple SOFR Advances (as set forth in Section 2.06(a)) (calculated in accordance with Section 2.13). Such Letter of Credit Fees shall be payable in arrears for each Letter of Credit on each Quarterly Payment Date during the term of each respective Letter of Credit and on the termination thereof (whether at its stated expiry date or earlier.)

SECTION 2.08 Optional Termination or Reduction of Revolving Credit Commitments.

Borrower may, upon at least 3 Domestic Business Days' irrevocable notice to the Agent, terminate at any time, or proportionately reduce from time to time by an aggregate amount of at least \$500,000 or any larger multiple of \$100,000, the Revolving Credit Commitments; provided, however: (1) each termination or reduction, as the case may be, shall be permanent and irrevocable; (2) no such termination or reduction shall be in an amount greater than the Total Unused Revolving Credit Commitments on the date of such termination or reduction; and (3) no such reduction pursuant to this Section 2.08 shall result in the aggregate Revolving Credit Commitments of all of the Banks to be reduced to an amount less than \$10,000,000, unless the Revolving Credit Commitments are terminated in their entirety, in which case all accrued fees (as provided under Section 2.07) shall be payable on the effective date of such termination.

SECTION 2.09 Mandatory Reduction and Termination of Revolving Credit Commitments.

The Revolving Credit Commitments shall terminate on the Termination Date and any Revolving Credit Advances and if demand had not been earlier made Letter of Credit Advances then outstanding (together with accrued interest thereon) shall be due and payable on such date.

SECTION 2.10 Optional Prepayments of Revolving Credit Advances.

(a) Subject to any payments required pursuant to the terms of Article VIII, upon one Domestic Business Day prior written notice, Borrower may prepay the Revolving Credit Advances in whole or in part without premium or penalty (other than any payments required pursuant to the terms of Article VIII) at any time,

or from time to time in part in amounts aggregating at least \$500,000.00, or any larger multiple of \$100,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment;

(b) Upon receipt of a notice of prepayment pursuant to this Section, the Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such prepayment and such notice shall not thereafter be revocable by Borrower.

#### SECTION 2.11 Mandatory Prepayments of Revolving Credit Advances.

(a) On each date on which the Revolving Credit Commitments are reduced or terminated pursuant to Section 2.08 or Section 2.09, Borrower shall repay or prepay such principal amount of the outstanding Revolving Credit Advances, if any (together with interest accrued thereon and any amounts due under Section 8.05(a)), as may be necessary so that after such payment the aggregate unpaid principal amount of the Revolving Credit Advances, together with the aggregate principal amount of all Letter of Credit Advances and Undrawn Amounts does not exceed the aggregate amount of the Revolving Credit Commitments as then reduced.

(b) In the event that the aggregate principal amount of all Revolving Credit Advances, together with the aggregate principal amount of the Letter of Credit Advances and Undrawn Amounts at any one time outstanding shall at any time exceed the aggregate amount of the Revolving Credit Commitments of all of the Banks at such time, Borrower shall immediately repay so much of the Revolving Credit Advances as is necessary in order that the aggregate principal amount of the Revolving Credit Advances thereafter outstanding, together with the aggregate principal amount of the Letter of Credit Advances and Undrawn Amounts shall not exceed the aggregate amount of the Revolving Credit Commitments of all of the Banks at such time.

#### SECTION 2.12 General Provisions as to Payments.

(a) Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, not later than 11:00 A.M. (Winston-Salem, North Carolina time) on the date when due, in Federal or other funds immediately available in Winston-Salem, North Carolina, to the Agent at its address referred to in Section 9.01. Subject to the terms of Section 2.02(d), the Agent will promptly distribute to each Bank its ratable share of each such payment received by the Agent for the account of the Banks; provided that payments of interest shall be distributed by the Agent within three Domestic Business Days of the date such payment is received by the Agent for the account of the Banks.

(b) Whenever any payment of principal of, or interest on, the Revolving Credit Advances or of fees shall be due on a day which is not a Domestic Business Day (including, without limitation, any payments pursuant to Sections 2.02(c) and 2.02(d)), the date for payment thereof shall be extended to the next succeeding Domestic Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(c) All payments of principal, interest and fees and all other amounts to be made by Borrower pursuant to this Agreement with respect to any Revolving Credit Advance or fee relating thereto shall be paid without deduction for, and free from, any tax, imposts, levies, duties, deductions, or withholdings of any nature now or at anytime hereafter imposed by any governmental authority or by any taxing authority thereof or therein excluding in the case of each Bank, taxes imposed on or measured by its net income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Bank is organized or any political subdivision thereof and, in the case of each Bank, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction of such Bank's applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, imposts, levies, duties, deductions or withholdings of any nature being "Taxes"). In the event that Borrower is required by applicable law to make any such withholding or deduction of Taxes with respect to any Revolving Credit Advance or fee or other amount, Borrower shall pay such deduction or withholding to the applicable taxing authority, shall promptly furnish to any Bank in respect of which such deduction or withholding is made all



receipts and other documents evidencing such payment and shall pay to such Bank additional amounts as may be necessary in order that the amount received by such Bank after the required withholding or other payment shall equal the amount such Bank would have received had no such withholding or other payment been made. If no withholding or deduction of Taxes are payable in respect of any Revolving Credit Advance or fee relating thereto, Borrower shall furnish any Bank, at such Bank's request, a certificate from each applicable taxing authority or an opinion of counsel reasonably acceptable to such Bank, in either case stating that such payments are exempt from or not subject to withholding or deduction of Taxes. If Borrower fails to provide such original or certified copy of a receipt evidencing payment of Taxes or certificate(s) or opinion of counsel of exemption, Borrower hereby agrees to compensate such Bank for, and indemnify them with respect to, the tax consequences of Borrower's failure to provide evidence of tax payments or tax exemption.

In the event any Bank receives a refund of any Taxes paid by Borrower pursuant to this Section 2.12, it will pay to Borrower the amount of such refund promptly upon receipt thereof; provided, however, if at any time thereafter it is required to return such refund, Borrower shall promptly repay to it the amount of such refund.

Without prejudice to the survival of any other agreement of Borrower hereunder, the agreements and obligations of Borrower contained in this Section 2.12 shall be applicable with respect to any Participant, Assignee or other Transferee, and any calculations required by such provisions (i) shall be made based upon the circumstances of such Participant, Assignee or other Transferee, and (ii) constitute a continuing agreement and shall survive the termination of this Agreement and the payment in full or cancellation of the Notes.

SECTION 2.13      Computation of Interest and Fees. Interest on the Revolving Credit Advances shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day). Non-utilization fees, letter of credit fees and any other fees payable hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.14      Intentionally Omitted.

SECTION 2.15      Intentionally Omitted.

SECTION 2.16      Intentionally Omitted.

SECTION 2.17      Increase in Commitments.

(a) Borrower shall have the right, at any time and from time to time after the Closing Date by written notice to and in consultation with the Agent, to request an increase in the aggregate Revolving Credit Commitment (each such requested increase, a "Commitment Increase"), by having one or more existing Banks increase their respective Revolving Credit Commitments then in effect (each, an "Increasing Bank"), by adding as a Bank with a new Revolving Credit Commitment hereunder one or more Persons that are not already Banks (each, an "Additional Bank"), or a combination thereof provided that (i) any such request for a Commitment Increase shall be in a minimum amount of \$5,000,000, (ii) immediately after giving effect to any Commitment Increase, (y) the aggregate Revolving Credit Commitments shall not exceed \$75,000,000 and (z) the aggregate of all Commitment Increases effected shall not exceed \$40,000,000, (iii) no Default shall have occurred and be continuing on the applicable Commitment Increase Date (as hereinafter defined) or shall result from any Commitment Increase, (iv) immediately after giving effect to any Commitment Increase (including any Revolving Credit Borrowings in connection therewith and the application of the proceeds thereof), Borrower shall be in compliance with the covenants contained in Article V, (v) subject to the terms of (vi), Borrower may invite an Additional Bank to provide a Commitment Increase subject to the Agent's consent to such Additional Bank in writing which consent may not be unreasonably withheld; and (vi) Borrower shall give the existing Banks the right of first refusal for participating in any such Commitment Increase by providing such notice to the Agent

fifteen (15) Domestic Business Days before making a request to any Person that is not already a Bank. An existing Bank shall have priority over Additional Banks to participate in such requested Commitment Increase if such existing Bank provides written notice of its election to participate within fifteen (15) Domestic Business Days of such existing Bank's receipt of such notice. Such notice from Borrower shall specify the requested amount of the Commitment Increase. No Bank shall have any obligation to become an Increasing Bank. Any fees paid by Borrower for a Commitment Increase to an Increasing Bank, an Additional Bank, or the Agent shall be for their own account and shall be in an amount, if any, mutually agreed upon by each such party and Borrower, in each party's sole discretion.

(b) Borrower, the other Loan Parties and each Additional Bank shall execute a joinder agreement, and Borrower, the other Loan Parties and each Bank shall execute all such other documentation as the Agent and Borrower may reasonably require, all in form and substance reasonably satisfactory to the Agent and Borrower, to evidence the Revolving Credit Commitment adjustments referred to in Section 2.17.

(c) If the aggregate Revolving Credit Commitments are increased in accordance with this Section 2.17, Borrower (in consultation with the Agent), Increasing Bank(s) (if any) and Additional Bank(s) (if any) shall agree upon the effective date (the "Commitment Increase Date," which shall be a Domestic Business Day not less than thirty (30) days prior to the Termination Date). The Agent shall promptly notify the Banks of such increase and the Commitment Increase Date. Each of Borrower, the Guarantors, the Banks and the Agent acknowledges and agrees that each Commitment Increase meeting the conditions set forth in this Section 2.17 (x) shall not require the consent of any Guarantor or any Bank other than the Increasing Banks and Additional Banks who have agreed to make such Commitment Increase and shall not constitute an amendment, modification or waiver subject to Section 9.05 or Section 9.07 and (y) subject to clause (d) of this Section 2.17, shall be effective as of the Commitment Increase Date.

(d) Notwithstanding anything set forth in this Section 2.17 to the contrary, Borrower shall not incur any Revolving Credit Advances pursuant to any Commitment Increase (and no Commitment Increase shall be effective) unless the conditions set forth in Section 2.17(a) as well as the following conditions precedent are satisfied on the applicable Commitment Increase Date:

(i) The Agent shall have received the following, each dated the Commitment Increase Date and in form and substance reasonably satisfactory to the Agent:

(A) a supplement to this Agreement signed by each Increasing Bank (if any) and Additional Bank (if any), setting forth the reallocation of Revolving Credit Commitments referred to in Section 2.17(e), all other documentation required by the Agent pursuant to Section 2.17(b) and such other modifications, documents or items as the Agent, such Banks or their counsel may reasonably request;

(B) an instrument, duly executed by Borrower and each Guarantor, if any, acknowledging and reaffirming its obligations under this Agreement and the other Loan Documents to which it is a party;

(C) a certificate of the secretary or an assistant secretary of Borrower and each Guarantor, certifying to and attaching the resolutions adopted by the board of directors (or similar governing body) of such party approving or consenting to such Commitment Increase;

(D) a certificate of the chief financial officer of Borrower, certifying that (x) as of the Commitment Increase Date, all representations and warranties of Borrower and the Guarantors contained in this Agreement and the other Loan Documents are true and correct (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty is true and correct as of such date), except that for purposes of this Section 2.17(d)(i) the representations and warranties contained in Section 4.10(a) shall be deemed to refer to the most recent statements furnished

pursuant to clauses (a) and (b), respectively, of Section 5.01, (y) immediately after giving effect to such Commitment Increase (including any Revolving Credit Borrowings in connection therewith and the application of the proceeds thereof), Borrower is in compliance with the covenants contained in Article V, and (z) no Default has occurred and is continuing, both immediately before and after giving effect to such Commitment Increase (including any Revolving Credit Borrowings in connection therewith and the application of the proceeds thereof);

(E) an opinion or opinions of counsel for Borrower and the Guarantors, in a form reasonably satisfactory to Agent and covering such matters as Agent may reasonably request, addressed to the Agent and the Banks, together with such other documents, instruments and certificates as the Agent shall have reasonably requested; and

(F) such other documents or items that the Agent, such Banks or their counsel may reasonably request.

(e) On the Commitment Increase Date, (i) the aggregate principal outstanding amount of the Revolving Credit Advances (the "Initial Advances") immediately prior to giving effect to the Commitment Increase shall be deemed to be repaid, (ii) immediately after the effectiveness of the Commitment Increase, Borrower shall be deemed to have made new Revolving Credit Borrowings of Revolving Credit Advances (the "Subsequent Borrowings") in an aggregate principal amount equal to the aggregate principal amount of the Initial Advances and of the types and for the Interest Periods specified in a Notice of Borrowing delivered to the Agent in accordance with Section 2.02(a), (iii) each Bank shall pay to the Agent in immediately available funds an amount equal to the difference, if positive, between (y) such Bank's pro rata percentage (calculated after giving effect to the Commitment Increase) of the Subsequent Borrowings and (z) such Bank's pro rata percentage (calculated without giving effect to the Commitment Increase) of the Initial Advances, (iv) after the Agent receives the funds specified in clause (iii) above, the Agent shall pay to each Bank the portion of such funds equal to the difference, if positive, between (y) such Bank's pro rata percentage (calculated without giving effect to the Commitment Increase) of the Initial Advances and (z) such Bank's pro rata percentage (calculated after giving effect to the Commitment Increase) of the amount of the Subsequent Borrowings, (v) the Bank shall be deemed to hold the Subsequent Borrowings ratably in accordance with their respective Revolving Credit Commitments (calculated after giving effect to the Commitment Increase), (vi) Borrower shall pay all accrued but unpaid interest on the Initial Advances to the Banks entitled thereto, and (vii) the signature pages hereto shall be deemed amended to reflect the Revolving Credit Commitments of all Banks after giving effect to the Commitment Increase.

### ARTICLE III

#### CONDITIONS TO BORROWINGS

SECTION 3.01 Conditions to First Borrowing. This Agreement shall become effective on the date (the "Closing Date") that each of the following conditions shall have been satisfied (or waived in accordance with Section 9.05):

(a) receipt by the Agent from each of the parties hereto of a duly executed counterpart of this Agreement signed by such party;

(b) receipt by the Agent of duly executed Notes for the account of each lender complying with the provisions of Section 2.04;

(c) receipt by the Agent of an opinion of Robinson, Bradshaw & Hinson, P.A., counsel for Borrower and Guarantors, dated as of the Closing Date, covering such matters relating to the transactions contemplated hereby as the Agent or any Bank may reasonably request;

(d) receipt by the Agent of a certificate (the "Closing Certificate"), dated the date of the Closing Date, substantially in the form of Exhibit D hereto, signed by a principal financial officer of the Borrower, to the effect that (i) no Default has occurred and is continuing on the date of the Closing Date and (ii) the representations and warranties of the Loan Parties contained in Article IV are true on and as of the date of the Closing Date;

(e) receipt by the Agent of all documents which the Agent or any Bank may reasonably request relating to the existence of each Loan Party, the authority for and the validity of this Agreement, the Notes and the other Loan Documents, and any other matters relevant hereto, all in form and substance satisfactory to the Agent, including without limitation a certificate of incumbency of each Loan Party (the "Officer's Certificate"), signed by the Secretary or an Assistant Secretary of the respective Loan Party, substantially in the form of Exhibit E hereto, certifying as to the names, true signatures and incumbency of the officer or officers of the respective Loan Party, authorized to execute and deliver the Loan Documents, and certified copies of the following items: (i) the Loan Party's certificate of incorporation or articles of organization, as the case may be, (ii) the Loan Party's bylaws or operating agreement, as the case may be, (iii) a certificate of the Secretary of State of such Loan Party's State of organization as to the good standing of such Loan Party, and (iv) the action taken by the Board of Directors of the Loan Party authorizing the Loan Party's execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which the Loan Party is a party;

(f) evidence satisfactory to the Agent that the Previous Loan Agreement has been terminated and all indebtedness, liabilities and obligations thereunder have been paid in full;

(g) Borrower shall deliver to the Agent, and directly to any Bank requesting the same, a Beneficial Ownership Certification in relation to it (or a certification that such Borrower qualifies for an express exclusion from the "legal entity customer" definition under the Beneficial Ownership Regulations), in each case at least five (5) Domestic Business Days prior to the Closing Date; and

(h) such other documents or items as the Agent, the Banks or their counsel may reasonably request.

The Agent shall promptly notify Borrower and the Banks of the Closing Date, and such notice shall be conclusive and binding on all parties hereto.

SECTION 3.02 Conditions to All Borrowings. The obligation of each Bank to make a Revolving Credit Advance on the occasion of each Revolving Credit Borrowing is subject to the satisfaction of the following conditions:

(a) receipt by the Agent of a Notice of Borrowing as required by Section 2.02;

(b) the fact that, immediately before and after such Revolving Credit Borrowing, no Default shall have occurred and be continuing;

(c) the fact that the representations and warranties of the Loan Parties contained in Article IV of this Agreement shall be true, on and as of the date of such Revolving Credit Borrowing; and

(d) the fact that, immediately after such Revolving Credit Borrowing (i) the aggregate outstanding principal amount of the Revolving Credit Advances of each Bank together with such Bank's Pro Rata Share of the aggregate outstanding principal amount of all Letter of Credit Advances and Undrawn Amounts, will not exceed the amount of its Revolving Credit Commitment and (ii) the aggregate outstanding principal amount of the Revolving Credit Advances together with the aggregate outstanding principal amount of all Letter of Credit Advances and Undrawn Amounts, will not exceed the aggregate amount of the Revolving Credit Commitments of all of the Banks as of such date.

Each Revolving Credit Borrowing hereunder shall be deemed to be a representation and warranty by the Loan Parties on the date of such Revolving Credit Borrowing as to the truth and accuracy of the facts specified in clauses (b), (c) and (d) of this Section; provided that a Revolving Credit Borrowing shall not be deemed a representation or warranty as to the facts specified in clause (c) of this Section if the aggregate outstanding principal amount of the Revolving Credit Advances immediately after such Revolving Credit Borrowing will not exceed the aggregate outstanding principal amount of Revolving Credit Advances immediately before such Revolving Credit Borrowing.

