

AGENCY AGREEMENT

This Agency Agreement (the "Agreement") is made as of this 13th day of January, 2010, by and between Hilco Merchant Resources, LLC (the "Agent") and Bernie's Audio Video TV Appliances Co. Inc., and its direct and indirect subsidiaries (collectively, the "Merchant").

RECITALS

WHEREAS, the Merchant operates retail stores in the United States and desires that the Agent act as the Merchant's exclusive agent for the limited purpose of : (a) selling all of the Merchandise (as hereinafter defined) located in Merchant's retail store location(s) identified on Exhibit 1 attached hereto (each individually a "Store," and collectively the "Stores"), and the Merchandise located at Merchants distribution center (the "Distribution Center") that has been or will be transferred by Merchant to the Stores, by means of a "going out of business," "store closing", "sale on everything", "everything must go", or similar themed sale (as further described below, the "Sale"); and (b) disposing of the Owned FF&E at the Stores and Distribution Center.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Agent and Merchant hereby agree as follows:

Section 1. Defined Terms. Unless otherwise stated herein, all capitalized terms used herein shall have the meanings ascribed to them in this Agreement.

Section 2. Appointment of Agent.

2.1 Appointment of Agent. Effective on the date hereof, the Merchant hereby irrevocably appoints Agent, and Agent hereby agrees to serve, as Merchant's exclusive agent for the limited purpose of conducting the Sale and disposing of Merchant's Merchandise and Owned FF&E, in accordance with the terms and conditions of this Agreement.

2.2 As soon as practicable after Merchant's execution of this Agreement, Merchant will commence proceedings as a debtor in the United States Bankruptcy Court having jurisdiction over the Merchant ("Bankruptcy Court") and shall apply for an order or orders approving the assumption of this Agreement in its entirety in form and substance satisfactory to Agent (the "Approval Order"). The Approval Order shall be the final order (not the Interim Order as provided below) and provide, among other things, that: (i) this Agreement is in the best interests of Merchant, Merchant's estate, creditors, and other parties in interest; (ii) this Agreement (and each of the transactions contemplated hereby) is approved in its entirety; (iii) Merchant and Agent shall be authorized to take any and all actions as may be necessary or desirable to implement this Agreement and each of the transactions contemplated hereby; (iv) upon the payment of the Guaranteed Amount Deposit and delivery of the Agent Letter of Credit and Expense L/C, Agent shall be entitled to sell all Merchandise and Owned FF&E hereunder free and clear of all liens, claims, or encumbrances thereon; (v) upon the payment of the Guaranteed Amount Deposit

and delivery of the Agent Letter of Credit and the Expense L/C to Lender Agent, any presently existing liens encumbering all or any portion of the Merchandise or the Proceeds shall attach only to the Guaranteed Amount, and amounts reimbursed by the Agent to Merchant on account of Expenses; (vi) Agent shall have the right to use the Stores and Distribution Center and all related Store and Distribution Center services, furniture, fixtures, equipment, and other assets of Merchant as designated hereunder for the purpose of conducting the Sale, free of any interference from any entity or person; (vii) Agent, as agent for Merchant, is authorized to conduct, advertise, post signs, and otherwise promote the Sale as a "going out of business," "store closing", "sale on everything", "everything must go", or similar themed sale, without further consent of any person, in accordance with the terms and conditions of this Agreement and the form of sale guidelines attached hereto as Exhibit 2 (as the same may be modified and approved by the Bankruptcy Court and subject to the reasonable satisfaction of Agent) and without further compliance with applicable federal, state or local laws governing, *inter alia*, the conduct of store closing sales (the "Liquidation Sale Laws"), other than those designed to protect public health and safety (the "Sale Guidelines"); (viii) Agent shall be granted a limited license and right to use until the Sale Termination Date the trade names, customer lists (e-mail and mail), and logos relating to and used in connection with the operation of the Stores, solely for the purpose of advertising the Sale in accordance with the terms of the Agreement; (ix) each and every federal, state, or local agency, department, or governmental authority with regulatory authority over the Sale and all newspapers and other advertising media in which the Sale is advertised shall be directed to accept the Approval Order as binding and to allow Merchant and Agent to consummate the transactions provided for in this Agreement, including (without limitation) the conducting and advertising of the Sale in the manner contemplated by this Agreement, and no further approval, license, or permit of any governmental authority shall be required; (x) all utilities, landlords, creditors, and all persons acting for or on their behalf shall not interfere with or otherwise impede the conduct of the Sale, institute any action in any court (other than in the Bankruptcy Court) or before any administrative body that in any way directly or indirectly interferes with or obstructs or impedes the conduct of the Sale; (xi) the Bankruptcy Court shall retain jurisdiction over the parties to enforce this Agreement; (xii) Agent shall not be liable for any claims against Merchant other than as expressly provided for in this Agreement, and Agent shall have no successor liabilities whatsoever; (xiii) Agent's security interest provided herein and sales of Merchandise shall be protected in the event that the Approval Order is reversed or modified on appeal pursuant to Sections 364(e) and 363(m); (xiv) any amounts owed by Merchant to Agent under this Agreement shall be granted the status of super-priority administrative expense claims in Merchant's bankruptcy case pursuant to Section 503(b) and 507(a) of the Bankruptcy Code and secured by valid and perfected first-priority security interests in accordance with Section 15 of this Agreement; (xv) time is of the essence in assuming this Agreement and continuing the Sale at the Stores uninterrupted; (xvi) a finding that the Merchant's decisions to (a) assume this Agreement and (b) continue performance under and payments required by this Agreement is a reasonable exercise of the Merchant's sound business judgment consistent with its fiduciary duties and is in the best interests of the Merchant, its estate, its creditors, and other parties in interest; (xvii) a finding that this Agreement was negotiated in good faith and at arms' length between the Merchant and Agent; (xviii) a finding that Agent's

performance and continued performance under this Agreement was and will be, and payment of the Guaranteed Amount under this Agreement was and will be so made, in good faith and for valid business purposes and uses, as a consequence of which Agent is entitled to the protection and benefits of section 364(e) of the Bankruptcy Code; (xix) this Agreement is assumed pursuant to Bankruptcy Code section 365; (xx) in the event any or all of the provisions of the Approval Order are modified, amended or vacated by a subsequent order of the Bankruptcy Court or any other court, Agent shall be entitled to the protections provided in Bankruptcy Code section 364(e) and, no such appeal, modification, amendment or vacatur shall affect the validity and enforceability of the liens or priority authorized or created under this Agreement or the Approval Order. Merchant shall seek to obtain an interim order on an emergency basis (the "Interim Order") to grant the relief requested above, subject to a final hearing and the entry of the final Approval Order. Merchant shall use its best efforts to obtain the Interim Order on or before January 15, 2010.

2.3 Pending the entry of the Interim Order, Agent shall conduct the Sale in accordance with applicable Liquidation Sale Laws and shall not use "store closing" or "going out business" in any advertisement. Agent shall not supplement the Merchandise in the Sale, but shall be permitted to move Merchandise between the Stores.

Section 3. Guaranteed Amount and Other Payments.

3.1 Payments to Merchant.

(a) As a guaranty of Agent's performance hereunder, but subject to adjustment as provided, inter alia, in Sections 3.1(c) and 11.1(p) below, Agent shall pay Merchant, into the Payment Account, an amount equal to 80.3% (the "Guaranty Percentage") of the aggregate Cost Value of the Merchandise included in the Sale (the "Guaranteed Amount") in addition to the payment of Expenses as provided for in Section 4.1 hereof. The Guaranteed Amount shall be paid at such time and in such manner as specified in Section 3.3 below.

(b) The Guaranteed Amount will be calculated based upon the aggregate Cost Value of the Merchandise as determined by (A) the amount of Gross Rings; (B) the Inventory Taking; and (C) the aggregate Cost Value of the Distribution Center Merchandise included in the Sale.

(c) The Guaranty Percentage has been fixed based upon the aggregate Cost Value of the Merchandise not being less than \$13,200,000 (the "Merchandise Threshold") and no more than \$15,200,000 (the "Merchandise Ceiling") as of the Sale Commencement Date. To the extent that the aggregate Cost Value of the Merchandise included in the Sale is less than the Merchandise Threshold, or more than the Merchandise Ceiling, the Guaranty Percentage shall be adjusted in accordance with Exhibit 3.1(c) annexed hereto.

3.2 Compensation to Agent. Subject to entry of the Approval Order:

(a) Payments to Agent. As its compensation for services rendered to Merchant, Agent shall be entitled to all Proceeds of the Sale after payment of the Guaranteed Amount and Expenses of the Sale.

(b) Provided that no Event of Default has occurred and continues to exist on the part of the Agent, and after all payments are made to Merchant as required hereunder, all Merchandise remaining at the Sale Termination Date (the "Remaining Merchandise") shall become the property of Agent, free and clear of all liens, claims and encumbrances of any kind or nature, and the proceeds received by Agent from the disposition, in a commercially reasonable manner, of such unsold Merchandise shall constitute Proceeds hereunder.