SECTION 3.03 Conditions to Issuance of Letters of Credit. The issuance by the Issuing Bank of each Letter of Credit shall be subject to satisfaction of the conditions set forth in the related Letter of Credit Agreement and satisfaction of the following conditions:

(a) the fact that, immediately before and after the issuance of such Letter of Credit, no Default shall have occurred and be continuing;

(b) the fact that the representations and warranties of the Loan Parties contained in Article IV of this Agreement shall be true, on and as of the date of issuance of such Letter of Credit;

(c) the fact that, immediately after the issuance of such Letter of Credit: (i) the sum of (A) the entire outstanding principal amount of the Revolving Credit Advances, (B) the aggregate outstanding principal amount of the Letter of Credit Advances, and (C) the aggregate Undrawn Amounts, will not exceed the aggregate amount of the Revolving Credit Commitments of all of the Banks at such time; and

(d) no Letter of Credit shall have an expiry date or termination date on or after the earlier of: (1) the date twelve months after the date of the issuance of such Letter of Credit; or (2) the date two Domestic Business Days prior to the Termination Date.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES

The Loan Parties represent and warrant that:

SECTION 4.01 Corporate Organization and Power. Each Loan Party (i) is a corporation, limited partnership or limited liability company duly organized, formed or registered, as applicable, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, as applicable, and (ii) is qualified to do business and is in good standing in every other jurisdiction in which the nature of its business or the ownership of its properties requires it to be so qualified and where failure to so qualify would have a Material Adverse Effect. Each Loan Party has the requisite power and authority and the right to own and operate its properties, to lease the property it operates under lease, and to conduct its business as now and proposed to be conducted.

SECTION 4.02 Litigation; Government Regulation. There is no action, suit or proceeding pending, or to the knowledge of the Loan Parties threatened, against or affecting the Loan Parties or any of their respective Subsidiaries before any court or arbitrator or any governmental body, agency or official which could have a Material Adverse Effect or which in any manner draws into question the validity or enforceability of, or could impair the ability of the Loan Parties to perform their respective obligations under, this Agreement, the Notes or any of the other Loan Documents. No Loan Party is in violation of or in default under any applicable statute, rule, order, decree, writ, injunction or regulation of any governmental body (including any court) where such violation would have a Material Adverse Effect.

SECTION 4.03 Taxes. There have been filed on behalf of the Loan Parties and their respective Subsidiaries all Federal, state and local income, excise, sales, property and other tax returns which are required to be filed by them and all taxes due pursuant to such returns or pursuant to any levy or assessment received by or on behalf of the Loan Parties or any Subsidiary have been paid, unless such taxes are being diligently contested by such Loan Party by appropriate proceedings, such Loan Party has established reserves in accordance with GAAP and the failure to timely pay such taxes will not have a Material Adverse Effect. The charges, accruals and reserves on the books of the Loan Parties and their respective Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Loan Parties, adequate. To the knowledge of each Loan Party, no material controversy in respect of any taxes is pending or threatened. United States income tax returns of the Loan Parties and their respective Subsidiaries have been closed through the Fiscal Year ended January 30, 2022.

SECTION 4.04 Enforceability of Loan Documents: Compliance With Other Instruments. The execution, delivery and performance by each Loan Party of this Agreement, the Notes and the other Loan Documents to which it is a party (i) are within the corporate, partnership and limited liability powers of each Loan Party, as applicable, and (ii) have been duly authorized by all necessary and appropriate corporate, partnership and limited liability action, as applicable, and have been validly executed and delivered. Each of the Loan Documents executed by each Loan Party is the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or by general equitable principles. No Loan Party or any Subsidiary of a Loan Party is in default in any material respect with respect to any indenture, loan agreement, mortgage, lease, deed or similar agreement related to the borrowing of monies to which such Loan Party is a party or by which it is bound. Neither the execution, delivery or performance of the Loan Documents executed by the Loan Parties, nor compliance therewith: (a) conflicts or will conflict with or results or will result in any breach of, or constitutes or will constitute with the passage of time or the giving of notice or both, a default under, (i) the certificate of incorporation, certificate of partnership, articles of organization, certificate of formation, bylaws, partnership agreement, operating agreement or any other organic documents of any Loan Party or any Subsidiary of a Loan Party, (ii) any law, order, writ, injunction or decree of any court or governmental authority, or (iii) any agreement or instrument to which any Loan Party or any Subsidiary of a Loan Party is a party or by which any Loan Party or any Subsidiary of a Loan Party, or its respective properties, is bound or (b) results or will result in the creation or imposition of any Lien upon the properties or assets of any Loan Party or any Subsidiary of a Loan Party, except Permitted Liens.

SECTION 4.05 Governmental Authorization. No authorization, consent or approval of, or declaration or filing with, any governmental authority is required for the valid execution, delivery and performance by each Loan Party of the Loan Documents or the consummation by each Loan Party of the transactions contemplated hereby and thereby. Each Loan Party has, and is in material good standing with respect to, all governmental approvals, permits, certificates, licenses, inspections, consents and franchises necessary to continue to conduct its respective businesses as heretofore conducted and to own or lease and operate its properties as now owned or leased by it, except for those the failure to obtain which (or maintain good standing with regard to) would not individually or in the aggregate have a Material Adverse Effect. None of such approvals, permits, certificates, consents, or franchises contains any term, provision, condition or limitation materially more burdensome than such as are generally applicable to Persons engaged in the same or similar business as such Loan Party.

SECTION 4.06 No Default.

(a) No Loan Party nor any of their respective Subsidiaries is in default under or with respect to any agreement, instrument or undertaking to which it is a party or by which it or any of its property is bound that would reasonably be expected to result in a Material Adverse Effect.

(b) No Default or Event of Default has occurred and is continuing.

SECTION 4.07 Margin Securities. No Loan Party nor any of their respective Subsidiaries is engaged principally, or as one of its important activities, in the business of purchasing or carrying any Margin Stock. No part of the proceeds of any Revolving Credit Advance 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 be used for any purpose in each case which violates, or which is inconsistent with, the provisions of Regulation T, U or X. Neither the making of any Revolving Credit Advance hereunder, nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation T, U or X of the FRB.

SECTION 4.08 Full Disclosure. None of the Loan Documents, nor any statements or information furnished to Agent or any Bank by or on behalf of a Loan Party for purposes of or in connection with this Agreement or any transaction contemplated by the Loan Documents, contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or herein not misleading and all such statements and information are true, accurate and complete in every material respect or based on reasonable estimates on the date as of which such information is stated or certified. There is no fact known to any Loan Party not disclosed to the Banks in writing that has or, to the best of such Loan Party's knowledge, would have a Material Adverse Effect. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct.

SECTION 4.09 ERISA.

(a) No accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, has occurred with respect to any Plan, and no termination event or Reportable Event has occurred or is reasonably expected to occur with respect to any Plan. The present value of all accrued benefits under each Plan (based on those assumptions used to fund such Plan) did not, as of the most recent valuation date, exceed the then current value of the assets of such Plan allocable to such benefits. Full payment has been made on or before the due date thereof of all amounts that each Loan Party and member of the Controlled Group is required under the terms of each Plan to have paid as contributions to such Plan.

(b) No Loan Party or any member of the Controlled Group has incurred any withdrawal liability under Section 4201 of ERISA.

(c) No Loan Party or any member of the Controlled Group has participated in any prohibited transaction (as defined in Section 406 of ERISA or Section 4975 of the Code), which has subjected, or may subject, it to any material civil penalty or tax imposed by Section 502(i) of ERISA or Section 4975 of the Code, respectively. No Loan Party has incurred, or is reasonably expected to incur, any liability to the PBGC (other than for insurance premiums which have been paid when due).

(d) To the knowledge of each Loan Party and based on actuarial reports, the present value (determined using actuarial and other assumptions that are reasonable in respect of the benefits provided and the employees participating) of the liability of each Loan Party and any member of the Controlled Group for post-retirement benefits to be provided to its current and former employees under all welfare benefit plans (as defined in Section 3(1) of ERISA) does not, in the aggregate, exceed the assets under all such plans allocable to such benefits by an amount that would have a Material Adverse Effect.

(e) The execution and delivery of this Agreement will not involve any transaction which is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975 of the Code.

(f) Neither the Loan Parties nor any member of the Controlled Group is making or has ever made or been required to make any contributions to a Multiemployer Plan.

SECTION 4.10      Financial Statements.

(a)      The consolidated balance sheet of Borrower and its Consolidated Subsidiaries as of January 29, 2022 and the related consolidated statements of income, shareholders' equity and cash flows for the Fiscal Year then ended, reported on by PricewaterhouseCoopers LLP, copies of which have been delivered to each of the Banks, fairly present in all material respects, in conformity with GAAP (except as otherwise noted therein), and the consolidated financial position of Borrower and its Consolidated Subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods stated.

(b)      Since January 29, 2022, there has been no event, act, condition or occurrence having a Material Adverse Effect.

SECTION 4.11      Title to Assets. Each of the Loan Parties and their respective Subsidiaries has good, indefeasible and merchantable title in fee simple (or its equivalent under applicable law) to and ownership of the Properties owned by it (as reflected in the Financial Statements) and all of its other material assets, including without limitation, the assets reflected in the most recent Financial Statements, free and clear of all Liens, except Permitted Liens, and except for financing statements filed in connection with the Permitted Liens, no financing statement under the Uniform Commercial Code that names any Loan Party or any Subsidiary of a Loan Party as debtor has been filed and is still in effect, and no Loan Party or any Subsidiary of a Loan Party has signed any financing statement or any security agreement authorizing any secured party thereunder to file any such financing statement. Each Loan Party enjoys peaceful and undisturbed possession under all of its material leases and all such leases are valid and subsisting and in full force and effect. Each of the Loan Parties and their respective Subsidiaries has title to its properties sufficient for the conduct of its business.

SECTION 4.12      Use of Proceeds. Borrower's uses of the proceeds of each Revolving Credit Advance made by Banks to Borrower pursuant to this Agreement are, and continue to be, legal and proper uses and such uses are and will be consistent with the terms of Section 5.15 and all applicable laws and statutes, as in effect from time to time.

SECTION 4.13      Environmental Matters. Except as would not individually or in the aggregate have a Material Adverse Effect:

(a)      No Hazardous Materials have been or are being used, produced, manufactured, processed, treated, recycled, generated, stored, disposed of, managed or otherwise handled at, or shipped or transported to or from or located on any Property (except in compliance with applicable Environmental Laws) and no part of any Property, including the groundwater located thereon and thereunder, is presently known by such Loan Party or any Subsidiary of a Loan Party to have concentrations of any Hazardous Materials in violation of applicable Environmental Laws. To the knowledge of each Loan Party, no improvement located on any Property contains any friable asbestos or asbestos-containing materials in material violation of any federal, state or local laws, regulations or orders respecting such asbestos or asbestos-containing materials. To the knowledge of each Loan Party, there were no Environmental Releases of Hazardous Materials in violation of Environmental Law on any Property previously owned by such Loan Party or any Subsidiary of a Loan Party while such Loan Party or any Subsidiary of a Loan Party owned such Property;

(b)      No Property has, to the knowledge of any Loan Party ever been used as or for a mine, a gasoline service station, or an above-ground petroleum products storage facility, a landfill, a dump or other disposal facility, or for industrial, or manufacturing purposes;

(c)      [reserved];

(d)      All activities, and operations of each Loan Party and each Subsidiary of a Loan Party meet in all material respects the requirements of all applicable Environmental Laws;



(e) Each Loan Party, to its knowledge, has never sent a Hazardous Material to a site which, pursuant to CERCLA or any similar state law, (1) has been placed on the “National Priorities List” of hazardous wastes, or (2) which is subject to a claim, an administrative order or other request to take “removal” or “remedial” action (as defined under CERCLA) or to pay for the costs of cleaning up such a site;

(f) Each Loan Party, to its knowledge, is not involved in any suit or proceeding nor has it received any notice from any Environmental Authority with respect to a release of Hazardous Materials nor has it received notice of any claims from any Person relating to personal injuries from exposure to Hazardous Materials originating from a Property owned or operated by a Loan Party during the time of that Loan Party’s ownership or operation thereof;

(g) Each Loan Party has timely filed all material reports required to be filed, has acquired all necessary Environmental Authorizations and has generated and maintained in all material respects all required data, documentation and records as required by any applicable Environmental Laws; and

(h) No Loan Party nor any Subsidiary of a Loan Party is subject to any Environmental Liability and no Loan Party nor any Subsidiary of a Loan Party has been designated as a potentially responsible party under CERCLA. None of the Properties have been identified on any current or proposed (i) National Priorities List under 40 C.F.R. § 300, (ii) CERCLIS list or (iii) any list arising from a state statute similar to CERCLA.

SECTION 4.14 Assets for Conduct of Business. Each Loan Party possesses adequate licenses, patents, patent applications, copyrights, trademarks, servicemarks and trade names to continue to conduct its business as heretofore conducted, without any material conflict or infringement with the rights of others.

SECTION 4.15 Compliance With Laws. Each Loan Party and each Subsidiary of a Loan Party has duly complied with, and its Properties and business operations are in compliance in all material respects with, the provisions of all federal, state and local laws, rules and regulations applicable to each such Loan Party and each Subsidiary of a Loan Party, the Properties or the conduct of such business, including, without limitation, all federal and state securities and antitrust laws, ERISA and Environmental Laws, except to the extent that the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect. There have been no citations, notices or orders of noncompliance issued to any Loan Party or any Subsidiary of a Loan Party under any federal, state or local law, rule or regulation applicable to each Loan Party and each Subsidiary of a Loan Party which would have a Material Adverse Effect.

SECTION 4.16 Contracts. No Loan Party is a party to any contract or agreement, or subject to any charge, corporate, partnership or limited liability company restriction, judgment, injunction, decree, rule, regulation or order of any court or governmental authority, which has or would have a Material Adverse Effect.

SECTION 4.17 Subsidiaries. Each of the Loan Parties’ Subsidiaries is a corporation, partnership or limited liability company (or in the case of Cedar Hill National Bank, a national bank) duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, as the case may be, is duly qualified to transact business in every jurisdiction where, by the nature of its business, such qualification is necessary, and has all organizational powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except to the extent that the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect. As of the Closing Date, no Loan Party has any Subsidiaries except those Subsidiaries listed on Schedule 4.17, which accurately sets forth each such Subsidiary’s complete name and jurisdiction of organization.

SECTION 4.18 Not an Investment Company. No Loan Party nor any Subsidiary of a Loan Party is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

SECTION 4.19 Public Utility Holding Company Act. No Loan Party nor any Subsidiary of a Loan Party is a “holding company”, or a “subsidiary company” of a “holding company”, or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company”, as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

SECTION 4.20 Insolvency. After giving effect to the execution and delivery of the Loan Documents and the making of the Revolving Credit Advances under this Agreement, no Loan Party will be “insolvent”, within the meaning of such term as defined in § 101 of Title 11 of the United States Code or Section 2 of the Uniform Fraudulent Transfer Act, or any other applicable state law pertaining to fraudulent transfers, as each may be amended from time to time, or be unable to pay its debts generally as such debts become due, or have an unreasonably small capital to engage in any business or transaction, whether current or contemplated.

SECTION 4.21 Labor Matters. There are no significant strikes, lockouts, slowdowns or other labor disputes against any Loan Party or any Subsidiary of any Loan Party pending or, to the knowledge of any Loan Party, threatened which would have a Material Adverse Effect. The hours worked by and payment made to employees of the Loan Parties and each Subsidiary of any Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable federal, state or foreign law dealing with such matters except to the extent such violation would not have a Material Adverse Effect.

SECTION 4.22 Anti-Terrorism Laws. None of the Loan Parties, nor any of their respective Subsidiaries, is in violation of any laws relating to terrorism or money laundering, including the Patriot Act.

SECTION 4.23 Compliance with Sanctions; Anti-Money Laundering Program; Anti-Corruption Laws; Beneficial Ownership Regulation.

(a) Neither Borrower nor any Affiliate of Borrower nor, to Borrower’s knowledge, any director, officer, agent, employee of Borrower or any Affiliate of Borrower: (i) has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or to influence official action; (ii) has made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) has made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment; or (iv) has violated or is in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws; and each of Borrower and each Affiliate of Borrower have conducted their business in compliance with the Anti-Corruption Laws and Anti-Money Laundering Laws.

(b) Neither: (i) Borrower, any Affiliate of Borrower, nor, to Borrower’s knowledge, any of their respective directors, officers, agents, employees or Affiliates; nor (ii) to Borrower’s knowledge, any agent or representative of Borrower or any such Affiliate that will act in any capacity in connection with any Revolving Credit Advances or that will benefit from any Revolving Credit Advances: (A) is a Sanctioned Person or is owned or controlled by a Sanctioned Person; (B) has any assets located in a Sanctioned Country; (C) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons; or (D) has taken any action, directly or indirectly, that violates any Sanctions, Anti-Corruption Laws or Anti-Money Laundering Laws.

(c) No proceeds of any Revolving Credit Advance have been used, directly or indirectly, by Borrower or any Affiliate of Borrower or any of their respective directors, officers, agents, employees, Affiliates, agents or representatives for the purpose of funding, financing or facilitating any activity, business or transaction of or with any Sanctioned Person, or of, with or in any Sanctioned Country, including, but not limited to, any payment (directly or indirectly) to a Sanctioned Person or a Sanctioned Country, or that violates any Sanctions applicable to any party hereto.