3.3 Time of Payments.

(a) No later than one (1) business day after the later of (x) entry of the Approval Order and (y) execution hereof (the "Payment Date"), Agent shall pay eighty percent (80%) of the Guaranteed Amount (the "Guaranteed Amount Deposit") (reduced by any amounts paid prior to the payment of the Guaranteed Amount Deposit) in readily available funds, which amount shall be wired to the following account: Account # 22-31379893 or such other account as designated by Merchant and Lender Agent at Lender Agent (the "Payment Account"). Agent shall calculate the amount of the Guaranteed Amount Deposit based upon the Cost Value of the Merchandise as of the Sale Commencement Date as reflected in Merchant's books and records (the "Estimated Guarantee Amount"). Agent shall pay the unpaid and undisputed balance of the Guaranteed Amount in readily available funds, which amount shall be wired to the Payment Account no later than the earlier of (i) the date that is thirty (30) days after the Sale Termination Date (in which case payment shall be of the undisputed portion of the balance of the Estimated Guaranteed Amount) and (ii) the second business day following the issuance of the audit report of the aggregate Cost Value of the Merchandise by the Inventory Taking Service, after reconciliation and verification thereof by Agent and Merchant (the "Inventory Report"), and Agent's failure to pay such balance or undisputed portion shall entitle the Lender Agent on behalf of Merchant to draw upon the Agent Letter of Credit (as defined below) in accordance with section 3.3(b) to the extent of such balance or undisputed portion. In the event that after the issuance of the Inventory Report, the Guaranteed Amount is greater than the sum of the Guaranteed Amount Deposit plus the payment of the undisputed portion of the Estimated Guaranteed Amount, Agent shall pay the remainder of the Guaranteed Amount to the Lender Agent for the benefit of Merchant within two (2) business days after the Inventory Report has been issued. In the event that there is a dispute with respect to the reconciliation of the aggregate Cost Value of the Merchandise following the Inventory Taking, then any such dispute shall be resolved in the manner and at the times set forth in Section 5.2(c) hereof.

(b) To secure payment of the unpaid portion of the Guaranteed Amount from Agent to Merchant hereunder, Agent shall deliver to Merchant an irrevocable standby letter of credit, naming Lender Agent as beneficiary, substantially in

the form of Exhibit 3.3(b) attached hereto, in the original face amount equal to the unpaid portion of the Estimated Guaranteed Amount as of the Payment Date (as amended and in effect from time to time, the "Agent Letter of Credit"), shall be issued by a bank selected by Agent and reasonably acceptable to Merchant and Lender Agent, and shall contain terms, provisions and conditions mutually acceptable to Merchant, Lender Agent, and Agent. As used in this Agreement, "Lender Agent" shall mean RBS Citizens, National Association. Agent shall cause the Agent Letter of Credit to be delivered to Lender Agent no later than the Payment Date (or, in the event that the Payment Date falls on a weekend, no later than the next business day). The Agent Letter of Credit shall expire no less than sixty (60) days after the Sale Termination Date; provided, however, that (x) the Lender Agent, Merchant, and Agent agree that after payment of the unpaid portion of the Guaranteed Amount (whether the Estimated Guaranteed Amount or the Guaranteed Amount calculated pursuant to the Inventory Report) pursuant to Section 3.3(a), the face amount of the Agent Letter of Credit shall be reduced in an amount(s) to be agreed upon by Merchant, Lender Agent, and Agent and (y) unless Lender Agent shall have received written notice that Merchant and Agent shall have mutually agreed that they have completed the final reconciliation under this Agreement on or prior to a date that is at least thirty (30) days prior to the initial or any subsequent expiry date of the Agent Letter of Credit, then, at least thirty (30) days prior to the initial or any subsequent expiry date of the Agent Letter of Credit, Lender Agent shall receive an amendment to the Agent Letter of Credit solely extending (or further extending, as the case may be) the expiry date of the Agent Letter of Credit by at least sixty (60) days. If Lender Agent does not receive such amendment to the Agent Letter of Credit by a date which is at least thirty (30) days prior to the initial or any subsequent expiry date of the Agent Letter of Credit, then all amounts hereunder shall become immediately due and payable and Lender Agent shall be permitted to draw under the Agent Letter of Credit in payment of amounts owed and Lender Agent shall hold the balance of the amount drawn under the Agent Letter of Credit as security for amounts that may become due and payable to Lender Agent and Merchant hereunder. The Agent Letter of Credit shall not be amended without the prior written consent of the Lender Agent.

(c) If and to the extent that Agent over-funds any amounts in respect of the Guaranteed Amount, then Merchant agrees to promptly reimburse such undisputed overpayment amounts to Agent. To the extent that any over-funded amounts in respect of the Guaranteed Amount have been received by the Lender Agent and have not been reimbursed by Merchant, Agent shall inform the Lender Agent of such overpayment in writing and such reimbursement shall be paid by the Lender Agent within two (2) business days of such written notice.

(d) Merchant agrees that if at any time during the Sale Term Merchant holds any amounts due to Agent as Proceeds hereunder, Agent may, in its discretion, offset such Proceeds being held by Merchant against any amounts due and owing to Merchant pursuant to this Section 3.3 or otherwise under this Agreement. In addition, Merchant and Agent further agree that if at any time during the Sale Term, Agent holds any amounts due to Merchant under this Agreement, Agent may, in its discretion, offset such amounts being held by it against any amounts due and owing by, or required to be paid by, Merchant hereunder.

(e) Upon execution of this Agreement, and in any event prior to Merchant filing a bankruptcy petition, Merchant will fund a expense retainer to Agent in the amount of \$375,000 (the "Retainer") to secure payment of certain Expenses to be paid by Agent (supervision and advertising) prior to the entry of the Approval Order. The Retainer represents estimated Expenses to be paid by Agent (supervision and advertising) for the first 18 days of the Sale. To the extent the Approval Order is not entered, as Agent's sole remedy, Lender Agent shall promptly reimburse Agent for any Expenses advanced by Agent during the Sale beyond the Retainer and Lender Agent shall provide an adequate carveout to provide that such funds are available for reimbursement in connection with Merchant's use of cash collateral. Upon entry of the Approval Order, all Proceeds and Expenses shall retroactively be treated as if the Approval Order was entered as of the Sale Commencement Date and Merchant shall be credited with an amount equal to the Retainer. If the Approval Order is not entered, any unused portion of the Retainer shall be returned to Merchant by depositing such sums into the Payment Account.

Section 4. Sale Expenses.

4.1 Expenses. Agent shall be unconditionally responsible for all Expenses incurred in conducting the Sale. As used herein, "Expenses" shall mean all Store-level operating expenses of the Sale which arise during the Sale Term limited to the following:

(a) all payroll for all Retained Employees used by Agent in connection with the Sale for actual days/hours worked during the Sale Term as well as payroll for any of Merchant's former employees or temporary labor retained by Agent for the Sale;

(b) any amounts payable by Merchant for benefits for Retained Employees including FICA, unemployment taxes, worker's compensation, and health care insurance and paid time-off benefits that accrue during the Sale Term used by Agent in connection with the Sale, in an amount not to exceed 24% of the base payroll for each Retained Employees in the Stores (the "Benefits Cap");

(c) 50% of the fees and costs of the Inventory Taking Service to conduct the Inventory Taking at the Stores, provided that, if Inventory Taking Service is more than \$50,000, Agent shall bear as an Expense, any amounts in excess of \$50,000;

(d) advertising, direct mailing, interior and exterior signage and banners, and signwalkers;

(e) local, leased line, satellite broadband connections and long distance telephone expenses incurred in the conduct of the Sale;

(f) credit card, bank card fees, chargebacks, discounts, bad debt expense, and any other bank charges relating to Store or corporate accounts used in connection with the Sale;

(g) costs of all security in the Stores, including without limitation personnel and alarm services in the Stores as well as cash shortfalls in registers;

(h) on-site supervision, including base fees and bonuses of Agent's field personnel, travel to and from the Stores, and incidental out-of-pocket and commercially reasonable travel expenses relating thereto (including reasonable and documented corporate travel to monitor and manage the Sale);

(i) a pro-rata portion of Merchant's insurance attributable to the Merchandise;

(j) any and all costs relating to the processing, transfer or consolidation of Merchandise between and among Stores, including delivery and freight costs;

(k) Retention Bonuses as described in Section 9.4 below;

(l) actual Occupancy Expenses for the Stores on a per location and per diem basis in an amount up to the per Store per diem amount set forth on Exhibit 4.1(l) hereto;

(m) Agent's actual cost of capital, reasonable attorney's fees, letter of credit fees, insurance costs, and other transaction costs;

(n) costs for additional Supplies as requested by Agent;

(o) all fees and charges required to comply with Applicable Laws;

(p) armored car service;

(q) to the extent requested by Agent, fees and expenses related to customer delivery for orders of Merchandise during the Sale; and

(r) housekeeping, cleaning services, and trash removal.

There will be no double payment of Expenses to the extent that Expenses appear or are contained in more than one Expense category. Notwithstanding anything herein to the contrary, to the extent that an Expense listed in Section 4.1 is also included on Exhibit 4.1(l), then Exhibit 4.1(l) shall control and such Expense shall not be double counted.

As used herein, the following terms have the following respective meanings:

"Central Service Expenses" means costs and expenses for Merchant's central administrative services necessary for the Sale, including (without limitation) MIS services, payroll processing, point-of-sale systems, accounting system, cash reconciliation, inventory processing and handling, and data processing and reporting.