## ARTICLE V

### COVENANTS

The Loan Parties agree, jointly and severally, that, so long as any Bank has any Revolving Credit Commitment hereunder or any Letter of Credit is outstanding or any amount payable under any Note or Letter of Credit Advance remains unpaid:

SECTION 5.01      Information. Borrower will deliver to each of the Banks:

(a) As soon as practicable and in any event 45 days after the close of each Fiscal Quarter (except the fourth Fiscal Quarter in each Fiscal Year) of Borrower, a consolidated balance sheet of Borrower and its Subsidiaries as of the close of such Fiscal Quarter and consolidated statements of income, retained earnings and cash flows for that Fiscal Quarter and for the portion of the Fiscal Year then ended, prepared in accordance with GAAP, applied on a basis consistent with that of the preceding period or containing disclosure of the effect on the financial position or results of operation of any change in the application of accounting principles and practices during the period and certified by the chief financial officer of Borrower;

(b) As soon as practicable and in any event within 120 days after the close of each Fiscal Year of Borrower an audited consolidated balance sheet of Borrower and its Subsidiaries as of the close of such Fiscal Year, and an audited consolidated statement of income, retained earnings and cash flows prepared in accordance with GAAP, each audited by PricewaterhouseCoopers LLP or such other independent certified public accountant reasonably acceptable to the Agent in accordance with GAAP, applied on a basis consistent with those of the preceding Fiscal Year or containing disclosure of the effect on the financial position or results of operation of any change in the application of accounting principles and practices during the Fiscal Year; such financial statements shall be accompanied by a report thereon by such certified public accountants, containing an opinion that is not qualified with respect to scope, limitations or accounting principles followed by Borrower and its Subsidiaries not being in accordance with GAAP, all in a form reasonably acceptable to Agent and the Banks;

(c) Borrower shall notify the Agent and each Bank that previously received a Beneficial Ownership Certification (or a certification that Borrower qualifies for an express exclusion to the “legal entity customer” definition under the Beneficial Ownership Regulation) of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, Borrower ceasing to fall within an express exclusion to the definition of “legal entity customer” under the Beneficial Ownership Regulation) and (c) promptly upon the reasonable request of the Agent or any Bank, provide the Agent or directly to such Bank, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation;

(d) As soon as practicable and in any event within 60 days after the close of each Fiscal Year of Borrower, an operating and capital budget of Borrower and its Subsidiaries for the ensuing four (4) Fiscal Quarters;

(e) Concurrently with the delivery of the financial statements described in subsections (a) and (b) above, a certificate (a “Compliance Certificate”) from Borrower, substantially in the form of Exhibit F hereto, by a Designated Officer (i) certifying to the Banks that the Loan Parties have kept, observed, performed and fulfilled in all material respects each and every covenant, obligation and agreement binding upon any Loan Party contained in this Agreement or the other Loan Documents, (ii) calculating the financial covenants set forth in Sections 5.03 and 5.05 hereof, (iii) setting forth the identity of the Subsidiaries of Borrower on the date of such certificate; and (iv) certifying to the Banks that no Event of Default or Default has occurred, or specifying any such Event of Default or Default;

(f) within 5 Domestic Business Days after a Loan Party becomes aware of the occurrence of any Default, if such Default is then occurring, a certificate of a Designated Officer of Borrower setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto;

(g) promptly upon the mailing thereof to the shareholders of any Loan Party generally, copies of all financial statements, reports and proxy statements so mailed;

(h) to the extent not otherwise publicly available promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and annual, quarterly or monthly reports which any Loan Party shall have filed with the SEC;

(i) if and when any Loan Party or any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice; or (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice;

(j) promptly, but in no event later than three Domestic Business Days after a Designated Officer of any Loan Party obtains knowledge thereof, give written notice to the Agent of: (a) any material litigation or proceeding brought against any Loan Party, whether or not the claim is considered by any such Loan Party to be covered by insurance (for the purpose hereof, any litigation against any Loan Party seeking to recover \$2,500,000 or more in damages shall be deemed material); (b) any written notice of a violation received by any Loan Party from any governmental regulatory body or law enforcement authority which, if such violation were established, would have a Material Adverse Effect; (c) any labor controversy that has resulted in a strike or other work action that might reasonably be expected to have a Material Adverse Effect; (d) any attachment, Lien, or levy that may be placed on or assessed against or threatened against any Loan Party, or any property of a Loan Party, other than Permitted Liens; (e) any judgments or orders involving cost to the Loan Parties in aggregate of more than \$2,500,000 in any Fiscal Year; (f) any Event of Default; and (g) any other matter that has or would have a Material Adverse Effect; and

(k) from time to time such additional information regarding the financial position or business of the Loan Parties and their respective Subsidiaries as the Agent, at the request of any Bank, may reasonably request.

**SECTION 5.02**      Inspection of Property, Books and Records. Borrower will (i) keep, and will cause each Subsidiary to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP and applicable law shall be made of all dealings and transactions in relation to its business and activities; (ii) permit, and will cause each Subsidiary of the Loan Parties to permit, with reasonable prior notice and at reasonable times, the Agent or its designee, at the expense of the Loan Parties, to perform periodic field audits and investigations of the respective Loan Parties, provided, however, that if no Event of Default has occurred and is continuing, no more than one (1) examination per calendar year shall be at the expense of the Loan Parties; and (iii) permit, and will cause each Subsidiary to permit, representatives of any Bank at such Bank's expense prior to the occurrence of an Event of Default and at Borrower's expense after the occurrence of an Event of Default to visit and inspect any of their respective properties, to examine and make abstracts from any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and upon the consent of such Loan Party, which shall not be unreasonably withheld, its independent public accountants (and by this provision each Loan Party authorizes said accountants to discuss the finances and affairs of such Loan Party and to provide said accountants with such further written

authorization as they may require), upon reasonable notice and at reasonable times and as often as may be reasonably requested. The Loan Parties agree to cooperate and assist in such visits and inspections, in each case at such reasonable times and during business hours and as often as may reasonably be desired.

SECTION 5.03 Minimum EBITDAR Coverage Ratio. Commencing as of the last day of the first Fiscal Quarter of Fiscal Year 2022, and in each case continuing on the last day of each Fiscal Quarter ending thereafter, the Minimum EBITDAR Coverage Ratio shall not be less than 1.15 to 1.0.

SECTION 5.04 Acquisitions.

(a) No Loan Party nor any Subsidiary of a Loan Party shall make an Acquisition unless (i) the Acquisition has been approved and recommended by the board of directors of the Person to be acquired or from which such assets or business is to be acquired and the line or lines of business of the Person to be acquired are the same as or reasonably related to one or more line or lines of business in which the Loan Party is engaged on the Closing Date, (ii) no Default or Event of Default shall have occurred and be continuing either immediately prior to or immediately after giving effect to such Acquisition, (iii) the Person acquired shall be a Subsidiary, or be merged into a Loan Party, immediately upon consummation of the Acquisition (or if assets are being acquired, the acquiror shall be a Loan Party), and (iv) after giving effect to such Acquisition: (A) the aggregate Costs of Acquisition incurred by any Loan Party or any Subsidiary of a Loan Party in any single transaction or in a series of related transactions shall not exceed \$50,000,000; and (B) the aggregate Costs of Acquisition incurred by the Loan Parties and all Subsidiaries of the Loan Parties during any Fiscal Year shall not exceed \$75,000,000 in the aggregate.

(b) Not less than ten (10) Domestic Business Days prior to the consummation of any Acquisition permitted under Section 5.04(a) with respect to which the Costs of Acquisition exceeds \$10,000,000, Borrower shall have delivered to the Agent and each Bank pro forma financial statements demonstrating that none of the financial covenants set forth in Sections 5.03 and 5.05 will be violated after giving pro forma effect (calculated pursuant to Section 1.08) to such Acquisition.

SECTION 5.05 Minimum Consolidated Tangible Net Worth. Consolidated Tangible Net Worth shall at no time be less than the sum of (a) \$190,000,000, plus, (b) if Net Income for any Fiscal Year ending January 28, 2023 and thereafter is a positive number, an amount equal to 15% of Net Income for such Fiscal Year, (c) minus, the minimum threshold for shares repurchased to offset dilution from Borrower's equity compensation plans, not to exceed \$10,000,000 per Fiscal Year ending after January 29, 2022.

SECTION 5.06 Restrictions on Dividends, etc. No Loan Party nor any Subsidiary of a Loan Party shall:

(a) with respect to Borrower, declare or pay any dividends (other than dividends payable solely in its own Capital Stock) upon any of its Capital Stock unless, at such time, no Default or Event of Default shall exist or would exist immediately after the payment of such dividend; or

(b) repurchase shares of its own Capital Stock (or options or rights to acquire its Capital Stock), provided, however, that Borrower or any Subsidiary may purchase shares of its own capital stock unless a Default or Event of Default exists or would exist immediately after payment for any such purchase; or

(c) with respect to Borrower, make any other distribution of property or assets (other than as provided in paragraphs (a) and (b) of this Section 5.06) among the holders of shares of its Capital Stock.

SECTION 5.07 Banking Relationship. The Loan Parties shall transfer their primary demand deposit accounts and cash management accounts for operations in the United States to the Agent and, thereafter, shall maintain their primary demand deposit accounts and cash management accounts with the Agent.

The timing for such transfer shall be made in good faith and in the Loan Parties' commercially reasonable business judgement.

SECTION 5.08      Intentionally Omitted.

SECTION 5.09      Intentionally Omitted.

SECTION 5.10      Investments. No Loan Party nor any Subsidiary of a Loan Party shall make Investments in any Person except:

- (a) Acquisitions permitted under Section 5.04;
- (b) Investments by Borrower in any Subsidiary or by any Subsidiary in Borrower or any other Subsidiary;
- (c) cash and Investments made in accordance with Borrower's Investment Policy, as such Investment Policy may be amended or modified from time to time in Borrower's commercially reasonable judgment and upon notice to the Agent;
- (d) loans and advances to employees of a Loan Party for reasonable travel and business and relocation expenses in the ordinary course of business;
- (e) loans to officers, directors and employees so that such officers, directors and employees may acquire common stock of Borrower (so long as no Cash is actually advanced by Borrower or any of its Subsidiaries in connection with such loans);
- (f) Borrower may enter into Hedge Agreements to the extent permitted by Section 5.27(h);
- (g) extensions of trade credit in the ordinary course of business;
- (h) prepaid expenses incurred in the ordinary course of business;
- (i) Investments received in connection with the bankruptcy or reorganization of suppliers and customers and in good faith settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;
- (j) Guarantees permitted by Section 5.27(g);
- (k) Investments in promissory notes and other non-cash consideration received in connection with any asset sale permitted under clause (vi) of Section 5.14;
- (l) Investments in existence on the date hereof and described in Schedule 5.10;
- (m) Investments of any Person existing at the time such Person becomes a Subsidiary or consolidates or merges with Borrower or any Subsidiary (including in connection with Acquisitions permitted under Section 5.04), so long as such Investments were not made in contemplation of such Person becoming a Subsidiary or of such merger;
- (n) Investments consisting of real property and cash to pay for incidental expenses in connection with the Fort Mill Land; and
- (o) Investments not otherwise permitted under this Section 5.10 in an aggregate amount not exceeding \$15,000,000 at any one time; provided that any Investment made pursuant to this Section 5.10(o) that

is subsequently sold for cash or otherwise cancelled, liquidated or repaid for cash or made in any entity that subsequently becomes a Subsidiary, the initial amount of such Investment shall not be included in this Section 5.10(o).

SECTION 5.11 Negative Pledge. No Loan Party nor any Subsidiary of a Loan Party will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

(a) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(b) Liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits or to secure obligations on surety or appeal bonds;

(c) Liens for current taxes (including income withholding taxes), assessments or other governmental charges that are (i) not delinquent or remain payable without any penalty or (ii) less than \$5,000,000 in the aggregate, or (iii) being contested in good faith and with due diligence by appropriate proceedings, if the affected Loan Party has established adequate reserves with respect thereto in accordance with GAAP or, with respect to liens arising in connection with income tax withholding, such Loan Party has established adequate reserves with respect thereto;

(d) statutory liens of banks and other financial institutions arising during the collection of instruments in the ordinary course of business;

(e) pledges or deposits in the ordinary course of a Loan Party's business to secure the performance of leases or contracts entered into in the ordinary course of business;

(f) Liens upon any assets subject to a Capital Lease and securing payment of the obligations arising under such Capital Lease and any liens upon any equipment subject to an equipment operating lease and securing payment of the obligations arising under such lease;

(g) zoning restrictions, easements, licenses, landlord's liens or restrictions on the use of property which do not materially impair the use of such property in the operation of the business of a Loan Party;

(h) Liens securing the purchase price of assets attaching only to such assets securing aggregate Debt of Loan Parties and their Subsidiaries not in excess of \$5,000,000;

(i) attachment, judgment or similar Liens arising in connection with court proceedings; provided, that the execution or other enforcement of such Liens with respect to judgments or decrees involving in the aggregate a liability of \$5,000,000 or more is effectively stayed and the claims secured thereby are being actively contested in good faith by appropriate proceedings and Borrower or any Subsidiary, as the case may be, shall have set aside on its books, if required by GAAP, appropriate reserves for such Liens;

(j) any Lien securing any obligations and liabilities arising under or in connection with any cash management arrangements entered into in the ordinary course of business prior to, on or after the date hereof, including, without limitation, any netting or set-off system for the calculation of interest with respect to debit balances and credit balances under such arrangements; provided that the assets subject to any such Lien shall be limited to the assets held from time to time at the financial institution providing such cash management arrangements;

(k) Liens arising in the ordinary course of business solely with respect to cash, cash equivalents and Investments permitted by Section 5.10(c) in favor of a creditor depositary institution solely by virtue of any

statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with such creditor depository institution;

(l) (a) leases, licenses, subleases or sublicenses granted to other Persons in the ordinary course of business which do not (i) interfere in any material respect with the business of Borrower or any Subsidiary or (ii) secure any Debt for borrowed money or (b) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by Borrower or any Subsidiary or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(m) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by Borrower or any Subsidiary in the ordinary course of business to the extent such Liens do not attach to any assets other than the goods subject to such arrangements and are not intended as security for financing transactions;

(n) Liens on Cash securing letters of credit issued to secure a customs bonds in an aggregate amount not exceeding \$2,000,000;

(o) Liens not described in subclauses (a) through (n) above or subclause (m) below that relate to liabilities not in excess of \$2,000,000 in the aggregate; and

(p) Liens on the documents to be presented under documentary trade letters of credit permitted under Section 5.27(n) (and the inventory the purchase, shipment or storage price of which is supported by such documentary trade letters of credit), so long as such Liens are extinguished when such inventory is delivered to the Loan Parties and provided that such Liens secure only the reimbursement obligations of the Loan Parties in respect of such documentary trade letters of credit.

SECTION 5.12 Fundamental Changes. No Loan Party will, nor will it permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or otherwise sell or transfer all or substantially all of its assets, or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing, (i) any Subsidiary may merge into or consolidate with Borrower or another Loan Party in a transaction in which Borrower or such Loan Party is the surviving entity, (ii) any Loan Party (other than Borrower) may merge into or consolidate with any other Loan Party in a transaction in which the surviving entity is a Loan Party, (iii) any Subsidiary that is not a Loan Party may merge into or consolidate with another Subsidiary that is not a Loan Party, and (iv) any Subsidiary may liquidate or dissolve if Borrower determines in good faith that such liquidation or dissolution is in the best interests of Borrower and is not materially disadvantageous to the Banks.

SECTION 5.13 Intentionally Omitted.

SECTION 5.14 Sales of Assets. No Loan Party will, nor will it permit any Subsidiary of a Loan Party to, sell, lease or otherwise transfer any asset, except (i) sales, transfers, leases, licenses or other dispositions of inventory for fair value in the ordinary course of business, (ii) the sale, exchange or other disposition of cash, cash equivalents and other Investments, (iii) the sale, lease or other disposition of assets to Borrower or any Subsidiary and so long as no Event of Default shall have occurred and be continuing or would result therefrom, (iv) the sale, exchange or other disposition in the ordinary course of business of equipment, capital assets or property no longer used or useful, or that is obsolete, redundant, worn-out, expired or surplus, in the ordinary course of business, (v) dispositions resulting from any casualty or other damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of Borrower or any Subsidiary, and (vi) during any Fiscal Year and to the extent not otherwise permitted under this Section



5.14, a transfer, lease or other disposition of assets; provided that the aggregate fair market value of all assets disposed of in reliance on this clause (vi) during any such Fiscal Year shall not exceed 10% of Consolidated Total Assets at the end of the most recent Fiscal Year immediately preceding such Fiscal Year.

SECTION 5.15 Use of Proceeds. No portion of the proceeds of the Revolving Credit Advances will be used by Borrower or any Subsidiary (i) in connection with, either directly or indirectly, any tender offer for, or other acquisition of, stock of any corporation with a view towards obtaining control of such other corporation (other than an Acquisition permitted under Section 5.04), (ii) directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock which violates Regulation T, U or X, or (iii) for any purpose in violation of any applicable law or regulation. The proceeds of the Revolving Credit Advances shall be used for general corporate purposes and working capital.

SECTION 5.16 Compliance with Laws; Payment of Taxes. Each Loan Party will, and will cause each Subsidiary of a Loan Party and each member of the Controlled Group to: (a) comply with applicable laws (including but not limited to ERISA), regulations and similar requirements of governmental authorities (including but not limited to PBGC), except where the necessity of such compliance is being contested in good faith through appropriate proceedings diligently pursued or except to the extent that the failure to comply therewith could not be expected to have a Material Adverse Effect; (b) make timely payment of contributions required to meet the minimum funding standards set forth in ERISA with respect to any Plan; (c) promptly, upon the request of any Banks, furnish to the Agent and the Banks copies of any annual report required to be filed under ERISA in connection with any Plan; (d) not take any action or fail to take action, the result of which action or inaction could be a material liability of any Loan Party to the PBGC or to a Multiemployer Plan; (e) notify the Agent and the Banks as soon as practicable of any Reportable Event and of any additional act or condition arising in connection with any Plan which any Loan Party believes might constitute grounds for the termination thereof by the PBGC or for the appointment by the appropriate United States District Court of a trustee to administer such plan; and (f) observe and remain in compliance with all licenses, permits, franchises or other authorizations necessary to the ownership of its properties or the conduct of its business, and all covenants and conditions of all agreements and instruments to which a Loan Party is a party, except where the necessity of such compliance is being contested in good faith through appropriate proceedings diligently pursued or except to the extent that the failure to comply therewith could not be expected to have a Material Adverse Effect. Each Loan Party will, and will cause each Subsidiary of a Loan Party to, pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations which, if unpaid, might become a lien against the property of a Loan Party or any Subsidiary of a Loan Party, except liabilities being contested in good faith by appropriate proceedings diligently pursued and against which, if requested by the Agent, Borrower shall have set up reserves in accordance with GAAP or except outstanding liabilities, in the aggregate at any one time, of less than \$10,000,000. No Loan Party shall participate in any Prohibited Transaction which could subject any Loan Party to any material civil penalty under ERISA or material tax under the Code. Each Loan Party shall furnish to Banks upon any Bank's request such additional information about any Plan or other employee benefit plan as may be reasonably requested by such Bank. The Plans shall be operated in such a manner that none of the Loan Parties will incur any material tax liability under Section 4980B of the Code or any material liability to any qualified beneficiary as defined in Section 4980B.

SECTION 5.17 Insurance. Notwithstanding any provision in any other Loan Documents requiring specified types or amounts of insurance, each Loan Party will maintain, and will cause each Subsidiary of a Loan Party to maintain (either in the name of such Loan Party or in such Subsidiary's own name), with financially sound and reputable insurance companies, worker's compensation insurance, liability insurance and insurance on its properties, assets and business, now owned or hereafter acquired, against such casualties, risks and contingencies, and in such types and amounts as shall be selected by management of Borrower in its reasonable discretion and as are customarily maintained by prudent companies similarly situated in Borrower's industries.

SECTION 5.18 Change in Fiscal Year. Each Loan Party will not change its Fiscal Year without the consent of the Required Banks.

SECTION 5.19 Maintenance of Property. Each Loan Party will, and will cause each Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, except (i) ordinary wear and tear and obsolescence and (ii) the occurrence of casualty events.

SECTION 5.20 Intentionally Omitted.

SECTION 5.21 Environmental Matters. No Loan Party or any Subsidiary of a Loan Party will, nor will any Loan Party permit any Third Party to, use, produce, manufacture, process, treat, recycle, generate, store, dispose of, manage at, or otherwise handle or ship or transport to or from the Properties any Hazardous Materials except for Hazardous Materials used, produced, manufactured, processed, treated, recycled, generated, stored, disposed, managed or otherwise handled in the ordinary course of business and in material compliance with all applicable Environmental Requirements.

SECTION 5.22 Intentionally Omitted.

SECTION 5.23 Intentionally Omitted.