"Excluded Benefits" means (i) the following benefits arising or accruing prior to the Sale Commencement Date: (w) vacation days or vacation pay, (x) sick days or sick leave or any other form of paid time off, (y) maternity leave or other leaves of absence, termination or severance pay and (z) ERISA coverage and similar contributions and/or (ii) any other benefits in excess of the Benefits Cap, including any payments due under the Worker Adjustment Retraining Notification Act ("WARN Act").

"Occupancy Expenses" means base rent, percentage rent, utilities, CAM, telecom/phone costs, real estate and use taxes, POS maintenance, store security systems, repairs and maintenance, taxes and licenses, insurance (including without limitation general liability, property, crime, umbrella, bond and flood insurance), store supplies, cleaning expenses and equipment rental all of the foregoing as set forth on Exhibit 4.1(l) attached hereto, and up to the specific amounts set forth on Exhibit 4.1(l) attached hereto.

"Expenses" shall not include: (i) Excluded Benefits; (ii) Central Service Expenses; (iii) subject to Section 5.6, Distribution Center Expenses, (iv) any Occupancy Expenses in excess of the per diem amounts for each Store set forth on Exhibit 4.1(l); and (v) any other costs, expenses, or liabilities arising during the Sale Term in connection with the Sale, other than the Expenses listed above, all of which shall be paid by Merchant promptly when due during the Sale Term.

4.2 Payment of Expenses. Effective from and after entry of the Approval Order:

(a) Agent shall be responsible for the payment of all Expenses whether or not there are sufficient Proceeds collected to pay such Expenses after the payment of the Guaranteed Amount. All Expenses incurred during each week of the Sale (i.e., Sunday through Saturday) shall be paid by Agent to or on behalf of Merchant, or paid by Merchant and thereafter reimbursed by Agent as provided for herein, immediately following the weekly Sale reconciliation by Merchant and Agent pursuant to Section 5.2, provided, however, in the event that the actual amount of an expense is unavailable on the date of the reconciliation (such as payroll), Merchant and Agent shall agree to an estimate of such amount, which amount will be reconciled once the actual amount of such Expense becomes available. Agent and/or Merchant may review or audit the Expenses at any time.

(b) To secure payment of the Expenses, Agent shall deliver to Lender Agent an irrevocable and unconditional standby letter of credit, naming Lender Agent, as beneficiary, in the original face amount equal to two (2) weeks' estimated Expenses that Merchant pays in the ordinary course, substantially in the form of Exhibit 4.2(b) attached hereto (as amended and in effect from time to time, the "Expense L/C"). The Expense L/C shall be delivered to Lender Agent on the Payment Date (or, in the event that the Payment Date falls on a weekend, no later than the next business day), shall be issued by a bank selected by Agent and reasonably acceptable to Merchant and Lender Agent, and shall contain terms, provisions and conditions mutually acceptable to Merchant, Lender Agent, and Agent. The Expense L/C shall expire no earlier than sixty (60) days after the Sale Termination Date. Unless the Lender Agent shall have received written notice that Agent and Merchant shall have mutually agreed that they have completed the

final reconciliation under this Agreement at least thirty (30) days prior to the initial or any subsequent expiry date of such Expense L/C, then, at least thirty (30) days prior to the initial or any subsequent expiry date of such Expense L/C, Lender Agent shall receive an amendment to the Expense L/C solely extending (or further extending, as the case may be) the expiry date by at least sixty (60) days. If Lender Agent does not receive such amendment to the Expense L/C no later than thirty (30) days before the expiry date of the Expense L/C, then all amounts hereunder shall become immediately due and payable and Lender Agent shall be permitted to draw under the Expense L/C in payment of amounts owed and Lender Agent shall hold the balance of the amount drawn under the Expense L/C as security for amounts that may become due and payable to Lender Agent and Merchant hereunder.

Section 5. Inventory Valuation; Merchandise.

5.1 (a) Inventory Taking. Commencing on the Sale Commencement Date, Merchant and Agent shall cause to be taken a SKU level and Retail Price level physical inventory of the Merchandise located in the Stores (collectively, the "Inventory Taking"), which Inventory Taking shall be completed in each of the Stores no later than ten (10) days after the Sale Commencement Date (the "Inventory Completion Date", and the date of the Inventory Taking at each Store being the "Inventory Date" for each such Store). Merchant and Agent shall jointly employ RGIS or another mutually acceptable independent inventory taking service (the "Inventory Taking Service") to conduct the Inventory Taking. The Inventory Taking shall be conducted in accordance with the procedures and instructions to be mutually agreed by Merchant and Agent and made a part of this Agreement as Exhibit 5.1(a) (the "Inventory Taking Instructions"). As an Expense, Agent shall be responsible for 50% of the fees and expenses of the Inventory Taking Service. The balance of such fees and expenses shall be paid by Merchant, provided that Merchant's fees and expenses for the Inventory Taking Service shall be no more than \$25,000. Merchant, Agent, and the Lender Agent shall each have the right to have representatives present during the Inventory Taking, and shall each have the right to review and verify the listing and tabulation of the Inventory Taking Service. Merchant agrees that during the conduct of the Inventory Taking in each of the Stores, the applicable Stores shall be closed to the public and no sales or other transactions shall be conducted. Merchant and the Agent further agree that until the Inventory Taking in each particular Store is completed, neither Merchant nor Agent shall: (i) move Merchandise within or about the Store so as to make any such items unavailable for counting as part of the Inventory Taking, and/or (ii) remove any hang tags, price tickets or inventory control tags affixed to any Merchandise. Merchant and Agent agree to cooperate with each other to conduct the Inventory Taking commencing at a time that would minimize the number of hours that such locations would be closed for business.

(b) With respect to Distribution Center Merchandise that is allocated to be sent to the Stores in accordance with the Pre-Sale Allocation, such Distribution Center Merchandise shall be counted and reconciled within five Store business days after receipt of such goods in the Stores in accordance with the procedures to be mutually agreed to by

Merchant and Agent. The balance of the Distribution Center Merchandise not to be sent to the Stores shall be counted using a method mutually agreed to by Merchant and Agent.

5.2 Reconciliation

(a) On each Wednesday during the Sale Term, commencing on the second Wednesday after the Sale Commencement Date, Agent and Merchant shall cooperate to jointly prepare a reconciliation of the weekly Proceeds of the Sale, Expenses, and any other Sale related items that either party may reasonably request (the "Weekly Sales Reconciliations"). Merchant and Agent shall provide Lender Agent with a copy of such Weekly Sales Reconciliations.

(b) Within thirty (30) days after the Sale Termination Date, Agent and Merchant shall jointly prepare a final reconciliation of the Sale, including (without limitation) a summary of Proceeds, Expenses, and any other accounting required hereunder (the "Final Reconciliation") and deliver the same to each other and to Lender Agent the written results of which shall be certified by representatives of each of Merchant and Agent as a final settlement of accounts between Merchant and Agent. Within five (5) days of completion of the Final Reconciliation, Agent shall pay to Merchant, or Merchant shall pay to Agent, as the case may be, any and all amounts due the other pursuant to the Final Reconciliation. During the Sale Term, and until all of Agent's obligations under this Agreement have been satisfied, Merchant and Agent shall have reasonable access to Merchant's and Agent's records with respect to Proceeds and Expenses to review and audit such records.

(c) In the event that there is a dispute with respect to the Final Reconciliation, such dispute shall be promptly (and in no event later than the third business day following the request by either Merchant or Agent) submitted to the Bankruptcy Court for a determination. Merchant and Agent hereby agree to submit to the jurisdiction of the Bankruptcy Court for such determination.

5.3 Merchandise Subject to this Agreement.

For purposes of this Agreement, "Merchandise" shall mean (i) all saleable finished goods inventory that is owned by Merchant and located at the Stores as of the Sale Commencement Date, including Merchandise subject to Gross Rings and Air Conditioner Merchandise; (ii) subject to Section 5.4(b), Distribution Center Merchandise; and (iii) subject to Section 8.5, Returned Merchandise. Notwithstanding the foregoing, "Merchandise" shall not include: (1) goods which belong to sublessees, licensees, department lessees, or concessionaires of Merchant; (2) goods held by Merchant on memo, on consignment, or as bailee that are perfected pursuant to applicable laws; (3) furnishings, trade fixtures, equipment and/or improvements to real property which are located in the Stores and Distribution Centers, provided that, Agent shall have the right to dispose of Owned FF&E (as such terms are defined below) in accordance with the terms and conditions of this Agreement; (4) Customer Ordered Merchandise; (5) goods designated as

“not available for sale” in the Inventory File; (6) Excluded Defective Merchandise; and (7) Merchant Consignment Goods.

“Air Conditioner Merchandise” means all saleable air conditioners located at the Stores or the Distribution Center.

“Customer Ordered Merchandise” means those items of Merchandise located in the Stores and Distribution Center that have previously been earmarked and/or reserved by Merchant from available merchandise and designated by Merchant for satisfaction of customer orders (whether in respect of a fully sold order or a partially reserved order) that were received prior to the Sale Commencement Date.

“Distribution Center Merchandise” means those items of inventory currently located at Merchant’s Distribution Center as identified on Exhibit 5.3 annexed hereto, which goods shall be delivered by Merchant at Merchant’s cost but at Agent’s direction to the Stores in accordance with the Pre-Sale Allocation.