SECTION 5.24 Transactions with Affiliates. No Loan Party nor any Subsidiary of a Loan Party shall enter into, or be a party to, any transaction with any Affiliate of a Loan Party or such Subsidiary (which Affiliate is not a Loan Party or a Subsidiary of a Loan Party), except as permitted by law and in the ordinary course of business and pursuant to reasonable terms which are fully disclosed to the Agent and the Banks and are no less favorable to the Loan Party or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person which is not an Affiliate; provided, however, that nothing contained in this Section shall prohibit: (A) transactions under incentive compensation plans, stock option plans and other employee benefit plans, and loans and advances from any Loan Party or any subsidiary of a Loan Party to its officers, in each case that have been approved by the board of directors, or a committee thereof, of any Loan Party or any subsidiary of a Loan Party, and subject to any other applicable limitations and restrictions set forth in this Agreement, (B) the payment by any Loan Party of reasonable and customary fees to members of its board of directors, and (C) transactions among Borrower and its Subsidiaries (provided that such transactions shall remain subject to any other applicable limitations and restrictions set forth in this Agreement).

SECTION 5.25 No Restrictive Agreement. No Loan Party will, nor will any Loan Party permit any of its Subsidiaries to, enter into, after the date of this Agreement, any indenture, agreement, instrument or other arrangement that, directly or indirectly, prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, any of the following by a Loan Party or any such Subsidiary: (a) the declaration or payment of Restricted Payments or other distributions in respect of Capital Stock of the Loan Party or any Subsidiary or (b) the prompt payment and performance of the Obligations when due, including, without limitation, the amounts due under the Notes, according to the terms of this Agreement and the other Loan Documents.

SECTION 5.26 Additional Domestic Subsidiaries. Borrower will cause each Person that becomes a Wholly Owned Domestic Subsidiary after the Closing Date to promptly, but no later than twenty (20) Domestic Business Days (as such date may be extended by the Agent) after the date on which such Person becomes a Wholly Owned Domestic Subsidiary (other than any Wholly Owned Domestic Subsidiary that owns any portion of the Fort Mill Land), to become a Guarantor by way of execution of a Joinder Agreement, in the form attached hereto as Exhibit G. Borrower shall also cause the items specified in Section 3.01(e) to be delivered to the Agent concurrently with the instrument referred to above, modified appropriately to refer to such instrument and such Subsidiary.

SECTION 5.27 Additional Debt. No Loan Party or Subsidiary of a Loan Party shall directly or indirectly issue, assume, create, incur or suffer to exist any Debt or the equivalent (including obligations under Capital Leases), except for:

(a) the Obligations owed to the Agent and Banks under this Agreement and the other Loan Documents;

(b) the Debt existing and outstanding on the Closing Date of the Loan Parties set forth in Schedule 5.27 hereto (and renewals, refinancings and extensions thereof so long as the principal amount of such Debt is not increased);

(c) aggregate Debt of the Loan Parties and their Subsidiaries secured by Liens permitted under Section 5.11(h);

(d) Debt assumed in connection with any merger, acquisition or consolidation permitted pursuant to Section 5.14 or 5.04 so long as (i) such assumed Debt does not exceed in the aggregate \$20,000,000 and (ii) any such Debt exceeding \$1,000,000 ranks no higher than pari passu with respect to the Obligations;

(e) Debt permitted pursuant to Section 5.10;

(f) endorsement of instruments or items of payment for deposit to the general account of the Loan Parties or for delivery to Banks on account of the Obligations of Loan Parties;

(g) Guarantees of Debt permitted by this Section 5.27 and other Guarantees in an aggregate amount of no more than \$15,000,000;

(h) obligations (contingent or otherwise) of Borrower or any Guarantor existing or arising under any Hedge Agreement; provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with interest rate or foreign currency fluctuations and not for purposes of speculation;

(i) the incurrence by Borrower or any Subsidiary of Debt in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance and surety bonds and similar obligations in the ordinary course of business;

(j) the incurrence by Borrower or any Subsidiary of Debt owing under overdraft facilities in connection with cash management arrangements and other bank product obligations;

(k) the incurrence by Borrower or any Subsidiary of Debt in respect of Subordinated Debentures so long as no Default or Event of Default results from the incurrence thereof;

(l) the incurrence by Borrower or any Subsidiary of Debt in respect of store leases;

(m) other Debt for borrowed money not otherwise permitted under this Section 5.27, the aggregate outstanding principal amount of which shall not, at any time, exceed \$25,000,000; and

(n) reimbursement obligations in respect of letters of credit to provide security for customs bonds or to purchase inventory in the ordinary course of business, provided that the stated amount of all such letters of credit shall not exceed \$35,000,000 in the aggregate.

SECTION 5.28 Intentionally Omitted.

SECTION 5.29 Intentionally Omitted.

SECTION 5.30 Intentionally Omitted.

SECTION 5.31 Compliance with Anti-Corruption Laws and Sanctions. Borrower will maintain in effect and enforce policies and procedures designed to promote and achieve compliance by Borrower, its Subsidiaries and their respective directors, officers, employees and agents with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions. Borrower and its Subsidiaries shall comply at all times with all applicable Anti-Corruption Laws, Anti-Money Laundering Laws and Sanctions.

SECTION 5.32 Capital Expenditures. Capital Expenditures will not at any time exceed an aggregate amount of \$50,000,000 during any Fiscal Year, commencing with the Fiscal Year ended January 28, 2022. If Borrower and the Subsidiaries do not utilize the entire amount of Capital Expenditures permitted in any Fiscal Year, Borrower and the Subsidiaries may carry forward to the immediately succeeding Fiscal Year 50% of such unutilized amount of Capital Expenditures (with Capital Expenditures made by Borrower and the Subsidiaries in such succeeding Fiscal Year applied first to such carried forward amount).

## ARTICLE VI

### DEFAULTS

SECTION 6.01 Events of Default. If one or more of the following events (“Events of Default”) shall have occurred and be continuing:

(a) Borrower shall fail to pay when due any principal of any Revolving Credit Advance, or shall fail to pay when due any reimbursement for any amount disbursed under a Letter of Credit within three (3) Domestic Business Days after such reimbursement shall become due, or shall fail to pay any interest on any Revolving Credit Advance within five Domestic Business Days after such interest shall become due, or any Loan Party shall fail to pay any fee or other amount payable hereunder within ten (10) Domestic Business Days after such fee or other amount becomes due; or

(b) any Loan Party shall fail to observe, perform or comply with any covenant contained in Sections 5.03 to 5.15, inclusive, or Section 5.18 or 5.27; or

(c) any Loan Party shall fail to observe or perform any covenant or agreement contained or incorporated by reference in this Agreement (other than those covered by clause (a) or (b) above or clause (q) below) for thirty days after the earlier of (i) the first day on which any Designated Officer of a Loan Party has knowledge of such failure or (ii) written notice thereof has been given to a Designated Officer of Borrower by the Agent at the request of any Bank; or

(d) any representation, warranty, certification or statement made or deemed made by the Loan Parties in Article IV of this Agreement or in any financial statement, material certificate or other material document delivered pursuant to this Agreement shall prove to have been incorrect or misleading in any material respect when made (or deemed made); or

(e) any Loan Party or any Subsidiary of a Loan Party shall fail to make any payment in respect of Debt outstanding in an aggregate principal amount equal to or greater than \$10,000,000 (other than the Notes) when due or within any applicable grace period; or

(f) any event or condition shall occur which results in the acceleration of the maturity of Debt outstanding in an aggregate principal amount equal to or greater than \$10,000,000 of any Loan Party or any Subsidiary of a Loan Party (including without limitation any mandatory prepayment or purchase of such Debt by any Loan Party (or its designee) or such Subsidiary of a Loan Party (or its designee) prior to the scheduled maturity thereof), or enables (or, with the giving of notice or lapse of time or both, would enable) the holders of such Debt

or commitment or any Person acting on such holders' behalf to accelerate the maturity thereof or terminate any such commitment (including without limitation any required mandatory prepayment or purchase thereof prior to the scheduled maturity thereof), without regard to whether such holders or other Person shall have exercised or waived their right to do so; or

(g) any Loan Party or any Subsidiary of a Loan Party (except for Immaterial Subsidiaries) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or shall admit in writing its inability, to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(h) an involuntary case or other proceeding shall be commenced against any Loan Party or any Subsidiary of a Loan Party (except for Immaterial Subsidiaries) seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against any Loan Party or any Subsidiary of a Loan Party (except for Immaterial Subsidiaries) under the federal bankruptcy laws as now or hereafter in effect; or

(i) any Loan Party or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by any Loan Party, any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or

(j) one or more judgments or orders for the payment of money involving an aggregate amount equal to or greater than \$10,000,000 shall be rendered against any Loan Party or any Subsidiary of a Loan Party and such judgment or order shall not be paid, covered by a reputable and solvent insurance company, dismissed, bonded, vacated, stayed or discharged for a period of 30 days; or

(k) a notice of lien, levy or assessment is filed of record (other than with respect to a Permitted Lien) on all or any portion of the assets of any Borrower by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipal or other governmental agency, including, without limitation, the Pension Benefit Guaranty Corporation, or if any taxes owing at the time or times hereafter by the United States becomes a Lien or encumbrance upon any asset of any Loan Party or any Subsidiary (other than with respect to Permitted Liens) and the same is not dismissed, released or discharged within 30 days after the same becomes a lien or encumbrance or, in the case of ad valorem taxes, prior to the last day when payment may be made without penalty; or

(l) (i) any Person or two or more Persons acting in concert (other than John Cato) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934) of 50% or more of the outstanding shares of the voting stock of Borrower; or (ii) as of any date a majority of the Board of Directors of Borrower consists of individuals who were not either (A) directors of Borrower as of the corresponding date of the previous year, (B) approved or nominated to become directors by the Board of

Directors of Borrower of which a majority consisted of individuals described in clause (A), or (C) approved or nominated to become directors by the Board of Directors of Borrower of which a majority consisted of individuals described in clause (A) and individuals described in clause (B); or

(m) any Loan Party is enjoined, restrained or in any way prevented by court order from conducting all or any material part of its business affairs and such action has a Material Adverse Effect;

(n) [reserved];

(o) [reserved];

(p) [reserved]; or

(q) (i) any of the Guarantors shall fail to pay when due any Guaranteed Obligations or shall fail to pay any fee or other amount payable hereunder when due; or (ii) any Guarantor shall disaffirm or deny its obligations under Article X,

then, and in every such event, the Agent shall (i) if requested by the Required Banks, by notice to Borrower terminate the Revolving Credit Commitments and they shall thereupon terminate, (ii) if requested by the Required Banks, by notice to the Issuing Bank, instruct the Issuing Bank to declare an Event of Default under the Letter of Credit Agreements, and (iii) if requested by the Required Banks, by notice to Borrower declare the Notes (together with accrued interest thereon), the Revolving Credit Advances, and all other amounts payable hereunder and under the other Loan Documents to be, and the Notes (together with all accrued interest thereon), the Revolving Credit Advances, and all other amounts payable hereunder and under the other Loan Documents shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties; provided that if any Event of Default specified in clause (g) or (h) above occurs with respect to any Loan Party, without any notice to any Loan Party or any other act by the Agent or the Banks, the Revolving Credit Commitments shall thereupon automatically terminate and the Notes (together with accrued interest thereon) and all other amounts payable hereunder and under the other Loan Documents shall automatically become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties. Notwithstanding the foregoing, the Agent shall have available to it all other remedies at law or equity, and shall exercise any one or all of them at the request of the Required Banks. Notwithstanding the foregoing, the Agent shall have available to it all rights and remedies provided under the Loan Documents and in addition thereto, all other rights and remedies at law or equity, and the Agent shall exercise any one or all of them at the request of the Required Banks.

SECTION 6.02 Notice of Default. The Agent shall give notice to Borrower of any Default under Section 6.01(c) promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

SECTION 6.03 Cash Cover. If any Event of Default shall have occurred and be continuing, Borrower shall, if requested by the Agent, pay to the Agent, for the benefit of the Banks an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to the Agent) equal to the aggregate Undrawn Amounts, provided that, if any Event of Default specified in clause (g) or (h) above occurs, Borrower shall be obligated to pay such amount to the Agent forthwith without any notice to Borrower or any other act by the Agent.

SECTION 6.04 Allocation of Proceeds. If an Event of Default has occurred and not been waived, and the maturity of the Notes has been accelerated pursuant to Article VI hereof, all payments received by the Agent hereunder, in respect of any principal of or interest on the Obligations or any other amounts payable by Borrower or any other Loan Party hereunder, shall be applied by the Agent in the following order:

(a) the reasonable expenses incurred in connection with retaking, holding, preserving, processing, maintaining or preparing for sale, lease or other disposition of, any collateral, including reasonable attorney's fees and legal expenses pertaining thereto;

(b) amounts due to the Banks, Agent and the Issuing Bank pursuant to Sections 2.07(a), 2.07(b) and 9.03(a);

(c) payments of interest on Revolving Credit Advances and Letter of Credit Advances, to be applied for the ratable benefit of the Banks;

(d) payments of principal of Revolving Credit Advances and Letter of Credit Advances, to be applied for the ratable benefit of the Banks;

(e) payments of cash amounts to the Agent in respect of outstanding Letters of Credit pursuant to Section 6.03;

(f) amounts due to the Issuing Bank, the Agent and the Banks pursuant to Sections 9.03(b) and (c);

(g) payments of all other amounts due under any of the Loan Documents, if any, to be applied for the ratable benefit of the Banks;

(h) any surplus remaining after application as provided for herein, to Borrower or otherwise as may be required by applicable law.

## ARTICLE VII

### THE AGENT

#### SECTION 7.01 Appointment and Authority.

(a) Each of the Banks and each Issuing Bank hereby irrevocably appoints, designates and authorizes Wells Fargo to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Except as provided in Sections 7.6 the provisions of this Article are solely for the benefit of the Agent, the Banks, the Issuing Banks and their respective Related Parties, and neither Borrower nor any Subsidiary thereof shall have rights as a third-party beneficiary of any of such provisions;

(b) It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

SECTION 7.02 Rights as a Bank. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Bank as any other Bank and may exercise the same as though it were not the Agent and the term "Bank" or "Banks" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust, financial advisory, underwriting, capital markets or other business with Borrower or any Subsidiary or other Affiliate thereof as if such Person

were not the Agent hereunder and without any duty to account therefor to the Banks or to provide notice to or consent of the Banks with respect thereto.

SECTION 7.03      Exculpatory Provisions.

(a) The Agent, and their respective Related Parties shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent, and their respective Related Parties:

(i) shall not be subject to any agency, trust, fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Required Banks (or such other number or percentage of the Banks as shall be expressly provided for herein or in the other Loan Documents), provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or Applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Bank in violation of any Debtor Relief Law;

(iii) shall not, have any duty to disclose, and shall not be liable for the failure to disclose to any Bank, any Issuing Bank or any other Person, any credit or other information concerning the business, prospects, operations, properties, assets, financial or other condition or creditworthiness of Borrower or any of its respective Subsidiaries or Affiliates that is communicated to, obtained by or otherwise in the possession of the Person serving as the Agent, or their respective Related Parties in any capacity, except for notices, reports and other documents that are required to be furnished by the Agent to the Banks pursuant to the express provisions of this Agreement; and

(iv) shall not be required to account to any Bank or any Issuing Bank for any sum or profit received by the Agent for its own account.

(b) The Agent, and their respective Related Parties shall not be liable for any action taken or not taken by it under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby or thereby (i) with the consent or at the request of the Required Banks (or such other number or percentage of the Banks as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 9.05) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final non-appealable judgment. The Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default and indicating that such notice is a "Notice of Default" is given to the Agent by Borrower, a Bank or an Issuing Bank.

(c) The Agent, and their respective Related Parties shall not be responsible for or have any duty or obligations to any Bank or Participant or any other Person to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm



receipt of items expressly required to be delivered to the Agent or (vii) the utilization of any Issuing Bank's Letter of Credit Commitment (it being understood and agreed that each Issuing Bank shall monitor compliance with its own Letter of Credit Commitment without any further action by the Agent).

SECTION 7.04 Reliance by the Agent. The Agent shall be entitled to rely upon, shall be fully protected in relying and shall not incur any liability for relying upon, any notice, request, certificate, consent, communication, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall be fully protected in relying and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Bank or an Issuing Bank, the Agent may presume that such condition is satisfactory to such Bank or such Issuing Bank unless the Agent shall have received notice to the contrary from such Bank or such Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Bank or Issuing Bank that has signed this Agreement or a signature page to an Assignment and Acceptance or any other Loan Document pursuant to which it is to become a Bank or Issuing Bank hereunder shall be deemed to have consented to, approved and accepted and shall be deemed satisfied with each document or other matter required thereunder to be consented to, approved or accepted by such Bank or Issuing Bank or that is to be acceptable or satisfactory to such Bank or Issuing Bank.

SECTION 7.05 Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication under this Agreement as well as activities as Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 7.06 Resignation of Agent.

(a) The Agent may at any time give notice of its resignation to the Banks, the Issuing Banks and Borrower. Upon receipt of any such notice of resignation, the Required Banks shall have the right, in consultation with Borrower, to appoint a successor, which shall be a bank or financial institution reasonably experienced in serving as administrative agent on syndicated bank facilities with an office in the United States, or an Affiliate of any such bank or financial institution with an office in the United States. If no such successor shall have been so appointed by the Required Banks and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Banks) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Banks and the Issuing Banks, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Agent is a Defaulting Bank pursuant to clause (d) of the definition thereof, the Required Banks may, to the extent permitted by applicable law, by notice in writing to Borrower and such Person, remove such Person as Agent and, in consultation with Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Banks and shall have accepted such appointment within

30 days (or such earlier day as shall be agreed by the Required Banks) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (i) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Agent on behalf of the Banks or the Issuing Banks under any of the Loan Documents, the retiring or removed Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Bank and each Issuing Bank directly, until such time, if any, as the Required Banks appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring or removed Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article shall continue in effect for the benefit of such retiring or removed Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Agent was acting as Agent or relating to its duties as Agent that are carried out following its retirement or removal, including, without limitation, any actions taken in connection with the transfer of agency to a replacement or successor Agent.

(d) Any resignation by, or removal of, Wells Fargo as Agent pursuant to this Section shall also constitute its resignation as an Issuing Bank. Upon the acceptance of a successor's appointment as Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Bank, if in its sole discretion it elects to, (ii) the retiring Issuing Bank shall be discharged from all of its respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor Issuing Bank, if in its sole discretion it elects to, shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Bank to effectively assume the obligations of the retiring Issuing Bank with respect to such Letters of Credit.

SECTION 7.07 Non-Reliance on Agent and Other Banks. Each Bank and each Issuing Bank expressly acknowledges that none of the Agent, or any of their respective Related Parties has made any representations or warranties to it and that no act taken or failure to act by the Agent, or any of their respective Related Parties, including any consent to, and acceptance of any assignment or review of the affairs of Borrower and its Subsidiaries or Affiliates shall be deemed to constitute a representation or warranty of the Agent, or any of their respective Related Parties to any Bank, or any Issuing Bank as to any matter, including whether the Agent, or any of their respective Related Parties have disclosed material information in their (or their respective Related Parties') possession. Each Bank and each Issuing Bank expressly acknowledges, represents and warrants to the Agent that (a) the Loan Documents set forth the terms of a commercial lending facility, (b) it is engaged in making, acquiring, purchasing or holding commercial loans in the ordinary course and is entering into this Agreement and the other Loan Documents to which it is a party as a Bank for the purpose of making, acquiring, purchasing and/or holding the commercial loans set forth herein as may be applicable to it, and not for the purpose of making, acquiring, purchasing or holding any other type of financial instrument, (c) it is sophisticated with respect to decisions to make, acquire, purchase or hold the commercial loans applicable to it and either it or the Person exercising discretion in making its decisions to make, acquire, purchase or hold such commercial loans is experienced in making, acquiring, purchasing or holding commercial loans, (d) it has, independently and without reliance upon the Agent, any other Bank or any of their respective Related Parties and based on such documents

and information as it has deemed appropriate, made its own credit analysis and appraisal of, and investigations into, the business, prospects, operations, property, assets, liabilities, financial and other condition and creditworthiness of Borrower and its Subsidiaries, all applicable bank or other regulatory Applicable laws relating to the Transactions and the transactions contemplated by this Agreement and the other Loan Documents and (e) it has made its own independent decision to enter into this Agreement and the other Loan Documents to which it is a party and to extend credit hereunder and thereunder. Each Bank and each Issuing Bank also acknowledges that (i) it will, independently and without reliance upon the Agent, or any other Bank or any of their respective Related Parties (A) continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder based on such documents and information as it shall from time to time deem appropriate and its own independent investigations and (B) continue to make such investigations and inquiries as it deems necessary to inform itself as to Borrower and its Subsidiaries and (ii) it will not assert any claim in contravention of this Section 7.07.

SECTION 7.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the syndication agents, documentation agents, co-agents, arrangers or bookrunners listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Agent, a Bank or an Issuing Bank hereunder, but each such Person shall have the benefit of the indemnities and exculpatory provisions hereof.

## ARTICLE VIII

### CHANGED CIRCUMSTANCES

SECTION 8.01 Circumstances Affecting Benchmark Availability. Subject to Section 8.03, in connection with any request for a SOFR Loan or a conversion to or continuation thereof or otherwise, if for any reason (i) the Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Daily Simple SOFR pursuant to the definition thereof or Term SOFR with respect to a proposed Term SOFR Loan on or prior to the first day of the applicable Interest Period or (ii) the Required Banks shall determine (which determination shall be conclusive and binding absent manifest error) that Daily Simple SOFR or Term SOFR, as applicable, does not adequately and fairly reflect the cost to such Banks of making or maintaining any such Loan during, with respect to Term SOFR, such Interest Period and, in the case of clause (ii), the Required Banks have provided notice of such determination to the Agent, then, in each case, the Agent shall promptly give notice thereof to Borrower. Upon notice thereof by the Agent to Borrower, any obligation of the Banks to make SOFR Loans, and any right of Borrower to convert any Loan to or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Agent (with respect to clause (ii), at the instruction of the Required Banks) revokes such notice. Upon receipt of such notice, (A) Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, failing that, Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans in the amount specified therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into Base Rate Loans (I) with respect to any Daily Simple SOFR Loans, immediately and (II) with respect to any Term SOFR Loans, at the end of the applicable Interest Period. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 8.02 Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Banks (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such governmental authority, central bank or

comparable agency, shall make it unlawful or impossible for any of the Banks (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, Daily Simple SOFR, the Term SOFR Reference Rate or Term SOFR, such Bank shall promptly give notice thereof to the Agent and the Agent shall promptly give notice to Borrower and the other Banks (an “Illegality Notice”). Thereafter, until each affected Bank notifies the Agent and the Agent notifies Borrower that the circumstances giving rise to such determination no longer exist, (i) any obligation of the Bank to make Daily Simple SOFR Loans or Term SOFR Loans, as applicable, and any right of Borrower to convert any Loan to a Daily Simple SOFR Loan or a Term SOFR Loan, as applicable, shall be suspended and (ii) if necessary to avoid such illegality, the Agent shall compute the Base Rate without reference to clause (c) of the definition of “Base Rate”. Upon receipt of an Illegality Notice, Borrower shall, if necessary to avoid such illegality, upon demand from any Bank (with a copy to the Agent), prepay or, if applicable, convert all affected SOFR Loans to Base Rate Loans (in each case, if necessary to avoid such illegality, the Agent shall compute the Base Rate without reference to clause (c) of the definition of “Base Rate”) (A) with respect to any Daily Simple SOFR Loans, on the Interest Payment Date therefor and (B) with respect to any Term SOFR Loans, on the last day of the Interest Period therefor, if all affected Banks may lawfully continue to maintain such SOFR Loans to such day, or immediately, if any Bank may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 8.03      Benchmark Replacement Setting.

(a)      Benchmark Replacement.

(i)      Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event with respect to any Benchmark, the Agent and Borrower may amend this Agreement to replace such Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Agent has posted such proposed amendment to all affected Banks and Borrower so long as the Agent has not received, by such time, written notice of objection to such amendment from Banks comprising the Required Banks. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 8.03(a)(i) will occur prior to the applicable Benchmark Transition Start Date.

(ii)      No Hedge Agreement shall be deemed to be a “Loan Document” for purposes of this Section 8.03.

(b)      Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c)      Notices; Standards for Decisions and Determinations. The Agent will promptly notify Borrower and the Banks of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Agent will promptly notify Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 8.03(d) and the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or, if applicable, any Bank (or group of Banks) pursuant to this Section 8.03, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their

sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 8.03.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if any then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. Upon Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a given Benchmark, (A) Borrower may revoke any pending request for a borrowing of, conversion to or continuation of any affected SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans and (B) any outstanding affected SOFR Loans will be deemed to have been converted to Base Rate Loans (I) with respect to any Daily Simple SOFR Loans, immediately and (II) with respect to any Term SOFR Loans, at the end of the applicable Interest Period. During any Benchmark Unavailability Period with respect to any Benchmark or at any time that a tenor for any then-current Benchmark is not an Available Tenor, the component of Base Rate based upon the then-current Benchmark that is the subject of such Benchmark Unavailability Period or such tenor for such Benchmark, as applicable, will not be used in any determination of Base Rate.

SECTION 8.04 Illegality. If, in any applicable jurisdiction, the Agent, any Issuing Bank or any Bank determines that any applicable law has made it unlawful, or that any governmental authority has asserted that it is unlawful, for the Agent, any Issuing Bank or any Bank to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or (iii) issue, make, maintain, fund or charge interest or fees with respect to any extension of credit, such Person shall promptly notify the Agent, then, upon the Agent notifying Borrower, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such extension of credit shall be suspended, and to the extent required by applicable law, cancelled. Upon receipt of such notice, the Loan Parties shall, (A) repay that Person’s participation in the Loans or other applicable Obligations on (I) with respect to any Daily Simple SOFR Loan, the applicable Interest Payment Date therefor or (II) with respect to any Term SOFR Loan, the last day of the Interest Period therefor, or on another applicable date with respect to another Obligation, occurring after the Agent has notified Borrower or, in each case, if earlier, the date specified by such Person in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by Applicable law) and (B) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

## ARTICLE IX

### MISCELLANEOUS

SECTION 9.01 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party at its address or telecopy number set forth on the signature pages hereof or such other address or telecopy number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopy number specified in this Section and the telecopy machine used by the sender provides a written confirmation that such telecopy has been so transmitted or receipt of such telecopy transmission is otherwise confirmed, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, and (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Agent under Article II or Article VIII shall not be effective until received.

SECTION 9.02 No Waivers. No failure or delay by the Agent or any Bank in exercising any right, power or privilege hereunder or under any Note or other Loan Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

#### SECTION 9.03 Expenses: Documentary Taxes: Indemnification.

(a) The Loan Parties shall, jointly and severally, pay (i) all expenses of the Agent, including fees and disbursements of the Agent in connection with any field audits and investigations as provided in Section 5.02 and fees and disbursements of one outside counsel for the Agent in connection with the preparation of this Agreement and the other Loan Documents, any waiver or consent hereunder or thereunder or any amendment hereof or thereof or any Default or alleged Default hereunder or thereunder and (ii) if a Default occurs, all out-of-pocket expenses incurred by the Agent or any Bank, including reasonable and documented fees and disbursements of counsel, in connection with such Default and collection and other enforcement proceedings resulting therefrom, including reasonable and documented out-of-pocket expenses incurred in enforcing this Agreement and the other Loan Documents.

(b) The Loan Parties shall, jointly and severally, indemnify the Agent and each Bank against any transfer taxes, documentary taxes, assessments or charges made by any Authority by reason of the execution and delivery of this Agreement or the other Loan Documents.

(c) The Loan Parties shall, jointly and severally, indemnify the Agent, the Banks and each Affiliate thereof and their respective directors, officers, employees and agents from, and hold each of them harmless against, any and all third party losses, liabilities, claims or damages to which any of them may become subject, insofar as such losses, liabilities, claims or damages arise out of or result from any actual or proposed use by Borrower of the proceeds of any extension of credit by any Bank hereunder or breach by any Loan Party of this Agreement or any other Loan Document or from investigation, litigation (including, without limitation, any actions taken by the Agent or any of the Banks to enforce this Agreement or any of the other Loan Documents) or other proceeding (including, without limitation, any threatened investigation or proceeding) relating to the foregoing, and the Loan Parties shall reimburse the Agent and each Bank, and each Affiliate thereof and their respective directors, officers, employees and agents, upon demand for any expenses (including, without limitation, reasonable and documented legal fees) incurred in connection with any such investigation or proceeding; but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of, or breach of applicable law by, the Person to be indemnified.

SECTION 9.04      Sharing of Set-Offs. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount of principal and interest owing with respect to the Letter of Credit Advances and Notes held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of all Letter of Credit Advances and principal and interest owing with respect to the Notes held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Letter of Credit Advances and Notes held by the other Banks owing to such other Banks, and/or such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Letter of Credit Advances and Notes held by the Banks owing to such other Banks shall be shared by the Banks pro rata; provided that (i) nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Loan Parties other than its indebtedness under the Letter of Credit Advances and Notes, and (ii) if all or any portion of such payment received by the purchasing Bank is thereafter recovered from such purchasing Bank, such purchase from each other Bank shall be rescinded and such other Bank shall repay to the purchasing Bank the purchase price of such participation to the extent of such recovery together with an amount equal to such other Bank's ratable share (according to the proportion of (x) the amount of such other Bank's required repayment to (y) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Loan Parties agree, to the fullest extent they may effectively do so under applicable law, that any holder of a participation in the Letter of Credit Advances or Notes, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Loan Parties in the amount of such participation.

SECTION 9.05      Amendments and Waivers.

(a) Any provision of this Agreement, the Notes or any other Loan Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by Borrower and the Required Banks (and, if the rights or duties of the Agent are affected thereby, by the Agent); provided that no such amendment or waiver shall (i) change the Revolving Credit Commitment of any Bank or subject any Bank to any additional obligation without the written consent of such Bank, (ii) change the principal of or decrease the rate of interest on any Revolving Credit Advance or decrease any fees (excluding fees payable solely to the Issuing Bank for its own account) hereunder without the written consent of each Bank directly affected thereby, (iii) change the date fixed for any payment of principal of or interest on any Revolving Credit Advance, or any fees (excluding fees payable solely to the Issuing Bank for its own account) hereunder without the written consent of each Bank directly affected thereby, (iv) change the amount of principal, decrease the amount of interest or decrease the amount of fees (excluding fees payable solely to the Issuing Bank for its own account) due on any date fixed for the payment thereof without the written consent of each Bank directly affected thereby, (v) change the percentage of the Revolving Credit Commitments or of the aggregate unpaid principal amount of the Notes, or the percentage of Banks, which shall be required for the Banks or any of them to take any action under this Section or any other provision of this Agreement without the written consent of each Bank directly affected thereby, (vi) change the manner of application of any payments made under this Agreement or the other Loan Documents without the written consent of each Bank directly affected thereby, (vii) release or substitute all or substantially all of the collateral, if any, held as security for the Obligations without the written consent of each Bank, (viii) change or modify the definition of "Required Banks," without the written consent of each Bank directly affected thereby or (ix) release any Guarantee given to support payment of the Guaranteed Obligations without the written consent of the Required Banks, other than with respect to any Subsidiary Guarantor that is permitted to be dissolved or liquidated pursuant to Section 5.12 or with respect to any Subsidiary Guarantor that is an Immaterial Subsidiary excluded from clauses (g) and (h) of Section 6.01 (and in each such case the Agent may release the Guarantee of the Subsidiary Guarantor without any further action by the Required Banks), and provided further that no amendment or waiver shall, unless signed by the Issuing Bank, (A) modify or amend Section 2.03; or (B) change in any manner, any term or condition applicable to the Letters of Credit or the Letter of Credit Agreements. The

amount of fees payable solely to the Issuing Bank for its own account may be amended, from time to time, by Borrower and the Issuing Bank without the approval of any of the Banks.

(b) Notwithstanding anything to the contrary herein, the Agent may, with the consent of Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.06 Margin Stock Collateral. Each of the Banks represents to the Agent and each of the other Banks that it in good faith is not, directly or indirectly (by negative pledge or otherwise), relying upon any Margin Stock as collateral in the extension or maintenance of the credit provided for in this Agreement.

SECTION 9.07 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that no Loan Party may assign or otherwise transfer any of its rights under this Agreement.

(b) Any Bank may at any time sell to one or more Persons (each a "Participant") participating interests in any Revolving Credit Advance owing to such Bank, any Note held by such Bank, any Revolving Credit Commitment hereunder or any other interest of such Bank hereunder. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any such Note for all purposes under this Agreement, and Borrower and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. In no event shall a Bank that sells a participation be obligated to the Participant to take or refrain from taking any action hereunder except that such Bank may agree that it will not (except as provided below), without the consent of the Participant, agree to (i) the change of any date fixed for the payment of principal of or interest on the related Revolving Credit Advance or Revolving Credit Advances, (ii) the change of the amount of any principal, interest or fees due on any date fixed for the payment thereof with respect to the related Revolving Credit Advance, or Revolving Credit Advances, (iii) the change of the principal of the related Revolving Credit Advance or Revolving Credit Advances, (iv) any change in the rate at which either interest is payable thereon or (if the Participant is entitled to any part thereof) any fee is payable hereunder from the rate at which the Participant is entitled to receive interest or any fee (as the case may be) in respect of such participation, (v) the release or substitution of all or any substantial part of the collateral (if any) held as security for the Obligations, or (vi) the release of any guaranty given to support payment of the Guaranteed Obligations. Each Bank selling a participating interest in any Revolving Credit Advance, Note, Revolving Credit Commitment, or other interest under this Agreement shall, within 10 Domestic Business Days of such sale, provide Borrower and the Agent with written notification stating that such sale has occurred and identifying the Participant and the interest purchased by such Participant; provided, that a Bank shall not be required to provide written notification of a participation sold to an Affiliate of a Bank. The Loan Parties agree that each Participant shall be entitled to the benefits of Article VIII with respect to its participation in Loans outstanding from time to time.

(c) Any Bank may at any time assign to one or more banks or financial institutions (each an "Assignee") all, or a proportionate part of all, of its rights and obligations under this Agreement, the Notes and the other Loan Documents, and such Assignee shall assume all such rights and obligations, pursuant to an Assignment and Acceptance in the form attached hereto as Exhibit H, executed by such Assignee, such transferor Bank and the Agent (and, in the case of: (i) an Assignee that is not then a Bank or an Affiliate of a Bank; and (ii) an assignment not made during the existence of a Default or an Event of Default, by Borrower); provided that (i) no interest may be sold by a Bank pursuant to this paragraph (c) unless the Assignee shall agree to assume ratably equivalent portions of the transferor Bank's Revolving Credit Commitment, Revolving Credit Advances, and Letter of Credit Commitment (including without limitation a ratably equivalent portion of such transferor's



obligations under Section 2.03(c)), (ii) the amount of the Revolving Credit Commitment of the assigning Bank being assigned pursuant to such assignment (determined as of the effective date of the assignment) shall be equal to \$5,000,000 (or any larger multiple of \$1,000,000) (except that any such assignment may be in the full amount of the assigning Bank's Revolving Credit Commitment), (iii) no interest may be sold by a Bank pursuant to this paragraph (c) to any Assignee that is not then a Bank or an Affiliate of a Bank without the consent of Borrower, which consent shall not be unreasonably withheld, provided that Borrower's consent shall not be necessary with respect to any assignment made during the existence of a Default or an Event of Default; (iv) a Bank may not have more than two Assignees that are not then Banks at any one time, (v) no interest may be sold by a Bank pursuant to this paragraph (c) to any Assignee that is not then a Bank or an Affiliate of a Bank, without the consent of the Agent, which consent shall not be unreasonably withheld, provided, that although the Agent's consent may not be necessary with respect to an Assignee that is then a Bank or an Affiliate of a Bank, no such assignment shall be effective until the conditions set forth in the following sentence are satisfied; and (vi) no interest in a Letter of Credit Commitment (including without limitation any portion of such transferor's obligations under Section 2.03(c)) may be sold by a Bank pursuant to this paragraph (c) to any Assignee that is not then a Bank or an Affiliate of a Bank, without the consent of the Issuing Bank, which consent may be withheld by the Issuing Bank in its sole and absolute discretion. Upon (A) execution of the Assignment and Acceptance by such transferor Bank, such Assignee, the Agent and (if applicable) Borrower, (B) delivery of an executed copy of the Assignment and Acceptance to Borrower and the Agent, (C) payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, and (D) payment by the assigning Bank of a processing and recordation fee of \$3,500 to the Agent if the Assignee is not a Bank or Affiliate of a Bank and \$1,000 if the Assignee is a Bank or Affiliate of a Bank, such Assignee shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement to the same extent as if it were an original party hereto with a Revolving Credit Commitment, and Letter of Credit Commitment (including, without limitation obligations under Section 2.03(c)) as set forth in such instrument of assumption, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by Borrower, the Banks or the Agent shall be required. Upon the consummation of any transfer to an Assignee pursuant to this paragraph (c), the transferor Bank, the Agent and Borrower shall make appropriate arrangements so that, if required, a new Note is issued to each of such Assignee and such transferor Bank.

(d) Subject to the provisions of Section 9.08, the Loan Parties authorize each Bank to disclose to any Participant, Assignee or other transferee (each a "Transferee") and any prospective Transferee any and all financial and other information in such Bank's possession concerning the Loan Parties which has been delivered to such Bank by the Loan Parties pursuant to this Agreement or which has been delivered to such Bank by the Loan Parties in connection with such Bank's credit evaluation prior to entering into this Agreement. Any Transferee and any prospective Transferee shall agree to be subject to the terms of Section 9.08 before receiving any such information.