“Excluded Defective Merchandise” means those items identified on Exhibit 5.3(i) and any non-saleable item of merchandise that suffers from damages or defects rendering it not suitable or salable for its intended purpose.

“Merchant Consignment Goods” shall have the meaning assigned to such term in Section 5.5 below.

5.4 Valuation.

(a) For purposes of this Agreement, “Cost Value” shall mean with respect to each item of Merchandise, the lower of, (i) the Retail Price and (ii) the actual landed cost as reflected in the file “inventory_01_04_10_mjr_mnr.xls” (the “Inventory File”) provided to Agent on January 6, 2010, provided that, Air Conditioner Merchandise shall be valued at 50% of the Cost Value for such Merchandise, provided that, such reduction shall not be taken into account when determining the Merchandise Threshold and Merchandise Ceiling as provided for in Section 3.1(c). “Retail Price” shall mean the lower of, (i) lowest ticketed, marked, shelf, online, rebate or actual selling price offered to the public by any means within thirty (30) days of Commencement Date and (ii) the lowest SKU/PLU price as reflected in the Inventory File.

(b) In lieu of any other adjustment to the “Cost Value” of the Merchandise for defective or display merchandise that does not qualify as Excluded Defective Merchandise, Merchant and Agent shall account for any such infirmities to the merchandise by means of a single global downward adjustment (i.e., reduction) to the aggregate Cost Value of the Merchandise, excluding Air Conditioner Merchandise, equal to two percent (2.0%) of the aggregate Cost Value of the Merchandise as reflected in the Final Inventory Report (the “Global Inventory Adjustment”). The Global Inventory Adjustment shall not be taken into account when determining the Merchandise Threshold and Merchandise Ceiling as provided for in Section 3.1(c).

(c) Items of Distribution Center Merchandise allocated to be sent to the Stores on the Pre-Sale Allocation that are received in the Stores on or prior to the date that is seventeen (17) days after the Sale Commencement Date (excluding the Sale Commencement Date for purposes of such calculation) (the “Interim Receipt Deadline”), will be included in Merchandise at the applicable Cost Value for each such item; provided, however, that items of Distribution Center Merchandise allocated to be sent to the Stores on the Pre-Sale Allocation that are received at the Stores after the Interim Receipt Deadline but prior to twenty four (24) days after the Sale Commencement Date (the “Store Receipt Deadline”) shall be included in Merchandise at the applicable Cost Value for each such item multiplied by the inverse of the prevailing discount on similar items of Merchandise as of the date of receipt in the Stores; provided further, items of Distribution Center Merchandise allocated to be sent to the Stores on the Pre-Sale Allocation that are received in the Stores after the Store Receipt Deadline shall not constitute Merchandise, shall be given no Cost Value, and shall, at Merchant’s option either be sold by Agent as Merchant Consignment Goods pursuant to Section 5.5 hereof, or excluded from the Sale and removed by Merchant from the Stores.

(d) Excluded Defective Merchandise located in the Stores, shall be identified and counted during the Inventory Taking, and thereafter removed from the sales floor and segregated from Merchandise. The procedure for counting and segregating the Excluded Defective Merchandise is set forth on Exhibit 5.1.

5.5 Excluded Goods. Merchant shall retain all responsibility for any goods not included as "Merchandise" hereunder. If Merchant elects at the beginning of the Sale Term, Agent shall accept goods not included as "Merchandise" hereunder for sale as "Merchant Consignment Goods" at prices established by the Agent. The Agent shall retain 20% of the sale price (less Sales Taxes) for all sales of Merchant Consignment Goods, and Merchant shall receive 80% of the receipts in respect of such sales (less Sales Taxes). Merchant shall receive its share of the receipts of sales of Merchant Consignment Goods on a weekly basis, immediately following the weekly Sale reconciliation by Merchant and Agent pursuant to Section 8.6 below. If Merchant does not elect to have Agent sell Excluded Defective Merchandise, then all such items will be removed by Merchant from the Stores at its expense as soon as practicable after the Sale Commencement Date. Except as expressly provided in this Section 5.5, Agent shall have no cost, expense or responsibility in connection with any goods not included in Merchandise.

5.6 Distribution Center Expenses. The actual costs and expenses, including use and occupancy at the Distribution Center, transfer and delivery (ticketed in the ordinary course consistent with historic practices), related to the processing, transfer and consolidation of Distribution Center Merchandise from the Distribution Center to the Stores (collectively, the “Distribution Center Expenses”) shall be the obligation of the Merchant. On or prior to the Sale Commencement Date, after consulting with Merchant, Merchant and Agent shall cooperate with each other and shall mutually agree upon a schedule and allocation of the Distribution Center Merchandise to the Stores (as reflected on Exhibit 5.6 hereof), which schedule and allocation will be based upon an objective of

having the Distribution Center Merchandise as allocated to be sent to the Stores shipped to the Stores prior to the Interim Receipt Deadline (the "Pre-Sale Allocation"). To the extent Agent requests that the Distribution Center remain open past a date that is twenty one (21) days after the Sale Commencement Date, Agent shall be responsible, as an Expense hereunder, for the actual expenses up to those amounts listed on Exhibit 5.6(i) on a per diem basis for each day thereafter.

5.7 Delivery of Customer Ordered Goods. Agent shall cooperate with Merchant to facilitate the delivery of Customer Ordered Merchandise. Merchant shall retain responsibility for the processing and delivery of such merchandise to customers, including retaining responsibility for the costs and expenses of processing, handling and delivery of such goods. Merchant agrees to give customers full credit for any deposits made prior to the Sale Commencement Date and any proceeds derived from Customer Ordered Merchandise shall belong to Merchant. To the extent Merchant requests that an order be fulfilled from Merchandise, Merchant shall reimburse Agent for the full amount of the customer deposit in connection with the Weekly Sales Reconciliation and all Proceeds relating to such transaction shall belong to Agent.

Section 6. Sale Term.

6.1 Term. The Sale shall commence on January 15, 2010 (the "Sale Commencement Date"). Agent shall complete the Sale at the Stores, and shall vacate all of the Store premises on or before February 28, 2010 (the "Sale Termination Date") unless the Sale is extended by mutual agreement of Agent and Merchant, provided that Agent may terminate the Sale at any retail store location upon five (5) days' notice (the "Vacate Notice") to Merchant (the end of such notice period, as to each such Store, as applicable, the "Vacate Date"). The period for the Sale Commencement Date to the Sale Termination Date shall be referred to herein as the "Sale Term." Merchant shall cooperate with Agent to prepare for the start of the Sale, including preparation of systems to handle download discounts and managing delivery of DC Merchandise based on the Pre-Sale Allocation.

6.2 Vacating the Stores. At the conclusion of the Sale, Agent agrees to leave the Stores in "broom clean" condition, ordinary wear and tear excepted, except for unsold items of Owned FF&E. Agent shall vacate the Stores on or before the Sale Termination Date, as provided for herein, at which time Agent shall surrender and deliver the Store premises and Store keys to Merchant. Agent's obligations to pay all Occupancy Expenses for each Store subject to Vacate Notice shall continue until the applicable Vacate Date for such Store. Subject to Section 16.10 below, all assets of Merchant used by Agent in the conduct of the Sale (e.g., FF&E, etc.) shall be returned by Agent to Merchant or left at the Store at the end of the Sale Term to the extent the same have not been used in the conduct of the Sale or sold (e.g., FF&E). Agent shall be responsible for all Occupancy Expenses (irrespective of any per diem cap on Occupancy Expenses) for a Store for which Merchant is or becomes obligated resulting from Agent's failure to timely vacate.

6.3 Gross Rings. In the event that the Sale commences at any Store subject to Inventory Taking prior to the completion of the Inventory Taking at such Store, then for the period from the Sale Commencement Date for such Store until the Inventory

Date for such Store, Agent and Merchant shall jointly keep (i) a strict count of gross register receipts less applicable Sales Taxes but excluding any prevailing discounts ("Gross Rings"), and (ii) cash reports of sales within such Store. Agent and Merchant shall keep a strict count of register receipts and reports to determine the actual Cost Value and Retail Price of the Merchandise sold by SKU. All such records and reports shall be made available to Agent and Merchant during regular business hours upon reasonable notice. Any Merchandise included in the Sale using the Gross Rings shall be included in Merchandise using the Gross Rings method and, as soon as determinable, Agent shall pay that portion of the Guaranteed Amount calculated on the Gross Rings basis (without taking into account any of Agent's point of sale discounts or point of sale markdowns) sold during the Gross Rings period.

Section 7. Sale Proceeds.

7.1 Proceeds. For purposes of this Agreement, "Proceeds" shall mean the aggregate of: (a) the total amount (in U.S. dollars) of all sales of Merchandise to consumers made under this Agreement, exclusive of Sales Taxes, (b) any proceeds of Merchant's insurance for loss or damage to Merchandise or loss of cash arising from events occurring during the Sale Term, and (c) proceeds related to customer delivery charges of Merchandise. Proceeds shall also include any and all proceeds received by Agent from the disposition of unsold Merchandise at the end of the Sale whether through salvage, bulk sale or otherwise.