(e) No Transferee shall be entitled to receive any greater payment under Section 8.03 than the transferor Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with Borrower's prior written consent or by reason of the provisions of Section 8.02 or 8.03 requiring such Bank to designate a different Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(f) Anything in this Section 9.07 to the contrary notwithstanding, any Bank may assign and pledge all or any portion of the Loan and/or obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the FRB and Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Loan and/or obligations made by Borrower to the assigning and/or pledging Bank in accordance with the terms of this Agreement shall satisfy Borrower's obligations hereunder in respect of such assigned Loan and/or obligations to the extent of such payment. No such assignment shall release the assigning and/or pledging Bank from its obligations hereunder.

SECTION 9.08 Confidentiality. Each Bank and each Transferee agrees to keep any information delivered or made available by the Loan Parties, other than any such information that is available to any Bank or Transferee on a nonconfidential basis prior to disclosure by any Loan Party, confidential from anyone other than persons employed or retained by such Bank who are or are expected to become engaged in evaluating, approving, structuring or administering the Loan; provided, however, that nothing herein shall prevent any Bank from disclosing such information (i) to any other Bank, (ii) upon the order of any court or administrative agency, (iii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (iv) which has been publicly disclosed, (v) to the extent reasonably required in connection with any litigation to which the Agent, any Bank or their respective Affiliates may be a party, (vi) to the extent reasonably required in connection with the exercise of any remedy hereunder, (vii) to such Bank's legal counsel and independent auditors and (viii) to any actual or proposed Participant, Assignee other Transferee or prospective Transferee of all or part of its rights hereunder which has agreed in writing, prior to receipt of any such information, to be bound by the provisions of this Section 9.08 as if it were a Bank hereunder.

SECTION 9.09 Representation by Banks. Each Bank hereby represents that it is a commercial lender or financial institution which makes loans in the ordinary course of its business and that it will make its Revolving Credit Advances hereunder for its own account in the ordinary course of such business; provided, however, that, subject to Section 9.07, the disposition of the Note or Notes held by that Bank shall at all times be within its exclusive control.

SECTION 9.10 Obligations Several. The obligations of each Bank hereunder are several, and no Bank shall be responsible for the obligations or commitment of any other Bank hereunder. Nothing contained in this Agreement and no action taken by the Banks pursuant hereto shall be deemed to constitute the Banks to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Bank shall be a separate and independent debt, each Bank shall be entitled to protect and enforce its rights arising out of this Agreement or any other Loan Document and it shall not be necessary for any other Bank to be joined as an additional party in any proceeding for such purpose.

SECTION 9.11 Survival of Certain Obligations. Sections 8.03(a), 8.03(b), 8.05 and 9.03, the obligations of the Loan Parties thereunder, and Section 9.08, and the obligations of the Banks, Transferees and prospective Transferees thereunder and with respect thereto, shall survive, and shall continue to be enforceable notwithstanding, the termination of this Agreement and the Revolving Credit Commitments and the payment in full of the principal of and interest on all Revolving Credit Advances.

SECTION 9.12 North Carolina Law. This Agreement and each Note shall be construed in accordance with and governed by the law of the State of North Carolina.

SECTION 9.13 Severability. In case any one or more of the provisions contained in this Agreement, the Notes or any of the other Loan Documents should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

SECTION 9.14 Interest. In no event shall the amount of interest due or payable hereunder or under the Notes exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently made to any Bank by Borrower or inadvertently received by any Bank, then such excess sum shall be credited as a payment of principal, unless Borrower shall notify such Bank in writing that it elects to have such excess sum returned forthwith. It is the express intent hereof that Borrower not pay and the Banks not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may legally be paid by Borrower under applicable law.

SECTION 9.15 Interpretation. No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any court or other

governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

SECTION 9.16 Consent to Jurisdiction. The Loan Parties (a) and each of the Banks and the Agent irrevocably waives, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of this Agreement, any of the other Loan Documents, or any of the transactions contemplated hereby or thereby, (b) submit to personal jurisdiction in the State of North Carolina, the courts thereof and the United States District Courts sitting therein, for the enforcement of this Agreement, the Notes and the other Loan Documents, (c) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of North Carolina for the purpose of litigation to enforce this Agreement, the Notes or the other Loan Documents, and (d) agrees that service of process may be made upon it in the manner prescribed in Section 9.01 for the giving of notice to Borrower. Nothing herein contained, however, shall prevent the Agent from bringing any action or exercising any rights against any security and against the Loan Parties personally, and against any assets of the Loan Parties, within any other state or jurisdiction.

SECTION 9.17 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 9.18 Patriot Act Notice. Each Bank and the Agent (the Agent for itself and not on behalf of any Bank) hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Bank or the Agent, as applicable, to identify such Loan Party in accordance with such Patriot Act.

SECTION 9.19 No Fiduciary Relationship. Borrower and Guarantors, on behalf of themselves and their respective subsidiaries, agree that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, Borrower, the Guarantors, the Subsidiaries and their respective Affiliates, on the one hand, and the Agent, the Banks, the Issuing Bank and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agent, the Banks, the Issuing Bank or their Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 9.20 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued

to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 9.21 Certain ERISA Matters.

(a) Each Bank (x) represents and warrants, as of the date such Person became a Bank party hereto, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Agent, and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Bank is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) of one or more Benefit Plans with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit or the commitments or this Agreement;

(ii) the prohibited transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable so as to exempt from the prohibitions of Section 406 of ERISA and Section 4975 of the Code such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the commitments and this Agreement;

(iii) (A) such Bank is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Bank to enter into, participate in, administer and perform the Loans, the Letters of Credit, the commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Bank, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Agent, in its sole discretion, and such Bank.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Bank or (2) a Bank has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Bank further (x) represents and warrants, as of the date such Person became a Bank party hereto, to, and (y) covenants, from the date such Person became a Bank party hereto to the date such Person ceases being a Bank party hereto, for the benefit of, the Agent, and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of Borrower or any other Loan Party, that none of the Agent, and their respective Affiliates is a fiduciary with respect to the assets of such Bank involved in such Bank’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

SECTION 9.22      Erroneous Payments.

(a) Each Bank, each Issuing Bank, and any other party hereto hereby severally agrees that if (i) the Agent notifies (which such notice shall be conclusive absent manifest error) such Bank or Issuing Bank or any other Person that has received funds from the Agent or any of its Affiliates, either for its own account or on behalf of a Bank, Issuing Bank (each such recipient, a "Payment Recipient") that the Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 9.22(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Agent, and upon demand from the Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one Domestic Business Day thereafter, return to the Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Agent at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Agent for any reason, after demand therefor by the Agent in accordance with immediately preceding clause (c), from any Bank that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Bank, an "Erroneous Payment Return Deficiency"), then at the sole discretion of the Agent and upon the Agent's written notice to such Bank (i) such Bank shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its commitments) with respect to which such Erroneous Payment was made (the "Erroneous Payment Impacted Class") to the Agent or, at the option of the Agent, the Agent's applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Agent may specify) (such assignment of the Loans (but not commitments) of the Erroneous Payment Impacted Class, the "Erroneous Payment Deficiency Assignment") plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made

without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 9.07 and (3) the Agent may reflect such assignments in the register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Agent to such Payment Recipient from any source, against any amount due to the Agent under this Section 9.22 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by Borrower or any other Loan Party; *provided* that this Section 9.22 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of Borrower relative to the amount (and/or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by the Agent; *provided, further*, that for the avoidance of doubt, immediately preceding clauses (x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Agent from Borrower or any other Loan Party for the purpose of making a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.

(f) Each party's obligations under this Section 9.22 shall survive the resignation or replacement of the Agent or any transfer of right or obligations by, or the replacement of, a Bank, the termination of the commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 9.22 will constitute a waiver or release of any claim of the Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

## ARTICLE X

### GUARANTY

SECTION 10.01 Unconditional Guaranty. Each Guarantor hereby irrevocably, unconditionally and jointly and severally guarantees, each as a primary obligor and not merely as a surety, to the Agent, the Issuing Bank and the Banks the due and punctual payment of the principal of and the premium, if any, and interest on the Guaranteed Obligations and any and all other amounts due under or pursuant to the Loan Documents, when and as the same shall become due and payable (whether at stated maturity or by optional or mandatory prepayment or by declaration, redemption or otherwise) in accordance with the terms of the Loan Documents. The Guarantors' guaranty under this Section is an absolute, present and continuing guarantee of payment and not of collectability, and is in no way conditional or contingent upon any attempt to collect from Borrower, any of the Guarantors or any other guarantor of the Guaranteed Obligations (or any portion thereof) or upon any other action, occurrence or circumstances whatsoever. In the event that Borrower or any Guarantor shall fail so to pay any such principal, premium, interest or other amount to the Agent, the Issuing Bank or a Bank, the Guarantors will pay the same forthwith, without demand, presentment, protest or notice of any kind (all of which are waived by the Guarantors to the fullest extent permitted by law), in lawful money of the United States, at the place for payment specified in Loan Documents or specified by such Agent in writing, to such Agent.

The Guarantors further agree, promptly after demand, to pay to the Agent, the Issuing Bank and Banks the costs and expenses incurred by such Agent, Issuing Bank or Bank in connection with enforcing the rights of such Agent, Issuing Bank, and Banks against Borrower and any or all of the Guarantors (whether in a bankruptcy proceeding or otherwise) following any default in payment of any of the Guaranteed Obligations or the obligations of the Guarantors hereunder, including, without limitation, the reasonable fees and expenses of counsel to the Agent, Issuing Bank and such Banks.

SECTION 10.02 Obligations Absolute. The obligations of the Guarantors hereunder are and shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of this Agreement, any of the Guaranteed Obligations or any of the Loan Documents, shall not be subject to any counterclaim, set-off, deduction or defense (other than the defense of payment or performance) based upon any claim any of the Guarantors may have against Borrower, any other Guarantor or the Agent, Issuing Bank or any Bank hereunder or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, to the fullest extent permitted by law, any circumstance or condition whatsoever (whether or not any of the Guarantors shall have any knowledge or notice thereof), including, without limitation:

(a) any amendment or modification of or supplement to any of the Loan Documents or any other instrument referred to herein or therein, or any assignment or transfer of any thereof or of any interest therein, or any furnishing or acceptance of additional security for any of the Guaranteed Obligations;

(b) any waiver, consent or extension under any Loan Document or any such other instrument, or any indulgence or other action or inaction under or in respect of, or any extensions or renewals of, any Loan Document, any such other instrument or any Guaranteed Obligation;

(c) any failure, omission or delay on the part of the Agent to enforce, assert or exercise any right, power or remedy conferred on or available to the Agent, the Issuing Bank or any Bank against Borrower or any Guarantor, any Subsidiary of Borrower or any Subsidiary of any Guarantor;

(d) any bankruptcy, insolvency, readjustment, composition, liquidation or similar proceeding with respect to Borrower, any Guarantor, any Subsidiary of Borrower or any Subsidiary of any Guarantor or any property of Borrower, any Guarantor or any such Subsidiary or any unavailability of assets against which the Guaranteed Obligations, or any of them, may be enforced;

(e) any merger or consolidation of Borrower, any Subsidiary of Borrower or any Guarantor or any of the Guarantors into or with any other Person or any sale, lease or transfer of any or all of the assets of any of the Guarantors, Borrower or any Subsidiary of Borrower or any Guarantor to any Person;

(f) any failure on the part of Borrower, any Guarantor or any Subsidiary of Borrower or any Guarantor for any reason to comply with or perform any of the terms of any agreement with any of the Guarantors;

(g) any exercise or non-exercise by the Agent, the Issuing Bank or any Bank, of any right, remedy, power or privilege under or in respect of any of the Loan Documents or the Guaranteed Obligations, including, without limitation, under this Section;

(h) any default, failure or delay, willful or otherwise, in the performance or payment of any of the Guaranteed Obligations;

(i) any furnishing or acceptance of security, or any release, substitution or exchange thereof, for any of the Guaranteed Obligations;

(j) any failure to give notice to any of the Guarantors of the occurrence of any breach or violation of, or any event of default or any default under or with respect to, any of the Loan Documents or the Guaranteed Obligations;

(k) any partial prepayment, or any assignment or transfer, of any of the Guaranteed Obligations; or

(l) any other circumstance (other than indefeasible payment in full) which might otherwise constitute a legal or equitable discharge or defense of a guarantor or which might in any manner or to any extent vary the risk of such Guarantor.

The Guarantors covenant that their respective obligations hereunder will not be discharged except by complete performance of the obligations contained in the Loan Documents and this Agreement and the final and indefeasible payment in full of the Guaranteed Obligations. The Guarantors unconditionally waive, to the fullest extent permitted by law (A) notice of any of the matters referred to in this Section, (B) any and all rights which any of the Guarantors may now or hereafter have arising under, and any right to claim a discharge of the Guarantor's obligations hereunder by reason of the failure or refusal by the Agent, the Issuing Bank, or any Bank to take any action pursuant to any statute (including, without limitation, Sections 26- 7, 26-8 or 26-9 of the North Carolina General Statutes or any similar or successor provisions) permitting a Guarantor to request that the Agent or any Bank attempt to collect the Guaranteed Obligations from Borrower, any of the Guarantors or any other guarantor, (C) all notices which may be required by statute, rule of law or otherwise to preserve any of the rights of the Agent, the Issuing Bank or any Bank against the Guarantors, including, without limitation, presentment to or demand of payment from Borrower, any of the Subsidiaries of Borrower or any Guarantor, or any of the other Guarantors with respect to any Loan Document or this Agreement, notice of acceptance of the Guarantors' guarantee hereunder and/or notice to Borrower, any of the Subsidiaries of Borrower or any Guarantor, or any Guarantor of default or protest for nonpayment or dishonor, (D) any diligence in collection from or protection of or realization upon all or any portion of the Guaranteed Obligations or any security therefor, any liability hereunder, or any party primarily or secondarily liable for all or any portion of the Guaranteed Obligations, and (E) any duty or obligation of the Agent, the Issuing Bank or any Bank to proceed to collect all or any portion of the Guaranteed Obligations from, or to commence an action against, Borrower, any Guarantor or any other Person, or to resort to any security or to any balance of any deposit account or credit on the books of the Agent, the Issuing Bank or any Bank in favor of Borrower, any Guarantor or any other Person, despite any notice or request of any of the Guarantors to do so.

SECTION 10.03 Continuing Obligations: Reinstatement. The obligations of the Guarantors under this Article X are continuing obligations and shall continue in full force and effect until such time as all of the Guaranteed Obligations (and any renewals and extensions thereof) shall have been finally and indefeasibly paid and satisfied in full. The obligations of the Guarantors under this Article X shall continue to be effective or be automatically reinstated, as the case may be, if any payment made by Borrower, any Guarantor or any Subsidiary of Borrower or any Guarantor on, under or in respect of any of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by the recipient upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of Borrower, any Guarantor or any such Subsidiary, or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to Borrower, any Guarantor or any such Subsidiary or any substantial part of the property of Borrower, any Guarantor or any such Subsidiary, or otherwise, all as though such payment had not been made. If an event permitting the acceleration of all or any portion of the Guaranteed Obligations shall at any time have occurred and be continuing, and such acceleration shall at such time be stayed, enjoined or otherwise prevented for any reason, including without limitation because of the pendency of a case or proceeding relating to Borrower, any Guarantor or any Subsidiary of Borrower or any Guarantor under any bankruptcy or insolvency law, for purposes of this Article X and the obligations of the Guarantors hereunder, such Guaranteed Obligations shall be deemed to have been accelerated



with the same effect as if such Guaranteed Obligations had been accelerated in accordance with the terms of the applicable Loan Documents or of this Agreement.

SECTION 10.04 Additional Security, Etc. The Guarantors authorize the Agent on behalf of the Issuing Bank and Banks without notice to or demand on the Guarantors and without affecting their liability hereunder, from time to time (a) to obtain additional or substitute endorsers or guarantors; (b) to exercise or refrain from exercising any rights against, and grant indulgences to, Borrower, any Subsidiary of Borrower or any Guarantor, any other Guarantor or others; and (c) to apply any sums, by whomsoever paid or however realized, to the payment of the principal of, premium, if any, and interest on, and other obligations consisting of, the Guaranteed Obligations. The Guarantors waive any right to require the Agent, the Issuing Bank or any Bank to proceed against any additional or substitute endorsers or guarantors or Borrower or any of their Subsidiaries or any other Person or to pursue any other remedy available to the Agent, the Issuing Bank or any such Bank.

SECTION 10.05 Information Concerning Borrower. The Guarantors assume all responsibility for being and keeping themselves informed of the financial condition and assets of Borrower, the other Guarantors and their respective Subsidiaries, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which the Guarantors assume and insure hereunder, and agree that neither the Agent, the Issuing Bank nor any Bank shall have any duty to advise the Guarantors of information known to the Agent, the Issuing Bank or any such Bank regarding or in any manner relevant to any of such circumstances or risks.

SECTION 10.06 Guarantors' Subordination. The Guarantors hereby absolutely subordinate, both in right of payment and in time of payment, any present and future indebtedness of Borrower or any Subsidiary of Borrower or any Guarantor to any or all of the Guarantors to the indebtedness of Borrower or any such Subsidiary to the Issuing Bank or the Banks (or any of them), *provided* that the Guarantors may receive scheduled payments of principal, premium (if any) and interest in respect of such present or future indebtedness so long as there is no Event of Default then in existence.

SECTION 10.07 Waiver of Subrogation. Until the final and indefeasible payment in full of the Guaranteed Obligations, the Guarantors hereby waive any right of subrogation (under contract, Section 509 of the Bankruptcy Code or otherwise) or any other right of indemnity, reimbursement or contribution and hereby waive any right to enforce any remedy that the Agent, the Issuing Bank or any Bank now has or may hereafter have against Borrower, any Guarantor or any endorser or any other guarantor of all or any part of the Guaranteed Obligations, and the Guarantors hereby waive any benefit of, and any right to participate in, any security or collateral given to the Agent, the Issuing Bank or any Bank to secure payment or performance of the Guaranteed Obligations or any other liability of Borrower to the Agent, the Issuing Bank or any Bank.

SECTION 10.08 Enforcement. In the event that the Guarantors shall fail forthwith to pay upon demand of the Agent, the Issuing Bank or any Bank any amounts due pursuant to this Article X or to perform or comply with or to cause performance or compliance with any other obligation of the Guarantors under this Agreement, the Agent, the Issuing Bank and any Bank shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid or for the performance of or compliance with such terms, and may prosecute any such action or proceeding to judgment or final decree and may enforce such judgment or final decree against the Guarantors and collect in the manner provided by law out of the property of the Guarantors, wherever situated, any monies adjudged or decreed to be payable. The obligations of the Guarantors under this Agreement are continuing obligations and a fresh cause of action shall arise in respect of each default hereunder.

SECTION 10.09 Miscellaneous. Except as may otherwise be expressly agreed upon in writing, the liability of the Guarantors under this Article X shall neither affect nor be affected by any prior or subsequent guaranty by the Guarantors of any other indebtedness to the Agent, the Issuing Bank or the Banks.

Notwithstanding anything in this Article X to the contrary, the maximum liability of each Guarantor hereunder shall in no event exceed the maximum amount which could be paid out by such Guarantor without rendering such Guarantor's obligations under this Article X, in whole or in part, void or voidable under applicable law, including, without limitation, (i) the Bankruptcy Code of 1978, as amended, and (ii) any applicable state or federal law relative to fraudulent conveyances.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, under seal, by their respective authorized officers as of the day and year first above written.

THE CATO CORPORATION

By: /s/ Charles D. Knight  
Charles D. Knight  
Executive Vice President and Chief Financial Officer

8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

With a copy to:

8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

THE CATO CORPORATION, as sole member or manager of CatoWest, LLC, CatoSouth LLC, Cato WO LLC, Cato of Florida L.L.C., Cato of Tennessee, LLC, Cato of Virginia, LLC, Cato of North Carolina, LLC, Cato of Illinois, LLC, Cato of South Carolina, LLC and Ohio Cato Stores, LLC

By: /s/ Charles D. Knight  
Charles D. Knight  
Executive Vice President and Chief Financial Officer

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

With a copy to:

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Charlotte, North Carolina 28273  
Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

CHW, LLC

By: /s/ Charles D. Knight  
Charles D. Knight  
President

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
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Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

CADEL LLC

By: CHW, LLC, its Member Manager

By: /s/ Charles D. Knight  
Charles D. Knight  
President

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

With a copy to:

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Charlotte, North Carolina 28273  
Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

CATO OF TEXAS L.P.

By: Cato Southwest, Inc., as General Partner

By: /s/ Charles D. Knight  
Charles D. Knight  
President of Cato Southwest, Inc., General Partner

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

With a copy to:

8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

CATO SOUTHWEST, INC.

By: /s/ Charles D. Knight  
Charles D. Knight  
President

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

With a copy to:

8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)



catocorp.com, LLC

By: /s/ Charles D. Knight  
Charles D. Knight  
President

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

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Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

CATO OF GEORGIA, LLC

By: /s/ Charles D. Knight  
Charles D. Knight  
President

c/o The Cato Corporation  
8100 Denmark Road  
Charlotte, North Carolina 28273  
Attn: Christin Reische, Vice President and  
General Counsel  
Telecopy number: 704-551-7547  
Telephone number: 704-554-8510

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Attn: Charles D. Knight, Vice President and Chief Financial Officer  
Telephone number: 704-551-7499  
Email: [Investorrelations@catocorp.com](mailto:Investorrelations@catocorp.com)

COMMITMENTS

Revolving Credit Commitment:  
\$35,000,000  
(Letter of Credit  
Commitment: \$35,000,000)

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Agent, Issuing Bank and as a  
Bank

By: /s/ Brad D. Bostick  
Name: Brad D. Bostick  
Title: Senior Vice President

Lending Office

Wells Fargo Bank, National Association  
301 S. Tryon Street, 28<sup>th</sup> Floor  
Charlotte, NC 28288  
MAC D1130-286  
Attention of: Brad Bostick  
Telephone No.: (704) 374-6812  
Telecopier No (704) 374-6483  
Email:brad.bostick@wellsfargo.com

with a copy to

King & Spalding LLP  
300 S Tryon Street  
Suite 1700  
Charlotte, NC 28202  
Attention of: Aleksandra Kopec  
Telephone: (704) 503-2587  
Email: akopec@kslaw.com

SCHEDULE 1.01

Investment Policy

[Attached]

# THE CATO CORPORATION

## CASH INVESTMENT POLICY

### I. OBJECTIVES

The objectives of the cash investment policy include maximum safety and preservation of principal, maximum after-tax yield from cash assets and appropriate liquidity to meet normal cash needs.

### II. AUTHORIZED OFFICIALS AND CONTROLS

- A. The Chief Executive Officer, Chief Financial Officer and/or Treasurer each may execute a single non-equity investment purchase or sale up to \$10,000,000, and any single purchase or sale transaction in excess of \$10,000,000 must be approved in writing by two of the three designated officers and evidence of such approval must be filed in the company's records.
- B. All equity investments, regardless of value, must be approved by two of the three designated officers listed in A above.
- C. The Treasurer will review a daily summary of investment activity presented in the Investment Position Report to ensure investments adhere to the policy.
- D. The daily administration of the investment activities will be done under the direction of the Treasurer. In the absence of the Treasurer, the Treasury personnel will perform the daily administration.
- E. Investment activity may be conducted by outside managers provided the manager(s) are approved by two of the three designated corporate officers listed in A above. The manager must provide, under a signed contract, that they will adhere to quality and liquidity guidelines contained in this policy.

### III. INVESTMENT PARAMETERS

- A. No investments will be made which violate covenants contained in bank loans or other agreements.
- B. Safety of principal is the primary consideration.
- C. Liquidity must be provided to meet the Company's projected cash requirements.
- D. The highest yield should be obtained providing for safety of principal and required liquidity.
- E. All outside managers are required to conduct sufficient due diligence to support the viability of an investment beyond any rating assigned by rating agencies and provide Cato with an outline of the due diligence procedures followed.
- F. No foreign currency based investments are permitted.
- G. No manager is permitted to invest in derivative investments except as outlined in Section I.

### IV. DEFINITIONS

- A. The following definitions apply to the terms used in this policy:

Security – An individual financial instrument (bond, share of stock, note, etc.) issued by a specific company, government entity or bank. Separate purchases of the same instrument made at different times are considered one security.

Portfolio – The total of the Company's cash, cash equivalents, bond and equity investments.

Portfolio Division – A subset of the total portfolio subject to separate and distinct maturity and duration limits.

Portfolio Division Limit – The maximum percentage that any portfolio division can be of the total portfolio's value at any one time.

Individual Security Limit – The maximum percentage that any security can be of the total portfolio's value at the time of a new security's purchase, regardless of portfolio division.

Aggregate Category Limit – The maximum percentage that the total value of all securities in a particular category can be of the total portfolio's value at the time of a new security's purchase, regardless of portfolio division.

Maturity – The date on which the life of a financial instrument ends through cash or physical settlement or expiration with no value. The maturity of a bond refers to the date that the debt will cease to exist, at which time the issuer will redeem the bond by paying the principal (or face value).

## **V. PORTFOLIO DIVISIONS**

- A. The Company's total portfolio will be divided into four portfolio divisions each with a progressively longer maximum maturity and average duration and a fifth division composed of any investments described in Section VI, subsections G and H.
- B. The securities in each of the first four divisions can be from any of the approved categories in Section VI with the exception of subsections G and H.
- C. The portfolio in total should have an average duration of no more than 2.5 years.
- D. The five portfolio divisions are defined as follows:
  - Division 1 – Liquid portfolio to meet the operating needs of the Company with a maximum maturity of one year. No portfolio division limit.
  - Division 2 – Short-term portfolio with a maximum maturity of 3 years and average duration of 1.5 years. No portfolio division limit.
  - Division 3 – Medium-term portfolio with a maximum maturity of 10 years from settlement date and average duration of 3.5 years. A portfolio division limit of 20%.
  - Division 4 – Long-term portfolio with a maximum maturity of 10 years from settlement date and average duration of 5 years. A portfolio division limit of 5%.
  - Division 5 – Special investment division of equity and hedge fund investments with a portfolio division limit of 10%.

## **VI. AUTHORIZED INVESTMENT CATEGORIES**

- A. Money Market Funds:  
Readily marketable funds that trade on a constant net asset value and which invest solely in securities otherwise eligible for purchase/investment under this policy's guidelines.
  - Rating minimum of obligation or obligor: P-1, or A3 by Moody's or A- by Standard & Poor's.
  - Individual security limit: None
  - Aggregate category limit: None
- B. Taxable and Tax Advantaged Corporate Debt:  
Instruments issued by US and foreign (only foreign corporate bonds) corporations. Includes corporate notes, corporate bonds, floating rate notes, mutual funds and auction-rate preferred stock, USD denominated and issued in the US.

- Rating minimum of obligation or obligor of securities with minimum security ratings of Baa3/BBB-/BBB- with maximum maturity of 5 years for those securities rated lower than A3/A-/A- by Moody's or Standard & Poor's. For securities rated A3/A-/A- or higher, permit maximum security maturity of 10 years.
  - Individual security limit: 5% of the Market Value of the portfolio.
  - Aggregate category limit: None
- C. Taxable And Tax Advantaged Municipal Issues:  
Investments in this category shall consist principally of obligations of States/Municipalities/Institutions.
- Rating minimum of obligation or obligor of securities with minimum security ratings of Baa3/BBB-/BBB- with maximum maturity of 5 years for those securities rated lower than A3/A-/A- by Moody's or Standard & Poor's. For securities rated A3/A-/A- or higher, permit maximum security maturity of 10 years. The implied rating of the underlying Letter of Credit may be used if the issue is not rated.
  - First preference should be given to states in which the Company has taxable income for tax advantaged issues.
  - Individual security limit: 5% of the Market Value of the portfolio.
  - Aggregate category limit: None
- D. Asset-Backed Securities  
Investments in this category shall include, but not be limited to asset-backed obligations related to real estate, automobile loans and credit card portfolios.
- In order to qualify as a permitted ABS the following is required:
    - The bond is to be senior in the deal capital structure;
    - Trust deal size needs to be greater than \$250MM; and
    - Tranche size needs to be greater than \$50MM.
  - Individual security limit: 5% of the Market Value of the portfolio.
  - Aggregate category limit: None
- E. Repurchase Agreements:  
Placed through recognized broker/dealers or banks acting as principal and backed: 1) direct obligations of the U.S. Government having a present market value equal to the investment or, 2) obligations of federal agencies having a present market value equal to the investment, or 3) commercial paper of A2 or P2 or better quality having a present market value equal to the investment.
- Individual security limit: 25% of the Market Value of the portfolio.
  - Aggregate category limit: None
- F. Money market instruments issued by US and foreign corporations and banks, issued in the US and paid in US dollars. Includes CDs, Commercial Paper (including Asset Backed Commercial Paper), Bankers Acceptances, time deposits.
- Rating minimum of obligation or obligor of securities with minimum security ratings of P-1 by Moody's or A-1 by Standard & Poor's.
  - Individual security limit: 5% of the Market Value of the portfolio.
  - Aggregate category limit: None
- G. Sovereign and supranational debt denominated in US dollars, issued under US securities law, may be issued by Foreign agencies, Sovereigns, Supranational entities
- Rating minimum of obligation or obligor of securities with minimum security ratings of P-1 by Moody's or A-1 by Standard & Poor's.
  - Individual security limit: 5% of the Market Value of the portfolio.
  - Aggregate category limit: None

H. U.S. Government and Government Sponsored Agency Securities Direct obligations of the U.S. Government and those federal agencies whose obligations are guaranteed by the U.S. Government, repurchase agreements collateralized by eligible investments of the US Government or US Government agencies.

- Rating minimum of obligation or obligor of securities with minimum security ratings of P-1 by Moody's or A-1 by Standard & Poor's.
- Rating minimum of obligation or obligor of securities with minimum security ratings of A-3 by Moody's or A- by Standard & Poor's if security only has long term ratings.
- Individual security limit: No limit if direct obligation of US; otherwise 50% if not guaranteed by US
- Aggregate category limit: None

I. Equities:

Common Stocks or equivalents including Unit Investment Trusts, preferred stocks, securities convertible into common stock, partnerships investing in equities and mutual funds

- Rating minimum of obligation or obligor: Not Applicable
- Individual security limit: 5%
- Aggregate category limit: 10%

## **VII. SECURITY LIMITATIONS**

A. Single and aggregate security limitations apply to the portfolio's total value at the time of the security purchase. It is the Company's intention to monitor the overall allocation of the portfolio.

## **VIII. INVESTMENTS OUTSIDE OF POLICY**

A. It is understood that there may be corporate investments of a longer-term nature that are not covered under this policy. These investments, which may include for example, equity-related acquisitions, require separate Board approval and are not intended to be governed under this Policy. Likewise, any permanent changes to these guidelines must be approved by the Board of Directors.



SCHEDULE 4.17

Existing Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
CatoWest, LLC	Nevada
Cedar Hill National Bank	United States
CHW, LLC	Delaware
Cato Southwest, Inc.	Delaware
CatoSouth LLC	North Carolina
Providence Insurance Company, Limited	North Carolina
CaDel LLC	Delaware
catocorp.com, LLC	Delaware
Cato of Texas L.P.	Texas
Cato WO LLC	Delaware
Cato of Florida L.L.C.	Florida
Cato of Tennessee, LLC	Tennessee
Cato of Virginia, LLC	Virginia
Cato of North Carolina, LLC	North Carolina
Cato of Illinois, LLC	Illinois
Cato of South Carolina, LLC	South Carolina
Ohio Cato Stores, LLC	Ohio
Cato of Georgia, LLC	Georgia
Cato Overseas Limited	Hong Kong
Shanghai Cato Overseas Business Consultancy Company, Limited	China
	Hong Kong
Cato Overseas Services Limited	
	Texas
Cato Employee Services Management, LLC	
	Texas
Cato Employee Services L.P.	

Cato Services Vietnam Company Limited	Vietnam
Cato Land Development, LLC	South Carolina
Fort Mill Land Development LLC	North Carolina

SCHEDULE 5.10

Existing Investments

None.

SCHEDULE 5.27

Existing Debt

Schedule of Indebtedness  
As of May 19, 2022

Equipment Leases:

- Hendrix Business Systems – maturing on September 2024
  - 29 payments totaling \$174,754.00
- CSI Leasing Inc. – maturing on May 2024
  - 25 payments totaling \$1,287,335.00

REVOLVING CREDIT NOTE

\$ \_\_\_\_\_

Charlotte, North Carolina  
\_\_\_\_\_, 2022

For value received, THE CATO CORPORATION (the "Borrower") promises to pay to the order of \_\_\_\_\_ (the "Bank"), for the account of its Lending Office, the principal sum of \_\_\_\_\_ and No/100 Dollars (\$ \_\_\_\_\_), or such lesser amount as shall equal the unpaid principal amount of each Revolving Credit Advance made by the Bank to the Borrower pursuant to the Credit Agreement referred to below, on the dates and in the amounts provided in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of this Note on the dates and at the rate or rates provided for in the Credit Agreement. Interest on any overdue principal of and, to the extent permitted by law, overdue interest on the principal amount hereof shall bear interest at the Default Rate, as provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in federal or other immediately available funds at the office of Wells Fargo Bank, National Association, 301 S. Tryon Street, 28<sup>th</sup> Floor, Charlotte, North Carolina 28288 or at such other address as may be specified from time to time pursuant to the Credit Agreement.

All Revolving Credit Advances made by the Bank, the interest rates from time to time applicable thereto and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer hereof, endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make, or any error of the Bank in making, any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement dated as of \_\_\_\_\_, 2022 among the Borrower, the Initial Guarantors, the banks listed on the signature pages thereof and their successors and assigns, Wells Fargo Bank, National Association, as Issuing Bank and as Agent (as the same may be amended or modified from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment and the repayment hereof and the acceleration of the maturity hereof.

The Borrower hereby waives presentment, demand, protest, notice of demand, protest and nonpayment and any other notice required by law relative hereto, except to the extent as otherwise may be expressly provided for in the Credit Agreement.

The Borrower agrees, in the event that this Note or any portion hereof is collected by law or through an attorney at law, to pay all reasonable costs of collection, including, without limitation, reasonable attorneys' fees.

IN WITNESS WHEREOF, the Borrower has caused this Revolving Credit Note to be duly executed under seal, by its duly authorized officer as of the day and year first above written.

THE CATO CORPORATION

By: \_\_\_\_\_(SEAL)  
Title:



NOTICE OF BORROWING

\_\_\_\_\_, 20\_\_

To: Wells Fargo Bank, National Association

Re: Credit Agreement (as amended and modified from time to time, the “Credit Agreement”) dated as of \_\_\_\_\_, 2022 among The Cato Corporation, the Initial Guarantors, Wells Fargo Bank, National Association, as Issuing Bank and Agent and the Banks listed on the signature pages thereof

Ladies & Gentlemen:

Unless otherwise defined herein, capitalized terms used herein shall have the meanings attributable thereto in the Credit Agreement.

This Notice of Borrowing is delivered to you pursuant to Section 2.02 of the Credit Agreement.

The Borrower hereby requests a [Daily Simple SOFR Borrowing] [Term SOFR Borrowing] [Base Rate Borrowing] in the aggregate principal amount of \$ \_\_\_\_\_ to be made on \_\_\_\_\_, 20\_\_, and for interest to accrue thereon at the rate established by the Credit Agreement for [Daily Simple SOFR Loans] [Term SOFR Loans] [Base Rate Loans]. [If [Daily Simple SOFR Loan Borrowing] [Term SOFR Borrowing], the duration of the Interest Period with respect thereto shall be [1 month] [2 months] [3 months] [6 months]].

The Borrower has caused this Notice of Borrowing to be executed and delivered by its duly authorized officer this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

THE CATO CORPORATION

By: \_\_\_\_\_  
Title: \_\_\_\_\_



[Reserved.]

CLOSING CERTIFICATE

Reference is made to the Credit Agreement (the "Credit Agreement") dated as of \_\_\_\_\_, 2022 among The Cato Corporation, the Initial Guarantors, Wells Fargo Bank, National Association, as Issuing Bank and Agent and the banks listed on the signature pages thereof. Capitalized terms used herein have the meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 3.01(d) of the Credit Agreement, \_\_\_\_\_, the duly authorized \_\_\_\_\_ of the Borrower hereby certifies to the Agent and the Banks that: (i) no Default has occurred and is continuing on the date hereof; and (ii) the representations and warranties of the Borrower and the Initial Guarantors contained in Article IV of the Credit Agreement are true on and as of the date hereof.

Certified as of the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

THE CATO CORPORATION

By: \_\_\_\_\_  
Title:

SECRETARY'S CERTIFICATE

The undersigned, \_\_\_\_\_, \_\_\_\_\_ Secretary of \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Company"), hereby certifies that he has been duly elected, qualified and is acting in such capacity and that, as such, he is familiar with the facts herein certified and is duly authorized to certify the same, and hereby further certifies, in connection with that certain Credit Agreement dated as of \_\_\_\_\_, 2022 among The Cato Corporation, the Initial Guarantors listed therein, Wells Fargo Bank, National Association, as Issuing Bank and Agent and the Banks listed on the signature pages thereof that:

1. Attached hereto as Exhibit A is a complete and correct copy of the Certificate of [Incorporation/Organization/Partnership] of the Company as in full force and effect on the date hereof as certified by the Secretary of State of the State of \_\_\_\_\_, Company's state of organization.

2. Attached hereto as Exhibit B is a complete and correct copy of the Certificate of Good Standing of the Company issued by the Secretary of State of the State of \_\_\_\_\_, Company's state of organization.