7.2 Deposit of Proceeds.

(a) Prior to the payment of the Guaranteed Amount Deposit, all Proceeds of the Sale, proceeds from the sale of Owned FF&E (including credit card proceeds) shall be collected and deposited on a daily basis into depository accounts designated by the Merchant for the Stores which are located at Lender Agent, which accounts shall be designated solely for the deposit of Proceeds of the Sale, proceeds from the sale of Owned FF&E (including credit card proceeds), and the disbursement of amounts as provided herein (the "Designated Deposit Accounts"). The Designated Deposit Accounts shall be dedicated solely to the deposit of Proceeds and the disbursement of amounts payable hereunder, and Merchant shall exercise sole signatory authority and control with respect to the Designated Deposit Accounts. Upon request, Merchant shall deliver to Agent copies of all bank statements and other information relating to such accounts. From the Sale Commencement Date through the Payment Date, Proceeds in the Designated Deposit Accounts shall be disbursed, on a weekly basis, as follows: (i) first, to reimburse Agent and Merchant for Expenses paid during the previous week; (ii) second, to the Merchant, until the Guaranteed Amount is paid in full; and (iii) third, to the Agent; the remainder.

(b) Following the payment of the Guaranteed Amount Deposit, Agent may establish its own accounts, dedicated solely for the deposit of the Proceeds and the disbursement of amounts payable to Agent hereunder, which accounts may be the Designated Merchant Accounts (as defined herein) and Merchant shall promptly upon

Agent's request execute and deliver all necessary documents to open and maintain the Agency Accounts; provided, however, Agent may continue to use the Designated Deposit Accounts and such accounts shall be deemed the Agency Accounts. Agent shall exercise sole signatory authority and control with respect to the Agency Accounts; provided, however, upon request, Agent shall deliver to Merchant and Lender Agent copies of all bank statements and other information relating to such accounts. Neither Merchant nor Lender Agent shall be responsible for and Agent shall pay as an Expense hereunder, all bank fees and charges, including wire transfer charges, related to the Agency Accounts, whether received during or after the Sale Term. Upon Agent's designation of the Agency Accounts, all Proceeds of the Sale (including credit card proceeds) shall be deposited into the Agency Accounts.

(c) During the period after the payment of the Guaranteed Amount Deposit and the date Agent may establish the Agency Accounts, all Proceeds of the Sale, proceeds from the sale of Owned FF&E (including credit card proceeds), shall be collected by Agent and deposited on a daily basis into the Designated Merchant Accounts or such other accounts as approved in writing by Merchant and Lender Agent as the Designated Merchant Accounts, and on each business day the Proceeds of the Sale, proceeds from the sale of Owned FF&E (including credit card proceeds) shall be segregated from the Merchant's existing accounts, provided, that upon Lender Agent's request, Merchant shall provide to Lender Agent an accounting of all such Proceeds deposited in the Designated Merchant Accounts. Commencing on the first business day following the payment of the Guaranteed Amount Deposit and the posting of the Expense L/C, and on each business day thereafter (or as soon thereafter as is practicable), Merchant shall promptly pay to Agent by wire funds transfer all collected funds constituting Proceeds, as well as Agent's share of proceeds from the sale of Owned FF&E deposited in such accounts (but not any other funds, including, without limitation, any proceeds of Merchant's inventory sold prior to the Sale Commencement Date, if any). During the period after the payment of the Guaranteed Amount Deposit and the date Agent establishes the Agency Accounts, if any, Lender Agent agrees not to take any action with respect to such Proceeds deposited into the Designated Merchant Accounts provided that no Event of Default has occurred and is continuing on behalf of Agent; provided, however, Lender Agent retains all of its rights and remedies with respect to the proceeds deposited into such Designated Merchant Accounts that do not constitute Proceeds of the Sale.

7.3 Credit Card Proceeds. Agent shall have the right (but not the obligation) to use Merchant's credit card facilities (including Merchant's credit card terminals and processor(s), credit card processor coding, Merchant identification number(s) and existing bank accounts) for credit card Proceeds. In the event that Agent elects to use Merchant's credit card facilities, Merchant shall process credit card transactions on behalf of Agent and for Agent's account, applying customary practices and procedures. Without limiting the foregoing, Merchant shall cooperate with Agent to down-load data from all credit card terminals each day during the Sale Term and to effect settlement with Merchant's credit card processor(s), and shall take such other actions necessary to process credit card transactions on behalf of Agent under Merchant's Merchant identification number(s). All credit card Proceeds will be deposited into the Designated Merchant

Accounts or Agency Accounts, as the case may be and shall be Proceeds for purposes of this Agreement. To the extent credit card Proceeds are deposited into the Designated Merchant Accounts, Merchant shall transfer such Proceeds to Agent daily (within one business day) by wire transfer of immediately available funds, provided, that upon Lender Agent's request, Merchant shall provide to Lender Agent an accounting of all such credit card Proceeds deposited into the Designated Merchant Accounts. At Agent's request, Merchant shall cooperate with Agent to establish merchant identification numbers under Agent's name to enable Agent to process all credit card Proceeds for Agent's account. Merchant shall not be responsible for and Agent shall pay as an Expense hereunder, all credit card fees, charges, and chargebacks related to the Sale, whether received during or after the Sale Term.

7.4 Petty Cash. In addition to the Guaranteed Amount, after entry of the Approval Order, Agent shall reimburse Merchant on and as of the start of business on the Sale Commencement Date for all cash in the Stores. Agent shall purchase, on a dollar for dollar basis, all cash located in the Stores, which shall be determined as of the Sale Commencement Date and paid for on the Payment Date.

Section 8. Conduct of the Sale.

8.1 Rights of Agent. Agent shall be permitted to conduct the Sale in accordance with the Sale Guidelines. In addition to any other rights granted to Agent hereunder, in conducting the Sale, Agent, in the exercise of its sole discretion, shall have the right, limited only by the Sale Guidelines:

(a) to establish and implement advertising and promotion programs consistent with a "going out of business," "store closing", "sale on everything", "everything must go", or similar theme (including, without limitation, by means of media advertising, A-frame, similar interior and exterior signs and banners, and use of sign walkers) in a manner consistent with the Sale Guidelines and the Approval Order;

(b) to establish Store hours that are consistent with the terms of applicable leases, and local laws and regulations, including without limitation Sunday closing laws;

(c) except as otherwise expressly included in an Expense, to use without charge during the Sale Term all FF&E, advertising materials, computer hardware and software, existing supplies located at the Stores and Distribution Center, intangible assets (including Merchant's name, logo and tax identification numbers), Store keys, case keys, security codes, and safe and lock combinations required to gain access to and operate the Stores, and any other assets of Merchant located at the Stores and Distribution Center (whether owned, leased, or licensed);

(d) to use Merchant's central office facilities, central administrative services and personnel to process payroll, perform MIS and provide other central office services necessary for the Sale; provided, however, that in the event that Agent expressly requests Merchant to provide services other than those normally provided

in liquidations such as this to the Stores and relating to the sale of Merchandise by Merchant, Agent shall be responsible for the actual incremental cost of such services as an Expense. Agent shall exercise due care and return to the Merchant immediately at the end of the sale all materials and supplies except materials and supplies expended; and

(e) to transfer Merchandise between and among the Stores, the costs of which shall be paid by Agent as an Expense of the Sale.

8.2 Terms of Sales to Customers.

(a) Final/As Is Sales. All sales of Merchandise will be "final sales" and "as is", and all advertisements and sales receipts will reflect the same. Agent shall not warrant the Merchandise in any manner, but will, to the extent legally permissible, pass on all manufacturers' warranties to customers. All sales will be made only for cash and nationally recognized bank credit cards.

(b) Gift Certificates. Agent will accept Merchant's gift certificates and Store credits, issued by Merchant prior to the Sale Commencement Date, and honor other customer programs required by the Sale Guidelines, including but not limited to all customer satisfaction programs for items purchased prior to the commencement of the Sale as authorized by the Bankruptcy Court (including, but not limited to, acceptance of gift certificates, honoring of customer deposits, and subject to Section 8.5, granting of refunds for items purchased prior to the commencement of the Sale), to the extent that such programs were in effect at the time the items were purchased by such customers, provided that Agent shall be reimbursed by Merchant in connection with the Sale reconciliation contemplated under Section 5.2 hereof on a dollar for dollar basis for any such programs honored by Agent.

8.3 Sales Taxes. (a) During the Sale Term, all sales, excise, gross receipts and other taxes attributable to sales of Merchandise as indicated on Merchant's point of sale equipment (other than taxes on income) payable to any taxing authority having jurisdiction (collectively, "Sales Taxes") shall be added to the sales price of Merchandise and collected by Agent, on Merchant's behalf. All Sales Taxes shall be deposited into the segregated accounts by Merchant designated by Merchant and Agent solely for the deposit of such Sale Taxes (the "Sales Taxes Account"). Provided that Agent has collected all Sales Taxes during the Sale and remitted the proceeds thereof to Merchant, Merchant shall promptly pay all Sales Taxes and file all applicable reports and documents required by the applicable taxing authorities. Merchant will be given access to the computation of gross receipts for verification of all such Sales Tax collections. If Agent fails to perform its responsibilities in accordance with this Section 8.3, and provided Merchant complies with its obligations in accordance with this Section 8.3, Agent shall indemnify and hold harmless Merchant from and against any and all costs including, but not limited to, reasonable attorneys' fees, assessments, fines or penalties which Merchant sustains or incurs as a result or consequence of the failure by Agent to collect Sales Taxes and/or, to the extent Agent is required hereunder to prepare reports and other documents, the failure by Agent to promptly deliver any and all reports and other documents required to enable Merchant to file any requisite returns with such taxing authorities.

(b) Without limiting the generality of Section 8.3(a) hereof, it is hereby agreed that as Agent is conducting the Sale solely as agent for Merchant, various payments that this Agreement contemplates that one party may make to the other party (including the payment by Agent of the Guaranteed Amount) do not represent the sale of tangible personal property and, accordingly, are not subject to Sales Taxes.

8.4 Supplies. Agent shall have the right to use all existing supplies (e.g., boxes, bags, twine) (the "Supplies") located at the Stores and Distribution Center at no charge to Agent. In the event that additional supplies are required in any of the Stores during the Sale, Merchant agrees to promptly provide the same to Agent if available, for which Agent shall reimburse Merchant at Merchant's cost therefor. Merchant does not warrant that the existing Supplies as of the Sale Commencement Date are adequate for the purposes of the Sale.

8.5 Returns of Merchandise. Agent shall accept returns of merchandise sold by Merchant prior to the Sale Commencement Date ("Returned Merchandise") in accordance with Merchant's past practices, during the first thirty (30) days of the Sale to the extent the applicable Store is open for business during such time period. If such Returned Merchandise is saleable and not deemed Excluded Defective Merchandise, it shall be included in Merchandise and valued at the Cost Value applicable to such item multiplied by the inverse of the prevailing discount on similar such items of Merchandise as of the date of receipt in the applicable Store. The aggregate Cost Value of the Merchandise shall be increased by the Cost Value of any Returned Merchandise included in Merchandise (determined in accordance with this Section 8.5), and the Guaranteed Amount shall be adjusted accordingly. Merchant shall promptly reimburse Agent in cash for any refunds Agent is required to issue to customers in respect of any Returned Merchandise. Beginning on the thirty first (31st) day after the Sale Commencement Date, Agent shall, unless otherwise instructed by Merchant, cease accepting returns of Merchandise sold by Merchant prior to the Sale Commencement Date. All payments by Agent and Merchant required under this Section 8.5 shall be made in connection with Weekly Sales Reconciliation.

8.6 Force Majeure. If any casualty or act of God or act of terrorism prevents or substantially inhibits the sale of any Merchandise or the conduct of business in the ordinary course at any Store, then such Store and the remaining Merchandise located at such Store shall be eliminated from the Sale and considered to be deleted from this Agreement as of the date of such event, and Agent and Merchant shall have no further rights or obligations hereunder with respect thereto; provided, however, that (i) the proceeds of any insurance attributable to such Merchandise or business interruption shall constitute Proceeds hereunder, and (ii) the Guaranteed Amount shall be reduced to account for any Merchandise eliminated from the Sale which is not the subject of insurance proceeds, and Merchant, and/or the Lender Agent, as the case may be, shall reimburse Agent for the amount the Guaranteed Amount is so reduced prior to the end of the Sale Term.

8.7 Merchant's Right to Monitor. Merchant shall have the right to monitor the Sale and activities attendant thereto, and to be present in the Stores during the hours when the Stores are open for business, provided that Merchant's presence does not unreasonably disrupt the conduct of the Sale. Merchant shall also have a right of access to the Stores at any time in the event of an emergency situation, and shall promptly notify Agent of such emergency. Any expenses incurred in connection with this paragraph shall be borne by Merchant.

Section 9. Employee Matters.

9.1 Merchant's Employees. Agent may use Merchant's employees in the conduct of the Sale to the extent Agent in its sole discretion deems expedient, and Agent may select and schedule the number and type of Merchant's employees required for the Sale. Agent shall identify any such employees to be used in connection with the Sale (each such employee, a "Retained Employee") prior to the Sale Commencement Date. Retained Employees shall at all times remain employees of Merchant, and shall not be considered or deemed to be employees of Agent. Merchant and Agent agree that nothing contained in this Agreement and none of Agent's actions taken in respect of the Sale shall be deemed to constitute an assumption by Agent of any of Merchant's obligations relating to any of Merchant's employees including, without limitation, payroll, benefits, Worker Adjustment Retraining Notification Act ("WARN Act") claims and other termination type claims and obligations, or any other amounts required to be paid by statute or law; nor shall Agent become liable under any collective bargaining or employment agreement or be deemed a joint or successor employer with respect to such employees. Merchant shall not, without Agent's prior written consent, raise the salary or wages or increase the benefits for, or pay any bonuses or make any other extraordinary payments to, any of its employees in anticipation of the Sale or prior to the Sale Termination Date that would have an impact on the Expenses hereunder. Merchant has not terminated and shall not during the Sale Term terminate any employee benefits or benefit programs.

9.2 Termination of Employees. Agent may in its discretion stop using any Retained Employee at any time during the Sale, subject to the conditions provided for herein. In the event that Agent desires to cease using any Retained Employee, Agent shall notify Merchant at least five (5) days prior thereto so that Merchant may coordinate the termination of such employee; provided, however, that, in the event that Agent determines to cease using an employee "for cause" (which shall consist of dishonesty, fraud or breach of employee duties), the five (5) day notice period shall not apply, provided further, however, that Agent shall immediately notify Merchant of the basis for such "cause" so that Merchant can arrange for termination of such employee. From and after the date of this Agreement and until the Sale Termination Date, Merchant shall not transfer or dismiss employees of the Stores except "for cause" without Agent's prior consent. Notwithstanding the foregoing, Agent shall not have the right to terminate the actual employment of any employee, but rather may only cease using such employee in the Sale and paying any Expenses with respect to such employee.

9.3 Payroll Matters. During the Sale Term, Merchant shall process the base payroll for all Retained Employees and any former employees and temporary labor retained by Agent. Each Tuesday (or such other date as may be reasonably requested by Merchant to permit the funding of the payroll accounts before such payroll is due and payable) during the Sale Term, Merchant shall transfer, or to the extent that the Payment Date has passed, Agent shall transfer, to Merchant's payroll accounts an amount equal to the base payroll for Retained Employees plus related payroll taxes, worker's compensation and benefits for such week which constitute Expenses hereunder.

9.4 Employee Retention Bonuses. Agent shall have the right to elect to pay, as an Expense, retention bonuses (each a "Retention Bonus") (which bonuses shall be inclusive of payroll taxes but as to which no benefits shall be payable), up to a maximum of 10% of base payroll, for all Retained Employees who do not voluntarily leave employment and are not terminated "for cause". Subject only to limitation of 10% of base payroll, the actual amount to be paid shall be in an amount to be determined by Agent, in its discretion, and shall be payable within thirty (30) days after the Sale Termination Date, and shall be processed through Merchant's payroll system. Agent shall provide Merchant with a copy of Agent's Retention Bonus plan within two (2) business days after the Sale Commencement Date.

Section 10. Conditions Precedent and Subsequent. The willingness of Agent and Merchant to enter into the transactions contemplated under this Agreement are directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by the applicable party:

(a) All representations and warranties of Merchant and Agent hereunder shall be true and correct in all material respects and no Event of Default (as defined herein) shall have occurred at and as of the date hereof and as of the Sale Commencement Date.

(b) Merchant shall have obtained any necessary consent to the Sale from its secured lenders.

(c) Merchant shall have obtained any necessary permits to conduct the Sale.

(d) Merchant shall have obtained entry of the Interim Order on or before January 20, 2010.

(e) Merchant shall have obtained entry of the Approval Order on or before February 2, 2010.

Section 11. Representations and Warranties.

11.1 Merchant's Representations, Warranties Covenant, and Agreements. Merchant hereby represents, warrants, covenants, and agrees in favor of Agent as follows:

(a) Merchant: (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its organization stated above; (ii) has all requisite power and authority to own, lease and operate its assets and properties and to carry on its business as presently conducted; and (iii) is and during the Sale Term will continue to be duly authorized and qualified as a foreign company to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including the jurisdiction in which the Stores are located.

(b) Merchant has the right, power and authority to execute and deliver this Agreement and each other document and agreement contemplated hereby (collectively, together with this Agreement, the "Agency Documents") and to perform fully its obligations thereunder. Merchant has taken all necessary actions required to authorize the execution, delivery and performance of the Agency Documents, and no further consent or approval is required for Merchant to enter into and deliver the Agency Documents, to perform its obligations thereunder, and to consummate the Sale. Each of the Agency Documents has been duly executed and delivered by Merchant and constitutes the legal, valid and binding obligation of Merchant enforceable in accordance with its terms. No court order or decree of any federal, state or local governmental authority or regulatory body is in effect that would prevent or impair, or is required for Merchant's consummation of, the transactions contemplated by this Agreement, and no consent of any third party which has not been obtained is required therefor. No contract or other agreement to which Merchant is a party or by which Merchant is otherwise bound will prevent or impair the consummation of the Sale and the other transactions contemplated by this Agreement.