3. Attached hereto as Exhibit C is a complete and correct copy of the [Bylaws/Operating/Partnership Agreement] of the Company as in full force and effect on the date hereof.

4. Attached hereto as Exhibit D is a complete and correct copy of the resolutions duly adopted by the [Board of Directors/Managers/Members/Partners] of the Company on \_\_\_\_\_, 2022, approving and authorizing the execution and delivery of the Credit Agreement, the Notes (as such term is defined in the Credit Agreement) and the other Loan Documents (as such term is defined in the Credit Agreement) to which the Company is a party. Such resolutions have not been repealed or amended and are in full force and effect, and no other resolutions or consents have been adopted by the [Board of Directors/Managers/Members/Partners] of the Company in connection therewith.

5. Each person who, as an officer of the Company signed the Credit Agreement, the Notes and the other Loan Documents to which the Company is a party, was duly elected, qualified and acting as such at the time such person signed the Credit Agreement, the Notes and the other Loan Documents to which the Company is a party, and his or her respective signature appearing below and in such Loan Documents is such officer's genuine signature.

**Name**

**Office**

**Signature**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Name:  
Title:

**COMPLIANCE CERTIFICATE**

Reference is made to the Credit Agreement dated as of \_\_\_\_\_, 2022 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among The Cato Corporation, the Initial Guarantors, Wells Fargo Bank, National Association, as Issuing Bank and Agent and the Banks listed on the signature pages thereof. Capitalized terms used herein shall have the meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 5.01(e) of the Credit Agreement, the undersigned hereby certifies that:

1. He is a duly elected Secretary of the Borrower.
2. The Loan Parties have kept, observed, performed and fulfilled in all material respects each and every covenant, obligation and agreement binding upon any Loan Party in the Credit Agreement or the other Loan Documents.
3. Attached to this Certificate as Attachment A is a Compliance Checklist calculating the financial covenants set forth in the Credit Agreement as of \_\_\_\_\_, 2022 (the "Compliance Date").
4. Attached to this Certificate as Attachment B is a list of the Subsidiaries of the Borrower as of the date hereof.
5. No Default or Event of Default is in existence on and as of the date hereof.

**IN WITNESS WHEREOF**, the undersigned has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, 2022.

**THE CATO CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTACHMENT A**  
**COMPLIANCE CHECKLIST**  
(see attached)

## **ATTACHMENT B**

### **SUBSIDIARIES**

CatoWest, LLC

Cedar Hill National Bank

CHW, LLC

Cato Southwest, Inc.

CatoSouth LLC

Providence Insurance Company, Limited

CaDel LLC

catocorp.com, LLC

Cato of Texas L.P.

Cato WO LLC

Cato of Florida L.L.C.

Cato of Tennessee, LLC

Cato of Virginia, LLC

Cato of North Carolina, LLC

Cato of Illinois, LLC

Cato of South Carolina, LLC

Ohio Cato Stores, LLC

Cato of Georgia, LLC

Cato Overseas Limited

Shanghai Cato Overseas Business  
Consultancy Company, Limited

Cato Overseas Services Limited

Cato Employee Services Management, LLC

Cato Employee Services L.P.

Cato Services Vietnam Company Limited



Cato Land Development, LLC

Fort Mill Land Development

JOINDER AND REAFFIRMATION AGREEMENT

THIS JOINDER AND REAFFIRMATION AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, 20\_\_, is by and between [\_\_\_\_\_] (the "New Guarantor"), THE CATO CORPORATION (the "Borrower") and WELLS FARGO BANK, NATIONAL ASSOCIATION (the "Agent").

The Borrower, the Guarantors, the Banks and the Agent have entered into that certain Credit Agreement dated as of \_\_\_\_\_, 2022 (as amended, modified, supplemented, renewed and extended, the "Credit Agreement"). All of the defined terms in the Credit Agreement are incorporated herein by reference.

The New Guarantor is a Subsidiary. The Borrower and the New Guarantor have requested that the New Guarantor become a Guarantor under the Credit Agreement, in accordance with Section 5.26 of the Credit Agreement.

Accordingly, the Borrower, New Guarantor and Agent hereby agree as follows:

1. The New Guarantor and the Borrower hereby acknowledge, agree and confirm that, by their execution of this Joinder Agreement, the New Guarantor will be deemed to be a party to the Credit Agreement and a "Guarantor" for all purposes of the Credit Agreement, the Note and the other Loan Documents, and shall have all of the obligations of a Guarantor thereunder as if it had executed the Credit Agreement and the other Loan Documents. The New Guarantor assumes and agrees to be bound by and comply with, all of the terms, provisions and conditions contained in the Credit Agreement and the other Loan Documents and all duties and obligations thereunder, as fully and completely as all other Guarantors thereunder, jointly and severally, individually and collectively, with all other Guarantors, including without limitation (i) all of the representations, warranties, covenants, undertakings and obligations set forth in the Credit Agreement and the other Loan Documents, and (ii) all waivers set forth in the Credit Agreement and the other Loan Documents.

2. The New Guarantor has received a copy of the Credit Agreement and the Schedules and Exhibits thereto and the other Loan Documents. The information on the Exhibits and Schedules to the Credit Agreement are amended to provide the information shown on the attached Schedule A.

3. The New Guarantor hereby waives presentment, demand, protest, acceptance, notice of demand, protest and nonpayment and any other notice required by law relative to the Credit Agreement, the Obligations, the Notes and the other Loan Documents.

4. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract.

5. Except as set forth expressly herein, all terms of the Credit Agreement and the other Loan Documents, shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the Borrower and Guarantors to Agent and Banks. To the extent any terms and conditions in any of the Loan Documents shall contradict or be in conflict with any terms or conditions of the Credit Agreement, after giving effect to this Joinder Agreement, such terms and conditions are hereby deemed modified and amended accordingly to reflect the terms and conditions of the Credit Agreement as modified and amended hereby. In any event, this Joinder Agreement and the documents executed in connection therewith shall not, individually or collectively, constitute a novation.

6. To induce the Agent and Banks to enter into this Joinder Agreement, the Borrower and New Guarantor hereby (a) restate and renew each and every representation and warranty heretofore made by them under, or in connection with the execution and delivery of, the Credit Agreement and the other Loan Documents;

(b) restate, ratify and reaffirm each and every term and condition set forth in the Credit Agreement and in the Loan Documents, effective as of the date hereof; (c) acknowledge and agree that, as of the date hereof, there exists no right of offset, defense, counterclaim or objection in favor of the Borrower as against the Agent or any Bank with respect to the payment or performance of its Obligations; and (d) certifies that no Default or Event of Default exists.

7. This Joinder Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

8. Borrower and New Guarantor agree to pay upon request the actual costs and expenses of the Agent and Banks reasonably incurred in connection with the preparation, execution, delivery and enforcement of this Joinder Agreement and all other Loan Documents executed in connection herewith, the closing hereof, and any other transactions contemplated hereby, including the reasonable fees and out-of-pocket expenses of Agent's legal counsel.

IN WITNESS WHEREOF, the New Guarantor and the Borrower have caused this Joinder Agreement to be duly executed by its authorized officers for the benefit of the Agent and the Banks as of the day and year first above written.

NEW GUARANTOR

[ \_\_\_\_\_ ](SEAL)

By: \_\_\_\_\_  
Title:

THE CATO CORPORATION

By: \_\_\_\_\_  
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent  
and as a Bank

By: \_\_\_\_\_(SEAL)  
Title:

[OTHER BANK]

By: \_\_\_\_\_(SEAL)  
Title:

Schedule A to Joinder Agreement

[Provide Information here to update Schedules and Exhibits  
to Credit Agreement and other Loan Documents]

ASSIGNMENT AND ACCEPTANCE

Dated \_\_\_\_\_, \_\_\_\_\_

Reference is made to the Credit Agreement dated as of \_\_\_\_\_, 2022 (together with all amendments and modifications thereto, the "Credit Agreement") among The Cato Corporation, the Initial Guarantors, Wells Fargo Bank, National Association, as Issuing Bank and Agent and the Banks listed on the signature pages thereof. Terms defined in the Credit Agreement are used herein with the same meaning.

\_\_\_\_\_ (the "Assignor") and  
 \_\_\_\_\_ (the "Assignee") agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse to the Assignor, and the Assignee hereby purchases and assumes from the Assignor, a \_\_\_\_\_% interest in and to all of the Assignor's rights and obligations under the Credit Agreement as of the Effective Date (as defined below) (including, without limitation; (i) a \_\_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Assignor's Revolving Credit Commitment; (ii) a \_\_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Revolving Credit Advances owing to the Assignor; (iii) a \_\_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Letter of Credit Advances owing to the Assignor; and (iv) a \_\_\_\_\_% interest (which on the Effective Date hereof is \$ \_\_\_\_\_) in the Assignor's Letter of Credit Commitment (including without limitation a \_\_\_\_\_% interest in the Assignor's obligations under Section 2.03(c) of the Credit Agreement).

2. The Assignor (i) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement, any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that it is the legal and beneficial owner of the interest being assigned by it hereunder, that such interest is free and clear of any adverse claim and that as of the date hereof its Revolving Credit Commitment (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_ and the aggregate outstanding principal amount of Revolving Credit Advances owing to it (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_, as of the date hereof its Letter of Credit Commitment (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_, and the aggregate outstanding principal amount of Letter of Credit Advances owing to it (without giving effect to assignments thereof which have not yet become effective) is \$ \_\_\_\_\_; (ii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto; and (iii) attaches the Revolving Credit Note referred to in paragraph 1 above and requests that the Agent exchange such Note as follows: [a new Revolving Credit Note dated \_\_\_\_\_, \_\_\_\_\_ in the principal amount of \_\_\_\_\_ payable to the order of the Assignee] [a Revolving Credit Note dated \_\_\_\_\_, \_\_\_\_\_ in the principal amount of \$ \_\_\_\_\_ payable to the order of the Assignor].

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.10(a) thereof (or any more recent financial statements of the Borrower delivered pursuant to Section 5.01(a) or (b) thereof) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to

make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is a bank or financial institution; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank; (vi) specifies as its Lending Office (and address for notices) the office set forth beneath its name on the signature pages hereof, (vii) represents and warrants that the execution, delivery and performance of this Assignment and Acceptance are within its corporate powers and have been duly authorized by all necessary corporate action.

4. The Effective Date for this Assignment and Acceptance shall be \_\_\_\_\_ (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for execution and acceptance by the Agent [and to the Issuing Bank for execution by the Issuing Bank]<sup>1</sup> [and to the Borrower for execution by the Borrower].<sup>2</sup>

5. Upon such execution and acceptance by the Agent [and execution by the Borrower]<sup>2</sup> [and execution by the Issuing Bank]<sup>1</sup>, from and after the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent rights and obligations have been transferred to it by this Assignment and Acceptance, have the rights and obligations of a Bank thereunder and (ii) the Assignor shall, to the extent its rights and obligations have been transferred to the Assignee by this Assignment and Acceptance, relinquish its rights (other than under Section 9.03 of the Credit Agreement) and be released from its obligations under the Credit Agreement.

6. Upon such execution and acceptance by the Agent [and execution by the Borrower] [and execution by the Issuing Bank] from and after the Effective Date, the Agent shall make all payments in respect of the interest assigned hereby to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments for periods prior to such acceptance by the Agent directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

[NAME OF ASSIGNOR]

By: \_\_\_\_\_  
Title:

[NAME OF ASSIGNEE]

By: \_\_\_\_\_  
Title:

Lending Office:  
[Address]

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<sup>1</sup> If the Letter of Credit Commitment is being assigned.

<sup>2</sup> If the Assignee is not a Bank or an Affiliate of a Bank prior to the Effective Date.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent

By: \_\_\_\_\_

Title:

THE CATO CORPORATION<sup>3</sup>

By: \_\_\_\_\_

Title:

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<sup>3</sup> If the Assignee is not a Bank or an Affiliate of a Bank prior to the Effective Date, or if no Default has occurred and is continuing.



The CATO Corporation

**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**

For Further Information Contact:

Charles D. Knight  
Executive Vice President  
Chief Financial Officer  
InvestorRelations@catocorp.com

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**CATO REPORTS 1Q EARNINGS**

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CHARLOTTE, N.C. (May 19, 2022) – The Cato Corporation (NYSE: CATO) today reported net income of \$9.7 million or \$0.46 per diluted share for the first quarter ended April 30, 2022, compared to net income of \$20.7 million or \$0.92 per diluted share for the first quarter ended May 1, 2021.

Sales for the first quarter ended April 30, 2022 were \$204.9 million, or a decrease of 3% from sales of \$211.2 million for the first quarter ended May 1, 2021. The Company's same-store sales for the quarter decreased 2% compared to 2021.

"Our first quarter sales were negatively impacted by cooler, wetter weather," said John Cato, Chairman, President and Chief Executive Officer. "As anticipated, we continued to experience late merchandise shipments, a result of the supply chain disruption and overseas COVID restrictions, coupled with the pressure of inflation on consumers' discretionary income and intermittent store closings due to the effects of the tight labor market."

First-quarter gross margin decreased from 41.5% to 35.5% of sales in 2022 due to lower merchandise margins. Selling, General and Administrative expenses as a percent of sales decreased from 29.9% to 29.5% of sales during the quarter primarily due to decreased incentive compensation expense, partially offset by increased payroll, reflecting more normalized operations, compared to the prior year. Income tax expense for the quarter was \$1.9 million compared to \$3.1 million last year.

"The effects of continued late merchandise shipments, inflation-related increases to our costs and increased pressure on our customers' discretionary income are expected to remain challenging throughout the year," stated Mr. Cato. "As we move forward, following two years of unpredictable business cycles, we are cautious about the remainder of the year in the face of these ongoing uncertainties."

During the first quarter ended April 30, 2022, the Company opened 4 stores and relocated 1 store. As of April 30, 2022, the Company operated 1,315 stores in 32 states, compared to 1,325 stores in 32 states as of May 1, 2021.

The Cato Corporation is a leading specialty retailer of value-priced fashion apparel and accessories operating three concepts, “Cato,” “Versona” and “It’s Fashion.” The Company’s Cato stores offer exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices every day. The Company also offers exclusive merchandise found in its Cato stores at [www.catofashions.com](http://www.catofashions.com). Versona is a unique fashion destination offering apparel and accessories including jewelry, handbags and shoes at exceptional prices every day. Select Versona merchandise can also be found at [www.shopversona.com](http://www.shopversona.com). It’s Fashion offers fashion with a focus on the latest trendy styles for the entire family at low prices every day.

*Statements in this press release that express a belief, expectation or intention, as well as those that are not a historical fact, including, without limitation, statements regarding the Company’s expected or estimated operational financial results, activities or opportunities, and potential impacts and effects of the coronavirus are considered “forward-looking” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations that are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contemplated by the forward-looking statements. Such factors include, but are not limited to, any actual or perceived deterioration in the conditions that drive consumer confidence and spending, including, but not limited to, prevailing social, economic, political and public health conditions and uncertainties, levels of unemployment, fuel, energy and food costs, wage rates, tax rates, interest rates, home values, consumer net worth and the availability of credit; changes in laws or regulations affecting our business including but not limited to tariffs; uncertainties regarding the impact of any governmental action regarding, or responses to, the foregoing conditions; competitive factors and pricing pressures; our ability to predict and respond to rapidly changing fashion trends and consumer demands; our ability to successfully implement our new store development strategy to increase new store openings and the ability of any such new stores to grow and perform as expected; adverse weather, public health threats (including the global coronavirus (COVID-19) outbreak) or similar conditions that may affect our sales or operations; inventory risks due to shifts in market demand, including the ability to liquidate excess inventory at anticipated margins; and other factors discussed under “Risk Factors” in Part I, Item 1A of the Company’s most recently filed annual report on Form 10-K and in other reports the Company files with or furnishes to the SEC from time to time. The Company does not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that the projected results expressed or implied therein will not be realized. The Company is not responsible for any changes made to this press release by wire or Internet services*

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**THE CATO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**FOR THE PERIODS ENDED APRIL 30, 2022 AND MAY 1, 2021**  
(Dollars in thousands, except per share data)

	Q		Q	
	u		u	
	April 30,	%	May 1,	%
	2022	Sales	2021	Sales
<b>REVENUES</b>				
Retail sales	\$ 204,933	100.0%	\$ 211,234	100.0%
Other revenue (principally finance fees and layaway charges)	1,788	0.9%	1,851	0.9%
Total revenues	<u>206,721</u>	<u>100.9%</u>	<u>213,085</u>	<u>100.9%</u>
<b>GROSS MARGIN (Memo)</b>	<b>72,690</b>	<b>35.5%</b>	<b>87,559</b>	<b>41.5%</b>
<b>COSTS AND EXPENSES,</b>				
Cost of goods sold	132,243	64.5%	123,675	58.5%
Selling, general and administrative	60,441	29.5%	63,237	29.9%
Depreciation	2,743	1.3%	3,042	1.4%
Interest and other income	(403)	-0.2%	(663)	-0.3%
Cost and expenses, net	<u>195,024</u>	<u>95.2%</u>	<u>189,291</u>	<u>89.6%</u>
Income (Loss) Before Income Taxes	<b>11,697</b>	<b>5.7%</b>	<b>23,794</b>	<b>11.3%</b>
Income Tax Expense (Benefit)	<u>1,949</u>	<u>1.0%</u>	<u>3,081</u>	<u>1.5%</u>
Net Income (Loss)	<u><b>\$ 9,748</b></u>	<u><b>4.8%</b></u>	<u><b>\$ 20,713</b></u>	<u><b>9.8%</b></u>
Basic Earnings Per Share	<u><b>\$ 0.46</b></u>		<u><b>\$ 0.92</b></u>	
Basic Weighted Average Shares	<u><b>21,345,489</b></u>		<u><b>22,512,566</b></u>	
Diluted Earnings Per Share	<u><b>\$ 0.46</b></u>		<u><b>\$ 0.92</b></u>	

**THE CATO CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

	Ap 2022 Un aud ited )	January 2022 (Unaudite d)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 25,881	\$ 19,759
Short-term investments	120,021	145,998
Restricted cash	3,920	3,919
Accounts receivable - net	60,121	55,812
Merchandise inventories	127,576	124,907
Other current assets	<u>6,029</u>	<u>5,273</u>
Total Current Assets	343,548	355,668
Property and Equipment - net	67,079	63,083
Noncurrent Deferred Income Taxes	9,674	9,313
Other Assets	23,192	24,437
Right-of-Use Assets, net	<u>168,537</u>	<u>181,265</u>
TOTAL	<u>\$ 612,030</u>	<u>\$ 633,766</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities	\$ 172,569	\$ 177,327
Current Lease Liability	63,175	66,808
Noncurrent Liabilities	17,797	17,914
Lease Liability	107,837	117,521
Stockholders' Equity	<u>250,652</u>	<u>254,196</u>
TOTAL	<u>\$ 612,030</u>	<u>\$ 633,766</u>