(c) Merchant owns and will own at all times during the Sale Term, good and marketable title to all of the Merchandise and Owned FF&E to be included in the Sale free and clear of all liens, claims and encumbrances of any nature, other than the liens listed on Exhibit 11.1(c) and any applicable statutory liens. Merchant shall not create, incur, assume or suffer to exist any security interest, lien or other charge or encumbrance upon or with respect to any of the Merchandise, Owned FF&E or the Proceeds (including any proceeds from the sale of Owned FF&E) other than as provided for herein (including those listed on Exhibit 11.1(c)). Any Approval Order shall provide that all such liens shall be transferred to and attach only to the Guaranteed Amount or other amounts payable to Merchant hereunder.

(d) Merchant has maintained its pricing files (including the Inventory File) in the ordinary course of business, and prices charged to the public for goods (whether in-Store, by advertisement or otherwise) are the same in all material respects as set forth in such pricing files for the periods indicated therein (without consideration of any point of sale markdown). All pricing files and records (including the Inventory File) requested by Agent relative to the Merchandise have been and will continue to be made available to Agent. All such pricing files and records (including Inventory File) are and shall continue to be true and accurate in all material respects as to the actual cost to Merchant for purchasing the goods referred to therein and as to the selling price to the public for such goods as of the dates and for the periods indicated therein.

Merchant represents that (a) the ticketed prices of all items of Merchandise do not and shall not include any Sales Taxes and (b) all registers located at the Stores are programmed to correctly compute all Sales Taxes required to be paid by the customer under applicable law, as such calculations have been identified to Merchant by its retained service provider.

(e) Other than the disclosures made to Agent on January 11, 2010, Merchant has not since December 15, 2009 marked up or raised, and shall not up to the Sale Commencement Date, mark up or raise the price of any items of Merchandise, or removed or altered any tickets or any indicia of clearance, supervalue, closeout or reduced price merchandise.

(f) Merchant shall ticket or mark all items of inventory received at the Stores prior to and after the Sale Commencement Date in a manner consistent with similar inventory located at the Stores and in accordance with Merchant's historic practices and policies relative to pricing and marking inventory.

(g) Other than the disclosures made to Agent on January 11, 2010, since December 15, 2009, Merchant has not and shall not purchase or transfer to or from the Stores any merchandise or goods outside the ordinary course, except as otherwise set forth herein.

(h) Other than the disclosures made to Agent on January 11, 2010, except as may be restricted by virtue of Merchant's bankruptcy filing, Merchant covenants to continue to operate the Stores in the ordinary course of business from the date of this Agreement to the Sale Commencement Date, in that (i) Merchant shall continue selling inventory during such period at customary prices, (ii) Merchant shall not promote or advertise any sales or in-store promotions (including POS promotions) to the public except for Merchant's historic and customary promotions for all of its locations, (iii) Merchant shall not return inventory to vendors and, shall not transfer Merchandise or Supplies between or among Stores, (iv) Merchant shall not make any management personnel moves or changes at the Stores without Agent's prior consent (which consent will not be unreasonably withheld), and (v) Merchant shall continue to handle return to vendor, to be repaired and damaged merchandise in the ordinary course.

(i) No action, arbitration, suit, notice, or legal, administrative or other proceeding before any court or governmental body has been instituted by or against Merchant, or has been settled or resolved, or to Merchant's knowledge, is threatened against or affects Merchant, relative to Merchant's business or properties, or which questions the validity of this Agreement, or that if adversely determined, would adversely affect the conduct of the Sale.

(j) To the best of Merchant's knowledge, all Merchandise is in compliance with all applicable federal, state, or local product safety laws, rules and standards. Merchant shall provide Agent with its historic policies and practices regarding product recalls prior to the Sale Commencement Date.

(k) Throughout the Sale Term, Agent shall have the right to the uninterrupted use and occupancy of, and peaceful and quiet possession of the Stores, the assets currently located at the Stores, and the services provided at the Stores. Merchant shall throughout the Sale Term maintain in good working order, condition and repair, at its sole expense (except to the extent such amounts are included in Occupancy Expenses), all cash registers, heating systems, air conditioning systems, elevators, escalators, Store alarm systems, and all other mechanical devices used in the ordinary course of operation of the Stores.

(l) Except any amounts owing as of the commencement of the bankruptcy case, Merchant has paid and will continue to pay, subject to Agent's obligations under Section 4.1, throughout the Sale Term, (i) all self-insured or Merchant funded employee benefit programs for employees, including health and medical benefits and insurance and all proper claims made or to be made in accordance with such programs, (ii) all casualty, liability, workers' compensation and other insurance premiums, (iii) all utilities provided to the Stores, and (iv) all applicable taxes.

(m) Merchant has not and shall not throughout the Sale Term take any actions the result of which is to increase the Expenses of the Sale, including, without limitation, increasing salaries or other amounts payable to employees.

(n) Merchant is not a party to any collective bargaining agreements with its employees at the Stores and, to the best of Merchant's knowledge; no labor unions represent Merchant's employees at the Stores.

(o) All information provided by Merchant to Agent in the course of Agent's due diligence and preparation and negotiation of this Agreement (including information as to the Store inventories and operating expenses) is as of the date hereof and shall remain true and accurate in all material respects.

(p) As of the Sale Commencement Date, the aggregate Cost Value of the Merchandise divided by the aggregate Retail Price of the Merchandise (the "Cost Factor") shall be no greater than 77.0%. In the event the Cost Factor is greater than 77.0%, the Cost Value shall be adjusted as set forth on Exhibit 11.1(p) hereto. If an item of Merchandise has more than one Retail Price, the lowest Retail Price shall prevail for such item or for all such items within the same SKU at the Store where such discrepancy was found, unless it is reasonably determined by Merchant and Agent that the applicable lowest price was mismarked or such item was priced because it was damaged or marked as "as is", in which case the lower price applies solely to that item.

(q) Merchant shall not sell or transfer supplies to any third party from the Stores or Distribution Center so as to alter the mix or quantity of supplies at the Stores from that existing on the date hereof, other than in the ordinary course of business.

(r) The removal of any sale stickers or other markings indicating items are on sale from the Merchandise prior to the applicable Sale

Commencement Date for each Store, if any, will be done in the ordinary course of Merchant's business.

11.2 Agent's Representations and Warranties. Agent hereby represents, warrants and covenants in favor of Merchant as follows:

(a) Agent: (i) is validly existing and in good standing under the laws of the state of its organization; (ii) has all requisite power and authority to consummate the transactions contemplated hereby; and (iii) is and during the Sale Term will continue to be, duly authorized and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification.

(b) Agent has the right, power and authority to execute and deliver each of the Agency Documents to which it is a party and to perform fully its obligations thereunder. Agent has taken all necessary actions required to authorize the execution, delivery, and performance of the Agency Documents, and no further consent or approval is required on the part of Agent for Agent to enter into and deliver the Agency Documents and to perform its obligations thereunder. Each of the Agency Documents has been duly executed and delivered by Agent and constitutes the legal, valid and binding obligation of Agent enforceable in accordance with its terms. No court order or decree of any federal, state or local governmental authority or regulatory body is in effect that would prevent or impair or is required for Agent's consummation of the transactions contemplated by this Agreement, and no consent of any third party which has not been obtained is required therefor. No contract or other agreement to which Agent is a party or by which Agent is otherwise bound will prevent or impair the consummation of the transactions contemplated by this Agreement.

(c) No action, arbitration, suit, notice, or legal administrative or other proceeding before any court or governmental body has been instituted by or against Agent, or has been settled or resolved, or to Agent's knowledge, has been threatened against or affects Agent, which questions the validity of this Agreement or any action taken or to be taken by Agent in connection with this Agreement, or which if adversely determined, would have a material adverse effect upon Agent's ability to perform its obligations under this Agreement.

Section 12. Insurance.

12.1 Merchant's Liability Insurance. Merchant shall continue at its cost and expense until the Sale Termination Date, in such amounts as it currently has in effect, all of its liability insurance policies including, but not limited to, products liability, comprehensive public liability, auto liability and umbrella liability insurance, covering injuries to persons and property in, or in connection with Merchant's operation of the Stores, and shall cause Agent to be named an additional named insured with respect to all such policies. Prior to the Sale Commencement Date, Merchant shall deliver to Agent certificates evidencing such insurance setting forth the duration thereof and naming Agent as an additional named insured, in form reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days' prior notice to Agent of cancellation, non-renewal or

material change. In the event of a claim under any such policies Merchant shall be responsible for the payment of all deductibles, retention's or self-insured amounts thereunder, unless it is determined that liability arose by reason of the wrongful acts or omissions or negligence of Agent, or Agent's employees, independent contractors or agents (other than Merchant's employees).

12.2 Merchant's Casualty Insurance. Merchant will provide throughout the Sale Term fire, flood, theft and extended coverage casualty insurance covering the Merchandise in a total amount equal to no less than the cost value thereof. In the event of a loss to the Merchandise on or after the date of this Agreement, the proceeds of such insurance attributable to the Merchandise plus any self insurance amounts and the amount of any deductible (which amounts shall be paid by Merchant), shall constitute Proceeds hereunder and shall be paid to Agent. Prior to the Sale Commencement Date, Merchant shall deliver to Agent certificates evidencing such insurance setting forth the duration thereof, in form and substance reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days prior notice to Agent of cancellation, non-renewal or material change. Merchant shall not make any change in the amount of any deductibles or self-insurance amounts prior to the Sale Termination Date without Agent's prior written consent.

12.3 Worker's Compensation Insurance. Merchant shall at all times during the Sale Term maintain in full force and effect worker's compensation insurance (including employer liability insurance) covering all Retained Employees in compliance with all statutory requirements. Prior to the Sale Commencement Date, Merchant shall deliver to Agent a certificate of its insurance broker or carrier evidencing such insurance.

12.4 Agent's Insurance. Agent shall maintain at Agent's cost as an Expense hereunder throughout the Sale Term, in such amounts as it currently has in effect, comprehensive public liability and automobile liability insurance policies covering injuries to persons and property in or in connection with Agent's agency at the Stores, and shall cause Merchant to be named an additional insured with respect to such policies. Prior to the Sale Commencement Date, Agent shall deliver to Merchant certificates evidencing such insurance policies, setting forth the duration thereof and naming Merchant as an additional insured, in form and substance reasonable satisfactory to Merchant. In the event of a claim under such policies Agent shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, to the extent said claim arises from or relates to the alleged acts or omissions of Agent or Agent's employees, agents or independent contractors).

12.5 Risk of Loss. Without limiting any other provision of this Agreement, Merchant acknowledges that Agent is conducting the Sale on behalf of Merchant solely in the capacity of an agent, and that in such capacity (i) Agent shall not be deemed to be in possession or control of the Stores or the assets located therein or associated therewith, or of Merchant's employees located at the Stores, and (ii) except as expressly provided in this Agreement, Agent does not assume any of Merchant's obligations or liabilities with respect to any of the foregoing. Merchant and Agent agree

that Merchant shall bear all responsibility for liability claims of customers, employees and other persons arising from events occurring at the Stores during and after the Sale Term, except to the extent any such claim arises directly from the acts or omissions of Agent, or its supervisors or employees located at the Stores (an "Agent Claim"). In the event of any such liability claim other than an Agent Claim, Merchant shall administer such claim and shall present such claim to Merchant's liability insurance carrier in accordance with Merchant's historic policies and procedures, and shall provide a copy of the initial documentation relating to such claim to Agent. To the extent that Merchant and Agent agree that a claim constitutes an Agent Claim, Agent shall administer such claim and shall present such claim to its liability insurance carrier, and shall provide a copy of the initial documentation relating to such claim to Merchant. In the event that Merchant and Agent cannot agree whether a claim constitutes an Agent Claim, each party shall present the claim to its own liability insurance carrier, and a copy of the initial claim documentation shall be delivered to the other party.

Section 13. Indemnification.

13.1 Merchant Indemnification. Merchant shall indemnify and hold Agent and its officers, directors, employees, agents and independent contractors (collectively, "Agent Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from, or related to:

(a) Merchant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document;

(b) any failure of Merchant to pay to its employees any wages, salaries or benefits due to such employees during the Sale Term;

(c) subject to Agent's compliance with its obligations under Section 8.3 hereof, any failure by Merchant to pay any Sales Taxes to the proper taxing authorities or to properly file with any taxing authorities any reports or documents required by applicable law to be filed in respect thereof;

(d) any liability or other claims asserted by customers, any of Merchant's employees, or any other person against any Agent Indemnified Party (including, without limitation, claims by employees arising under collective bargaining agreements, worker's compensation or under the WARN Act), except for Agent Claims; and

(e) the negligence or willful misconduct of Merchant or any of its officers, directors, employees, agents or representatives.

13.2 Agent Indemnification. Agent shall indemnify and hold Merchant and its officers, directors, employees, agents and representatives harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation,

reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from, or related to:

- (a) Agent's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document;
- (b) any harassment or any other unlawful, tortious or otherwise actionable treatment of any employees or agents of Merchant by Agent or any of its representatives;
- (c) any claims by any party engaged by Agent as an employee or independent contractor arising out of such employment;
- (d) any Agent Claims; and
- (e) the negligence or willful misconduct of Agent or any of its officers, directors, employees, agents or representatives.

Section 14. Defaults. The following shall constitute "Events of Default" hereunder:

- (a) Merchant's or Agent's failure to perform any of their respective material obligations hereunder, which failure shall continue uncured ten (10) days after receipt of written notice thereof to the defaulting party;
- (b) Any representation or warranty made by Merchant or Agent proves untrue in any material respect as of the date made and throughout the Sale Term;
- (c) The failure to obtain the entry of an Interim Order on the docket on or before January 20, 2010, which order is not subject to a stay or an application for a stay.
- (d) The failure to obtain the entry of an Approval Order on the docket on or before February 2, 2010, which order is not subject to a stay or an application for a stay.
- (e) The Sale is terminated or materially interrupted or impaired at the Stores for any reason other than (i) an Event of Default by Agent, or (ii) any other material breach or action by Agent not authorized hereunder.

In the event of an Event of Default, the non-defaulting party may, in its discretion, elect to terminate this Agreement upon seven (7) business days' written notice to the other party.

Section 15. Security Interest. Without limiting the Agent's offset rights under Section 3.3(d) above, if any, in consideration of Agent's payment of the Guaranteed Amount Deposit, Expenses and the provision of services hereunder to Merchant, the

Approval Order shall grant to Agent, effective as of the Payment Date, a valid and perfected first priority security interest in and lien upon the Merchandise, Agent's disposition commission related to Owned FF&E as provided for in Section 16.10, the Agent's commission regarding the sale or other disposition of Merchant Consignment Goods under Section 5.5 hereof, and the Proceeds to secure all obligations of Merchant to Agent hereunder, junior only to (a) an amount equal to the unpaid portion of the Guaranteed Amount and (b) any amount owed by Agent to Merchant for Expenses without the necessity of filing financing statements to perfect the security interests. Merchant shall execute all such documents and take all such other actions as are reasonably required to perfect and maintain such security interest as a valid and perfected first priority security interest.

Section 16. Miscellaneous.

16.1 Intentionally Omitted.

16.2 Notices. All notices and communications provided for pursuant to this Agreement shall be in writing, and sent by hand, by facsimile, or a recognized overnight delivery service, as follows:

If to Agent: HILCO MERCHANT RESOURCES, LLC
5 Revere Drive, Suite 206
Northbrook, IL 60062
Attn: Joseph Malfitano
Tel: 847-504-3257
Fax: 847-897-0868

If to Merchant: Rogin Nassau LLC
CityPlace I - 22nd Floor
185 Asylum Street
Hartford, CT 06103-3460
Attn: Barry S. Feigenbaum
Tel: (860) 256-6341
Fax (860) 278-2179

If to Lender's Agent: Bingham McCutchen LLP
One State Street
Hartford, CT 06103-3178
Attn: Bruce Silvers
Tel: 860.240.2943
Fax: 860.240.2561

16.3 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Connecticut without regard to conflicts of laws principles thereof.

16.4 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect thereto.

16.5 Amendments. This Agreement may not be modified except in a written instrument executed by each of the parties hereto, including Lender Agent. Lender Agent shall be deemed to be a third party beneficiary of Merchant hereunder.

16.6 No Waiver. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

16.7 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Agent and Merchant, and their respective successors and assigns including, but not limited to, any chapter 11 or chapter 7 trustee.

16.8 Execution in Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one agreement. This Agreement may be executed by facsimile, electronic transmission and such facsimile or electronic transmission signature shall be treated as an original signature hereunder.

16.9 Section Headings. The headings of sections of this Agreement are inserted for convenience only and shall not be considered for the purpose of determining the meaning or legal effect of any provisions hereof.

16.10 FF&E. With respect to the FF&E owned by the Merchant (the "Owned FF&E") and located at the Stores and Distribution Center, Agent shall sell the Owned FF&E in any such Stores and Distribution Center. The Agent be entitled to receive a commission equal to seventeen and one half of one percent (17.5%) of the gross proceeds from the sale of such Owned FF&E (net only of sales taxes); provided, however, the Merchant shall be responsible for payment of expenses incurred in connection with the disposition of the Owned FF&E in accordance with a budget to be mutually agreed upon between the Merchant and the Agent. As of the Sale Termination Date, the Agent may abandon, in place, any unsold Owned FF&E, at the Stores and Distribution Center.

16.11 Agent. All references to "Agent" hereunder shall mean Hilco Merchant Resources, LLC.

16.12 Merchant. All references to Merchant shall mean Bernie's Audio Video TV Appliances Co. Inc. or any chapter 11 or 7 trustee managing the affairs of Bernie's Audio Video TV Appliances Co. Inc.

16.13 Survival. All representations, warranties, covenants and agreements made by the parties hereto shall be continuing, shall be considered to have been relied upon by the parties and shall survive the execution, delivery and performance of this Agreement.

16.14 Lender Agent Consent. Any provision requiring the consent, agreement or approval of Merchant shall also require the consent, agreement or approval of Lender Agent and any documents required to be sent to Merchant or Agent shall also be sent to Lender Agent.

IN WITNESS WHEREOF, Agent and Merchant hereby execute this Agreement by
their duly authorized representatives as of the day and year first written above.

HILCO MERCHANT RESOURCES, LLC

By:

Title:

BERNIE'S AUDIO VIDEO TV
APPLIANCES CO. INC. on behalf of itself
and its direct and indirect subsidiaries

By:

Its:

ACKNOWLEDGED AND AGREED TO
As Paragraphs 3.3, 8.6 and 15

CITIZENS BANK

By:

Its: