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

FORM 10-K

Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the fiscal year ended February 29, 2012

Commission file number 0-28839

VOXX INTERNATIONAL CORPORATION
(formerly Audiovox Corporation)
(Exact name of registrant as specified in its charter)

Delaware	**13-1964841**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
180 Marcus Blvd., Hauppauge, New York	**11788**
(Address of principal executive offices)	(Zip Code)

(631) 231-7750
(Registrant's telephone number, including area code)

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

Title of each class:	**Name of Each Exchange on which Registered**
Class A Common Stock $.01 par value	The Nasdaq Stock Market LLC

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

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

x

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

Large accelerated filer o Accelerated filer x Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in rule 12b-2 of the Act).

Yes o No x

The aggregate market value of the common stock held by non-affiliates of the Registrant was $122,414,751 (based upon closing price on the Nasdaq Stock Market on August 31, 2011).

The number of shares outstanding of each of the registrant's classes of common stock, as of May 14, 2012 was:

Class	Outstanding
Class A common stock $.01 par value	21,142,783
Class B common stock $.01 par value	2,260,954

DOCUMENTS INCORPORATED BY REFERENCE

Part III - (Items 10, 11, 12, 13 and 14) Proxy Statement for Annual Meeting of Stockholders to be filed on or before June 28, 2012.

AUDIOVOX CORPORATION
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CAUTIONARY STATEMENT RELATING TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, and the information incorporated by reference contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend those forward looking-statements to be covered by the safe harbor provisions for forward-looking statements. All statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. Any such forward-looking statements are based on current expectations, estimates, and projections about our industry and our business. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," or variations of those words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those stated in or implied by any forward-looking statements. Factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, matters listed in Item 1A under “Risk Factors” of this annual report. The Company assumes no obligation and does not intend to update these forward-looking statements.

NOTE REGARDING DOLLAR AMOUNTS AND FISCAL YEAR

In this annual report, all dollar amounts are expressed in thousands, except for share prices and per-share amounts. Unless specifically indicated otherwise, all amounts and percentages in our Form 10-K are exclusive of discontinued operations.

The Company’s current fiscal year began March 1, 2011 and ended February 29, 2012.

PART I

Item 1-Business

Effective December 1, 2011, Audiovox Corporation changed its name to VOXX International Corporation (“Voxx," “We," "Our," "Us" or “Company"). The Company believes that the name VOXX International would be a name that better represents the widely diversified interests of the Company, and the more than 30 global brands it has acquired and grown throughout the years, achieving a powerful international corporate image and creating a vehicle for each of these respective brands to emerge with its own identity. Voxx is a leading international distributor in the accessory, mobile and consumer electronics industries. We conduct our business through eighteen wholly-owned subsidiaries: American Radio Corp., Audiovox Electronics Corporation (“AEC”), Audiovox Accessories Corp. (“AAC”), Audiovox Consumer Electronics, Inc. (“ACE”), Audiovox German Holdings GmbH (“Audiovox Germany”), Audiovox Venezuela, C.A., Audiovox Canada Limited, Audiovox Hong Kong Ltd., Audiovox International Corp., Audiovox Mexico, S. de R.L. de C.V. (“Audiovox Mexico”), Technuity, Inc., Code Systems, Inc., Oehlbach Kabel GmbH ("Oehlbach"), Schwaiger GmbH (“Schwaiger”), Invision Automotive Systems, Inc. (“Invision”), Klipsch Holding LLC ("Klipsch"), Omega Research and Development, LLC ("Omega") and Audiovox Websales LLC. We market our products under the Audiovox® brand name, other brand names and licensed brands, such as Acoustic Research®, Advent®, Ambico®, Car Link®, Chapman®, Code-Alarm®, Discwasher®, Energizer®, Energy®, Heco®, Incaar™, Invision®, Jamo®, Jensen®, Klipsch®, Mac Audio™, Magnat®, Mirage®, Movies2Go®, Oehlbach®, Omega®, Phase Linear®, Prestige®, Pursuit®, RCA®, RCA Accessories®, Recoton®, Road Gear®, Schwaiger®, Spikemaster® and Terk®, as well as private labels through a large domestic and international distribution network. We also function as an OEM ("Original Equipment Manufacturer") supplier to several customers and presently have one reportable segment (the "Electronics Group"), which is organized by product category.

Audiovox was incorporated in Delaware on April 10, 1987, as successor to a business founded in 1960 by John J. Shalam, our Chairman and controlling stockholder. Our extensive distribution network and long-standing industry relationships have allowed us to benefit from growing market opportunities and emerging niches in the electronics business.

We make available financial information, news releases and other information on our web site at www.voxxintl.com. There is a direct link from the web site to the Securities and Exchange Commission's ("SEC") filings web site, where our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge as soon as reasonably practicable after we file such reports and amendments with, or furnish them to, the SEC. In addition, we have adopted a Code of Business Conduct and Ethics which is available free of charge upon request. Any such request should be directed to the attention of: Chris Lis Johnson, Company Secretary, 180 Marcus Boulevard, Hauppauge, New York 11788, (631) 231-7750.

Acquisitions

We have recently acquired and continue to integrate the following acquisitions, discussed below, into our existing business structure:

On March 14, 2012, Voxx International (Germany) GmbH, a wholly owned subsidiary of Voxx, completed its acquisition of Car Communication Holding GmbH and its worldwide subsidiaries ("Hirschmann") for a total purchase price of approximately $111 million (based on the rate of exchange as of the close of business on the closing date) plus related transaction fees, expenses and working capital adjustments. The Company purchased all of the issued and outstanding shares of Hirschmann from the selling shareholders. Hirschmann is a recognized tier-1 supplier of communications and infotainment solutions, primarily to the automotive industry, and counts among its global customers Audi, BMW, DAF, Daimler, PSA, Renault, and Volkswagen Group, among others. Hirschmann delivers technologically advanced automotive antenna systems and automotive digital TV tuner systems and is recognized throughout the industry for its commitment to innovation, having developed the world's first analog to digital tuner and the first digital TV tuner for the Chinese market.

On March 1, 2011, Soundtech LLC, a Delaware limited liability company and wholly-owned subsidiary of Voxx, acquired all of the issued and outstanding shares of Klipsch Group, Inc. and its worldwide subsidiaries (“Klipsch”) for a total purchase price of $169.6 million including contingent consideration of $2.2 million as a result of a contractual agreement with a former principal shareholder, plus related transaction fees and expenses. Klipsch is a global provider of high-end speakers for audio, multi-media and home theater applications. The acquisition of Klipsch adds world-class brand names to Voxx's offerings, increases its distribution network, both domestically and abroad, and provides the Company with entry into the high-end installation market at both the residential and commercial installation market. In addition to the Klipsch® brand, the Klipsch portfolio includes Jamo®, Mirage®, and Energy®.

Prior to Fiscal 2012, the Company expanded its market presence by acquiring and fully integrating the following businesses:

In February 2010, the Company’s subsidiary, Invision Automotive Systems, Inc. completed the acquisition of the assets of Invision Industries, Inc., a leading manufacturer of rear seat entertainment systems to Original Equipment Manufacturers ("OEM"’s), Toyota port facilities, and car dealers. The purpose of this acquisition was to increase our R&D capabilities, add a manufacturing facility to our business structure and augment our OE group.

In October 2009, Audiovox German Holdings GmbH completed the acquisition of certain assets of Schwaiger GmbH, a German market leader in the consumer electronics, SAT and receiver technologies. The purpose of this acquisition was to expand our European operations and increase our presence in the European accessory market.

In December 2007, the Company completed the acquisition of certain assets and liabilities of Thomson’s U.S., Canada, Mexico, China and Hong Kong consumer electronics audio/video business, as well as the rights to the RCA brand for the audio/video field of use. Contemporaneous with this transaction, the Company entered into a license agreement with Multimedia Device Ltd., a Chinese manufacturer, to market certain product categories acquired.

In November 2007, AAC completed the acquisition of all of the outstanding stock of Technuity, Inc., an emerging leader in the battery and power products industry and the exclusive licensee of the Energizer® brand in North America for rechargeable batteries and battery packs for camcorders, cordless phones, digital cameras, DVD players and other power supply devices.

In August 2007, Audiovox Germany acquired certain assets of Incaar Limited, a U.K. business that specializes in rear seat electronics systems.

In March 2007, Audiovox Germany acquired the stock of Oehlbach, a European market leader in the accessories business.

In January 2007, we acquired certain assets and liabilities of Thomson’s Americas consumer electronics accessory business which included the rights to the RCA Accessories brand for consumer electronics accessories.

Refer to Note 2 “Business Acquisitions” of the Notes to Consolidated Financial Statements for additional information regarding the Fiscal 2011 and Fiscal 2010 acquisitions.

Strategy

Our objective is to grow our business both organically and through strategic acquisitions. We will drive the business organically by continued product development in new and emerging technologies that should increase gross margins, and improve operating income. We are focused on expanding sales both domestically and internationally and broadening our customer and partner base as we bring these new products to our target markets. In addition, we plan to continue to acquire synergistic companies that would allow us to leverage our overhead, penetrate new markets and expand existing product categories.

The key elements of our strategy are as follows:

Capitalize on the VOXX family of brands. We believe the "VOXX" portfolio of brands is one of our greatest strengths and offers us significant opportunity for increased market penetration. Today, VOXX International has over 30 global brands in its portfolio, which provides the Company with the ability to bring to market products under brands that consumers know to be quality. In addition, with such a wide brand portfolio, we can manage channels and sell into multiple outlets as well as leverage relationships with distributors, retailers, aftermarket car dealers and expeditors, and to global Original Equipment Manufacturers (OEMs). Finally, we are open to opportunities to license some of the brands as an additional use of the brands and growth strategy.

Capitalize on niche product and distribution opportunities in our target markets. Throughout our history, we have used our extensive distribution and supply networks to capitalize on niche product and distribution opportunities in the mobile electronics, consumer and accessory electronics and high-end audio categories. We will continue that focus as we remain committed to innovation, developing products internally and through our outsourced technology and manufacturing partners to provide our customers with products that are in demand by consumers.

Combine new, internal manufacturing capabilities with our proven outsourced manufacturing with industry partners. For years, VOXX International has employed an outsourced manufacturing strategy that has enabled the Company to deliver the latest technological advances without the fixed costs associated with manufacturing. With recent acquisitions, the Company now has added manufacturing capabilities to produce select product lines, such as high-end speakers, rear-seat entertainment systems and digital TV tuners and antennas. This blend of internal and outsourced manufacturing enables the Company to drive innovation, control product quality and speed time-to-market.

Leverage our domestic and international distribution network. We believe that today VOXX International has the most expansive distribution network in its history. Our distribution network, which includes power retailers, mass merchandisers, distributors, professional and commercial installation channels, car dealers and OEM's will allow us to increase our market penetration. Recently, we have expanded into new channels, such as drug store, hardware and furniture chains.

Grow our international presence. We continue to expand our international presence in Europe through our subsidiaries in Germany, as well as operations in Canada, Mexico, Venezuela and Hong Kong. We also continue to export from our domestic operations in the United States. Through our most recent acquisition of Klipsch we have expanded our presence throughout Europe, the Asia Pacific region and in select emerging markets.

Pursue strategic and complementary acquisitions. We continue to monitor economic and industry conditions in order to evaluate potential synergistic business acquisitions that would allow us to leverage overhead, penetrate new markets and expand our existing business distribution. Over the past several years, the Company has employed an M&A strategy to build its brand portfolio and enhance its product offering in higher margin product categories, while at the same time, exiting lower margin and commoditized product lines; resulting in improved bottom-line performance. The Company is focused on continuing to grow organically, but may pursue opportunistic acquisitions within the areas of mobile electronics, primarily with OEM accounts, consumer electronics and accessories and high-end audio.

Improve bottom-line performance and generate sustainable shareholder returns. The Company has instituted an aggressive strategy in recent years to shift its product mix to higher-margin product categories, while controlling costs and strategically investing in its infrastructure. All of these collective changes have resulted in higher gross profit margins and in recent periods, higher operating and net income. The Company remains focused on growing its business organically, continuing to grow its gross profit margins and leveraging its fixed overhead structure to generate sustainable returns for its shareholders.

Industry

We participate in selected product categories in the mobile, consumer and accessory electronics markets. The mobile and consumer electronics and accessory industries are large and diverse and encompass a broad range of products. This industry offers the ability to specialize in niche product markets. The introduction of new products and technological advancements are the major growth drivers in the electronics industry. Based on this, we continue to introduce new products across all product lines, with an increased focus on niche product offerings.

Products

The Company currently reports sales data for the following two product categories:

Electronics products include:

- mobile multi-media video products, including in-dash, overhead and headrest systems,
- autosound products including radios, amplifiers and CD changers,
- satellite radios including plug and play models and direct connect models,
- automotive security and remote start systems,
- automotive power accessories,
- rear observation and collision avoidance systems,
- home and portable stereos,
- digital multi-media products such as personal video recorders and MP3 products,
- camcorders,
- clock-radios,
- digital voice recorders,
- premium loudspeakers,
- architectural speakers,
- commercial speakers,
- on-ear and in-ear headphones,
- soundbars, and
- portable DVD players.

Accessories products include:

- High-Definition Television (“HDTV”) antennas,
- Wireless Fidelity (“WiFi”) antennas,
- High-Definition Multimedia Interface (“HDMI”) accessories,
- home electronic accessories such as cabling,
- other connectivity products,
- power cords,
- performance enhancing electronics,
- TV universal remotes,
- flat panel TV mounting systems,
- iPod specialized products,
- wireless headphones,
- wireless speakers,
- rechargeable battery backups (UPS) for camcorders, cordless phones and portable video (DVD) batteries and accessories,
- power supply systems,
- electronic equipment cleaning products,
- personal sound amplifiers, and
- set-top boxes.

We believe our product groups have expanding market opportunities with certain levels of volatility related to domestic and international markets, new car sales, increased competition by manufacturers, private labels, technological advancements, discretionary consumer spending and general economic conditions. Also, all of our products are subject to price fluctuations, which could affect the carrying value of inventories and gross margins in the future.

Net sales by product category, gross profit and net assets are as follows:

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Electronics	$ 561,001	$ 415,167	$ 375,021
Accessories	146,061	146,505	175,674
Total net sales	$ 707,062	$ 561,672	$ 550,695
Gross profit	$ 202,955	$ 123,937	$ 106,751
Gross margin percentage	28.7%	22.1%	19.4%
Total assets	$ 634,179	$ 501,097	$ 488,978

Patents, Trademarks/Tradenames, Licensing and Royalties

The Company regards its trademarks, copyrights, patents, domain names, and similar intellectual property as important to its operations. It relies on trademark, copyright and patent law, domain name regulations, and confidentiality or license agreements to protect its proprietary rights. The Company has registered, or applied for the registration of, a number of patents, trademarks, domain names and copyrights by U.S. and foreign governmental authorities. Additionally, the Company has filed U.S. and international patent applications covering certain of its proprietary technology. The Company renews its registrations, which vary in duration, as it deems appropriate from time to time.

The Company has licensed in the past, and expects that it may license in the future, certain of its proprietary rights to third parties. Some of the Company's products are designed to include intellectual property licensed or otherwise obtained from third parties. While it may be necessary in the future to seek or renew licenses relating to various aspects of the Company's products, the Company believes, based upon past experience and industry practice, such licenses generally could be obtained on commercially reasonable terms; however, there is no guarantee such licenses could be obtained at all. We intend to operate in a way that does not result in willful infringement of the patent, trade secret and other intellectual property rights of other parties. Nevertheless, there can be no assurance that a claim of infringement will not be asserted against us or that any such assertion will not result in a judgment or order requiring us to obtain a license in order to make, use, or sell our products.

License and royalty programs offered to our manufacturers, customers and other electronic suppliers are structured using a fixed amount per unit or a percentage of net sales, depending on the terms of the agreement. Current license and royalty agreements have duration periods which range from 1 to 17 years or continue in perpetuity. Certain agreements may be renewed at termination of the agreement. The Company's license and royalty income is recorded upon sale and amounted to $2,239, $4,248 and $4,453 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

Distribution and Marketing

We sell our products to:

- power retailers,
- mass merchants,
- regional chain stores,
- specialty and internet retailers,
- independent 12 volt retailers,
- distributors,
- new car dealers,
- vehicle equipment manufacturers (OEM's),
- the U.S. military, and
- cinema operators.

We sell our products under OEM arrangements with domestic and/or international subsidiaries of automobile manufacturers such as Ford Motor Company, Chrysler, General Motors Corporation, Toyota, Kia, Mazda, BMW, Subaru, Nissan, Porsche and Bentley. These arrangements require a close partnership with the customer as we develop products to meet specific requirements. OEM products accounted for approximately 19%, 20% and 10% of net sales for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

Our five largest customers represented 26% of net sales during the year ended February 29, 2012, 30% for the year ended

February 28, 2011, and 36% for the year ended February 28, 2010. Wal-Mart accounted for more than 10% of the Company's sales for Fiscal 2011 and 2010, while Best Buy accounted for more than 10% of sales in Fiscal 2012 and 2010.

We also provide value-added management services, which include:

- product design and development,
- engineering and testing,
- sales training and customer packaging,
- in-store display design,
- installation training and technical support,
- product repair services and warranty,
- nationwide installation network,
- warehousing, and
- specialized manufacturing.

We have flexible shipping policies designed to meet customer needs. In the absence of specific customer instructions, we ship products within 24 to 48 hours from the receipt of an order from public warehouses, as well as owned and leased facilities throughout the United States, Canada, Mexico, Venezuela, China, Hong Kong, France, the Netherlands and Germany. The Company also employs a direct ship model from our suppliers for select customers upon their request.

Product Development, Warranty and Customer Service

Our product development cycle includes:

- identifying consumer trends and potential demand,
- responding to those trends through product design and feature integration, which includes software design, electrical engineering, industrial design and pre-production testing. In the case of OEM customers, the product development cycle may also include product validation to customer quality standards, and
- evaluating and testing new products in our own facilities to ensure compliance with our design specifications and standards.

Utilizing our company-owned and third party facilities in the United States, Europe and Asia, we work closely with customers and suppliers throughout the product design, testing and development process in an effort to meet the expectations of consumer demand for technologically-advanced and high quality products. Our Hauppauge, New York, Troy, Michigan and Orlando, Florida facilities are ISO/TS 16949:2009 and/or ISO 14001:2004 certified, which requires the monitoring of quality standards in all facets of business.

We are committed to providing product warranties for all of our product lines, which generally range from 90 days up to five years. The Company also provides warranties for certain vehicle security products for the life of the vehicle for the original owner. To support our warranties, we have independent warranty centers throughout the United States, Canada, Mexico, Central America, Puerto Rico, Europe and Venezuela. Our customer service group along with our Company websites, provide product information, answer questions and serve as technical hotlines for installation help for end-users and customers.

Suppliers

We work directly with our suppliers on industrial design, feature sets, product development and testing in order to ensure that our products are manufactured to our design specifications.

We purchase our products from manufacturers principally located in several Pacific Rim countries, including China, Hong Kong, Indonesia, Malaysia, South Korea, Taiwan and Singapore, as well as the United States, Canada, Mexico and Europe. In selecting our manufacturers, we consider quality, price, service, reputation, financial stability, and labor practices, disruptions, or shortages. In order to provide coordination and supervision of supplier performance such as price negotiations, delivery and quality control, we maintain buying and inspection offices in China and Hong Kong. We consider relations with our suppliers to be good and alternative sources of supply are generally available within 120 days. We do not have long-term contracts with our suppliers and we generally purchase our products under short-term purchase orders. Although we believe that alternative sources of supply are currently available, an unplanned shift to a new supplier could result in product delays and increased cost, which may have a material impact on our operations.

Competition

The electronics industry is highly competitive across all product categories, and we compete with a number of well-established companies that manufacture and sell similar products. Brand name, design, advancement of technology and features as well as price are the major competitive factors within the electronics industry. Our Mobile Electronic products compete against factory-supplied products, including those provided by, among others, General Motors, Ford and Chrysler. Our Mobile Electronic products also compete in the automotive aftermarket against major companies such as Sony, Panasonic, Kenwood, Directed Electronics, Autopage, Rosen, Myron and Davis, Coby, Phillips, Insignia, and Pioneer. Our Accessories and Consumer Electronics product lines compete against major companies such as Sony, Phillips, Coby, Emerson Radio, Jasco, Belkin, GPX, i-Live, Polk, Bose, B&W Skullcandy and Brats.

Financial Information About Foreign and Domestic Operations

The amounts of net sales and long-lived assets, attributable to foreign and domestic operations for all periods presented are set forth in Note 13 of the Notes to Consolidated Financials Statements, included herein.

Equity Investment

We have a 50% non-controlling ownership interest in Audiovox Specialized Applications, Inc. ("ASA") which acts as a distributor of televisions and other automotive sound, security and accessory products to specialized markets for specialized vehicles, such as, but not limited to, RV's, van conversions and marine vehicles.

Employees

As of February 29, 2012, we employed approximately 1,238 people worldwide, of which 42 were covered under collective bargaining agreements. We consider our relations with employees to be good as of February 29, 2012.

Item 1A-Risk Factors

We have identified certain risk factors that apply to us. You should carefully consider each of the following risk factors and all of the other information included or incorporated by reference in this Form 10-K. If any of these risks, or other risks not presently known to us or that we currently believe not to be significant, develop into actual events, then our business, financial condition, liquidity, or results of operations could be adversely affected. If that happens, the market price of our common stock would likely decline, and you may lose all or part of your investment.

Our success will depend on a less diversified line of business.

Currently, we generate substantially all of our sales from the Electronics and Accessories businesses. We cannot assure you that we can grow the revenues of our Electronics and Accessories businesses or maintain profitability. As a result, the Company's revenues and profitability will depend on our ability to maintain and generate additional customers and develop new products. A reduction in demand for our existing products and services would have a material adverse effect on our business. The sustainability of current levels of our Electronics and Accessories businesses and the future growth of such revenues, if any, will depend on, among other factors:

- the overall performance of the economy and discretionary consumer spending,
- competition within key markets,
- customer acceptance of newly developed products and services, and
- the demand for other products and services.

We cannot assure you that we will maintain or increase our current level of revenues or profits from the Electronics and Accessories businesses in future periods.

The Electronics and Accessories businesses are highly competitive and face significant competition from Original Equipment Manufacturers (OEMs) and direct imports by our retail customers.

The market for consumer electronics and accessories is highly competitive across all product lines. We compete against many established companies who have substantially greater financial and engineering resources than we do. We compete directly with OEMs, including divisions of well-known automobile manufacturers, in the autosound, auto security, mobile video and accessories industry. We believe that OEMs have diversified and improved their product offerings and place increased sales pressure on new car dealers with whom they have close business relationships to purchase OEM-supplied equipment and accessories. To the extent that OEMs succeed in their efforts, this success would have a material adverse effect on our sales of automotive entertainment

and security products to new car dealers. In addition, we compete with major retailers who may at any time choose to direct import products that we may currently supply.

Sales category dependent on economic success of automotive industry.

A portion of our OEM sales are to automobile manufacturers. In the past, some domestic OEM manufacturers have reorganized their operations as a result of general economic conditions. There is no guarantee that additional automobile manufacturers will not face similar reorganizations in the future. If additional reorganizations do take place and are not successful, it could have a material adverse effect on a portion of our OEM business.

We do not have long-term sales contracts with any of our customers.

Sales of our products are made by written purchase orders and are terminable at will by either party. The unexpected loss of all or a significant portion of sales to any one of our large customers could have a material adverse effect on our performance.

We depend on a small number of key customers for a large percentage of our sales

The electronics industry is characterized by a number of key customers. Specifically 26%, 30% and 36% of our sales were to five customers in Fiscal 2012, 2011 and 2010, respectively. The loss of one or more of these customers could have a material adverse impact on our business.

Sales in our Electronics and Accessories businesses are dependent on new products, product development and consumer acceptance.

Our Electronics and Accessories businesses depend, to a large extent, on the introduction and availability of innovative products and technologies. If we are not able to continually introduce new products that achieve consumer acceptance, our sales and profit margins may decline.

Since we manufacture a small portion of our products, we depend on our suppliers to provide us with adequate quantities of high quality competitive products on a timely basis.

We manufacture a small portion of our products, with most imported from suppliers. We do not have long-term contracts with our suppliers, and as a result, order under short-term purchase orders with most of our suppliers. Most of our products are imported from suppliers under short-term purchase orders. Accordingly, we can give no assurance that:

- our supplier relationships will continue as presently in effect,
- our suppliers will not become competitors,
- our suppliers will be able to obtain the components necessary to produce high-quality, technologically-advanced products for us,
- we will be able to obtain adequate alternatives to our supply sources, should they be interrupted,
- if obtained, alternatively sourced products of satisfactory quality would be delivered on a timely basis, competitively priced, comparably featured or acceptable to our customers,
- our suppliers have sufficient financial resources to fulfill their obligations,
- our suppliers will be able to obtain raw materials and labor necessary for production, and
- our suppliers could be impacted by natural disasters directly or via their supply chains.

On occasion, our suppliers have not been able to produce the quantities of products that we desire. Our inability to supply sufficient quantities of products that are in demand could reduce our profitability and have a material adverse effect on our relationships with our customers. If any of our supplier relationships were terminated or interrupted, we could experience an immediate or long-term supply shortage, which could have a material adverse effect on our business.

The impact of future selling prices and technological advancements may cause price erosion and adversely impact our profitability and inventory value

Since we manufacture a small portion of our products and do not conduct a majority of our own research, we cannot assure you that we will be able to source technologically advanced products in order to remain competitive. Furthermore, the introduction or expected introduction of new products or technologies may depress sales of existing products and technologies. This may result in declining prices and inventory obsolescence. Since we maintain a substantial investment in product inventory, declining prices and inventory obsolescence could have a material adverse effect on our business and financial results.

Our estimates of excess and obsolete inventory may prove to be inaccurate, in which case the provision required for excess and obsolete inventory may be understated or overstated. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the value of our inventory and operating results.

There is no guarantee that patent/royalty rights will be renewed or licensing agreements will be maintained

Certain product development and revenues are dependent on the ownership and or use of various patents, licenses and license agreements. If the Company is not able to successfully renew or renegotiate these rights, we may suffer from a loss of product sales or royalty revenue associated with these rights or incur additional expense to pursue alternative arrangements.

Because we purchase a significant amount of our products from suppliers in Pacific Rim countries, we are subject to the economic risks associated with inherent changes in the social, political, regulatory and economic conditions in these countries.

We import most of our products from suppliers in the Pacific Rim. Countries in the Pacific Rim have experienced significant social, political and economic upheaval over the past several years. Due to the large concentrations of our purchases in Pacific Rim countries, particularly China, Hong Kong, South Korea, Malaysia and Taiwan, any adverse changes in the social, political, regulatory and economic conditions in these countries may materially increase the cost of the products that we buy from our foreign suppliers or delay shipments of products, which could have a material adverse effect on our business. In addition, our dependence on foreign suppliers forces us to order products further in advance than we would if our products were manufactured domestically. This increases the risk that our products will become obsolete or face selling price reductions before we can sell our inventory.

We plan to expand the international marketing and distribution of our products, which will subject us to additional business risks.

As part of our business strategy, we intend to increase our international sales, although we cannot assure you that we will be able to do so. Conducting business outside of the United States subjects us to significant additional risks, including:

- export and import restrictions, tax consequences and other trade barriers,
- currency fluctuations,
- greater difficulty in accounts receivable collections,
- economic and political instability,
- foreign exchange controls that prohibit payment in U.S. dollars, and
- increased complexity and costs of managing and staffing international operations.

Our products could infringe the intellectual property rights of others and we may be exposed to costly litigation.

The products we sell are continually changing as a result of improved technology. Although we and our suppliers attempt to avoid infringing known proprietary rights of third parties in our products, we may be subject to legal proceedings and claims for alleged infringement by us, our suppliers or our distributors, of a third party's patents, trade secrets, trademarks or copyrights.

Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management's attention and resources, or require us to either enter into royalty or license agreements which are not advantageous to us or pay material amounts of damages. In addition, parties making these claims may be able to obtain an injunction, which could prevent us from selling our products. We may increasingly be subject to infringement claims as we expand our product offerings.

If our sales during the holiday season fall below our expectations, our annual results could also fall below expectations.

Seasonal consumer shopping patterns significantly affect our business. We generally make a substantial amount of our sales and net income during September, October and November. We expect this trend to continue. December is also a key month for us, due largely to the increase in promotional activities by our customers during the holiday season. If the economy faltered in these periods, if our customers altered the timing or frequency of their promotional activities or if the effectiveness of these promotional activities declined, particularly around the holiday season, it could have a material adverse effect on our annual financial results.

A decline in general economic conditions could lead to reduced consumer demand for the discretionary products we sell.

Consumer spending patterns, especially discretionary spending for products such as mobile, consumer and accessory electronics, are affected by, among other things, prevailing economic conditions, energy costs, raw material costs, wage rates, inflation, consumer confidence and consumer perception of economic conditions. A general slowdown in the U.S. and certain international economies or an uncertain economic outlook could have a material adverse effect on our sales and operating results.

Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.

Our cash and cash equivalents consist of demand deposits and highly liquid money market funds with original maturities of three months or less at the time of purchase. We maintain the cash and cash equivalents with major financial institutions. Some deposits with these banks exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits or similar limits in foreign jurisdictions. While we monitor daily the cash balances in the operating accounts and adjust the balances as appropriate, these balances could be impacted if one or more of the financial institutions with which we deposit fails or is subject to other adverse conditions in the financial or credit markets. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we can provide no assurance that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial and credit markets.

Acquisitions and strategic investments may divert our resources and management attention; results may fall short of expectations.

We intend to continue pursuing selected acquisitions of and investments in businesses, technologies and product lines as a key component of our growth strategy. Any future acquisition or investment may result in the use of significant amounts of cash, potentially dilutive issuances of equity securities, or the incurrence of debt and amortization expenses related to intangible assets. Acquisitions involve numerous risks, including:

- difficulties in the integration and assimilation of the operations, technologies, products and personnel of an acquired business,
- diversion of management's attention from other business concerns,
- increased expenses associated with the acquisition, and
- potential loss of key employees or customers of any acquired business.

We cannot assure you that our acquisitions will be successful and will not adversely affect our business, results of operations or financial condition.

We have recorded, or may record in the future, goodwill and other intangible assets as a result of acquisitions, and changes in future business conditions could cause these investments to become impaired, requiring substantial write-downs that would reduce our operating income.

Goodwill and other intangible assets recorded on our balance sheet as of February 29, 2012 was $262,715. We evaluate the recoverability of recorded goodwill and other intangible asset amounts annually, or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring judgment. Changes in our operating performance or business conditions, in general, could result in an impairment of goodwill, if applicable, and/or other intangible assets, which could be material to our results of operations.

We invest in marketable securities and other investments as part of our investing activities. These investments fluctuate in value based on economic, operational, competitive, political and technological factors. These investments could be subject to loss or impairment based on their performance.

Recently, the Company has incurred other-than-temporary impairments on its investment in Bliss-tel Public Company Limited ("Bliss-tel") and continues to monitor its investments in a non-controlled corporation as well as its Venezuelan TICC bonds for potential future impairments. In addition, there is no guarantee that the fair values recorded for other investments will be sustained in the future.

We depend heavily on existing directors, management and key personnel and our ability to recruit and retain qualified personnel.

Our success depends on the continued efforts of our directors, executives and senior vice presidents, many of whom have worked with VOXX for over three decades, as well as our other executive officers and key employees. We have no employment contracts with any of our executive officers or key employees, except our President and Chief Executive Officer, as well as certain executive officers of Audiovox Germany and Klipsch. The loss or interruption of the continued full-time service of certain of our executive

officers and key employees could have a material adverse effect on our business.

In addition, to support our continued growth, we must effectively recruit, develop and retain additional qualified personnel both domestically and internationally. Our inability to attract and retain necessary qualified personnel could have a material adverse effect on our business.

A portion of our workforce is represented by labor unions. Collective bargaining agreements can increase our expenses. Labor disruptions could adversely affect our operations.

As of February 29, 2012, 42 of our full-time employees were covered by collective bargaining agreements. While it is unlikely that disruptions to our operations due to labor related problems would have an adverse effect on our business based on the current number of union employees, as the Company continues to pursue selected business acquisitions, it is possible that the number of employees covered by collective bargaining agreements may increase. We cannot predict whether labor unions may be successful in organizing other portions of our workforce or what additional costs we could incur as a result.

We are responsible for product warranties and defects.

Whether we outsource manufacturing or manufacture products directly for our customers, we provide warranties for all of our products for which we have provided an estimated liability. Therefore, we are highly dependent on the quality of our suppliers' products.

Our capital resources may not be sufficient to meet our future capital and liquidity requirements.

We believe our current funds and available credit lines would provide sufficient resources to fund our existing operations for the foreseeable future. However, we may need additional capital to operate our business if:

- market conditions change,
- our business plans or assumptions change,
- we make significant acquisitions,
- we need to make significant increases in capital expenditures or working capital, or
- our restrictive covenants may not provide sufficient credit.

Our stock price could fluctuate significantly.

The market price of our common stock could fluctuate significantly in response to various factors and events, including:

- operating results being below market expectations,
- announcements of technological innovations or new products by us or our competitors,
- loss of a major customer or supplier,
- changes in, or our failure to meet, financial estimates by securities analysts,
- industry developments,
- economic and other external factors,
- general downgrading of our industry sector by securities analysts,
- inventory write-downs, and
- ability to integrate acquisitions.

In addition, the securities markets have experienced significant price and volume fluctuations over the past several years that have often been unrelated to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our common stock.

John J. Shalam, our Chairman, owns a significant portion of our common stock and can exercise control over our affairs.

Mr. Shalam beneficially owns approximately 53% of the combined voting power of both classes of common stock. This will allow him to elect our Board of Directors and, in general, determine the outcome of any other matter submitted to the stockholders for approval. Mr. Shalam's voting power may have the effect of delaying or preventing a change in control of the Company.

We have two classes of common stock: Class A common stock is traded on the Nasdaq Stock Market under the symbol VOXX and Class B common stock, which is not publicly traded and substantially all of which is beneficially owned by Mr. Shalam. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes

per share. Both classes vote together as a single class, except in certain circumstances, for the election and removal of directors and as otherwise may be required by Delaware law. Since our charter permits shareholder action by written consent, Mr. Shalam may be able to take significant corporate actions without prior notice and a shareholder meeting.

We exercise our option for the "controlled company" exemption under NASDAQ rules.

The Company has exercised its right to the "controlled company" exemption under NASDAQ rules which enables us to forego certain NASDAQ requirements which include: (i) maintaining a majority of independent directors; (ii) electing a nominating committee composed solely of independent directors; (iii) ensuring the compensation of our executive officers is determined by a majority of independent directors or a compensation committee composed solely of independent directors; and (iv) selecting, or recommending for the Board's selection, director nominees, either by a majority of the independent directors or a nominating committee composed solely of independent directors. Although we do not maintain a nominating committee and do not have a majority of independent directors, the Company notes that at the present time we do maintain a compensation committee comprised solely of independent directors who approve executive compensation, and the recommendations for director nominees are governed by a majority of independent directors. However, election of the "controlled company" exemption under NASDAQ rules allows us to modify our position at any time.

Other Risks

Other risks and uncertainties include:

- changes in U.S federal, state and local law,
- our ability to implement operating cost structures that align with revenue growth,
- trade sanctions against or for foreign countries,
- successful integration of business acquisitions and new brands in our distribution network,
- compliance with the Sarbanes-Oxley Act, and
- compliance with complex financial accounting and tax standards.

Item 1B-Unresolved Staff Comments

As of the filing of this annual report on Form 10-K, there were no unresolved comments from the staff of the Securities and Exchange Commission.

Item 2-Properties

Our Corporate headquarters is located at 180 Marcus Blvd. in Hauppauge, New York. In addition, as of February 29, 2012, the Company leased a total of 27 operating facilities or offices located in 7 states as well as Germany, China, Canada, Venezuela, Mexico, Hong Kong, England, France and Denmark. The leases have been classified as operating leases, with the exception of one, which is recorded as a capital lease. These facilities are located in Florida, Georgia, New York, Ohio, California, Indiana and Michigan. These facilities serve as offices, warehouses, distribution centers or retail locations. Additionally, we utilize public warehouse facilities located in Virginia, Nevada, Indiana, Mexico, Hong Kong, the Netherlands, Germany and Canada.

Item 3-Legal Proceedings

The Company is currently, and has in the past been, a party to various routine legal proceedings incident to the ordinary course of business. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. The Company believes its outstanding litigation matters will not have a material adverse effect on the Company's financial statements, individually or in the aggregate; however, due to the uncertain outcome of these matters, the Company disclosed these specific matters below:

The products the Company sells are continually changing as a result of improved technology. As a result, although the Company and its suppliers attempt to avoid infringing known proprietary rights, the Company may be subject to legal proceedings and claims for alleged infringement by its suppliers or distributors, of third party patents, trade secrets, trademarks or copyrights. Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management's attention and resources, or require the Company to either enter into royalty or license agreements which are not advantageous to the Company, or pay material amounts of damages.

The Company has been party to a breach of license agreement lawsuit brought against it by MPEG LA, LLC ("MPEG"). During the third quarter of Fiscal 2012, the Company's claim for summary judgment was denied and the case was tried in the New York

Supreme Court, Suffolk County. In December 2011, the Company received an advisory judgment in the case, concluding that the Company owes MPEG penalties related to license agreement obligations arising from the manufacture and sale of its products. The Company remitted payment of $2.6 million to MPEG during the fourth quarter of Fiscal 2012 in order to resolve this matter based on the information provided in the summary judgment. The Company is currently seeking indemnification from its suppliers for royalty payments that it maintains they were responsible to make and plans to vigorously pursue this option under its indemnification agreements. At this time, the Company cannot determine the success of those efforts, nor quantify a range of amounts.

Item 4-Removed and Reserved

None

PART II

Item 5-Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity

Securities

Market Information

The Class A Common Stock of Voxx is traded on the Nasdaq Stock Market under the symbol "VOXX". The following table sets forth the low and high sale price of our Class A Common Stock, based on the last daily sale in each of the last eight fiscal quarters:

Year ended February 29, 2012	High	Low
First Quarter	$ 8.16	$ 7.03
Second Quarter	7.74	5.73
Third Quarter	7.49	4.88
Fourth Quarter	14.29	6.96

Year ended February 28, 2011	High	Low
First Quarter	$ 9.73	$ 7.38
Second Quarter	8.54	6.21
Third Quarter	7.45	6.33
Fourth Quarter	8.91	6.99

Dividends

We have not paid or declared any cash dividends on our common stock. We have retained, and currently anticipate that we will continue to retain, all of our earnings for use in developing our business. Future cash dividends, if any, will be paid at the discretion of our Board of Directors and will depend, among other things, upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as our Board of Directors may deem relevant giving consideration to any requirements or restrictions under the Company's recently negotiated credit agreement (see Note 6(a)).

Holders

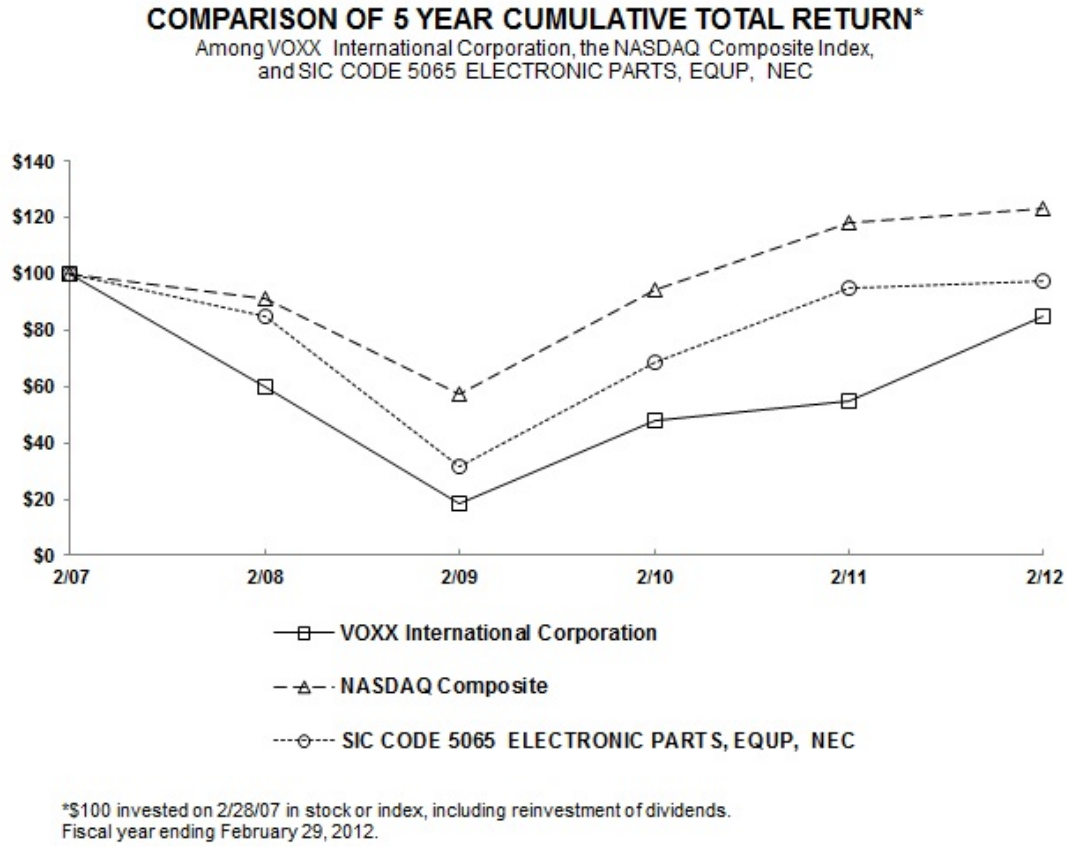
There are approximately 769 holders of record of our Class A Common Stock and 4 holders of Class B Convertible Common Stock.

Issuer Purchases of Equity Securities

In September 2000, we were authorized by the Board of Directors to repurchase up to 1,563,000 shares of Class A Common Stock in the open market under a share repurchase program (the “Program”). In July 2006, the Board of Directors authorized an additional repurchase up to 2,000,000 Class A Common Stock in the open market in connection with the Program. As of February 29, 2012, the cumulative total of acquired shares (net of reissuances of 7,615) pursuant to the program was 1,817,112, with a cumulative value of $18,369 reducing the remaining authorized share repurchase balance to 1,738,263. During the year ended February 29, 2012, the Company did not purchase any shares.

Performance Graph

The following table compares the annual percentage change in our cumulative total stockholder return on our common Class A common stock during a period commencing on February 28, 2006 and ending on February 29, 2012 with the cumulative total return of the Nasdaq Stock Market (US) Index and our SIC Code Index, during such period.



*$100 invested on 2/28/07 in stock or index, including reinvestment of dividends.
Fiscal year ending February 29, 2012.

Item 6-Selected Consolidated Financial Data

The following selected consolidated financial data for the last five years should be read in conjunction with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

	Year Ended February 29, 2012 (5)	Year Ended February 28, 2011	Year Ended February 28, 2010 (3)	Year Ended February 28, 2009	Year Ended February 29, 2008 (2)
Consolidated Statement of Operations Data					
Net sales (1)	$ 707,062	$ 561,672	$ 550,695	$ 603,099	$ 591,355
Operating income (loss) (1)	43,874	9,017	3,760	(53,443)	4,422
Net income (loss) from continuing operations (1)	25,649	23,031	22,483	(71,029)	6,746
Net income (loss) from discontinued operations (4)	—	—	—	—	1,719
Net income (loss)	$ 25,649	$ 23,031	$ 22,483	$ 71,029)	$ 8,465
Net income (loss) per common share from continuing operations:					
Basic	$ 1.11	$ 1.00	$ 0.98	$ (3.11)	$ 0.29
Diluted	$ 1.10	$ 1.00	$ 0.98	$ (3.11)	$ 0.29
Net income (loss) per common share:					
Basic	$ 1.11	$ 1.00	$ 0.98	$ (3.11)	$ 0.37
Diluted	$ 1.10	$ 1.00	$ 0.98	$ (3.11)	$ 0.37

	As of February 29, 2012	As of February 28, 2011	As of February 28, 2010	As of February 28, 2009	As of February 29, 2008
Consolidated Balance Sheet Data					
Total assets	$ 634,179	$ 501,097	$ 488,978	$ 461,296	$ 533,036
Working capital	182,985	258,528	239,787	241,080	275,787
Long-term obligations (6)	88,255	25,849	32,176	31,651	27,260
Stockholders' equity	421,797	392,946	364,263	340,502	423,513

(1) Amounts exclude the financial results of discontinued operations.
(2) 2008 amounts reflect the acquisition of Oehlbach, Incaar, Technuity and Thomson A/V.
(3) 2010 amounts reflect the acquisition of Schwaiger and Invision (see Note 2 of the Notes to Consolidated Financial Statements).
(4) 2008 amount reflects the proceeds associated with the May 2007 derivative settlement net of administrative and legal fees, and taxes.
(5) 2012 amounts reflect the acquisition of Klipsch (see Note 2 of the Notes to Consolidated Financial Statements).
(6) Long-term obligations include long-term debt, capital lease obligations, deferred compensation, deferred and other tax liabilities, as well as other long term liabilities.

Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

This section should be read in conjunction with the “Cautionary Statements” and “Risk Factors” in Item 1A of Part I, and Item 8 of Part II, “Consolidated Financial Statements and Supplementary Data.”

We begin Management’s Discussion and Analysis of Financial Condition and Results of Operations with an overview of the business, including our strategy to give the reader a summary of the goals of our business and the direction in which our business is moving. This is followed by a discussion of the Critical Accounting Policies and Estimates that we believe are important to

understanding the assumptions and judgments incorporated in our reported financial results. In the next section, we discuss our Results of Operations for the year ended February 29, 2012 compared to the years ended February 28, 2011 and February 28, 2010. We then provide an analysis of changes in our balance sheet and cash flows, and discuss our financial commitments in the sections entitled “Liquidity and Capital Resources, including Contractual and Commercial Commitments." We conclude this MD&A with a discussion of “Related Party Transactions” and “Recent Accounting Pronouncements.”

Segment

We have determined that we operate in one reportable segment, the Electronics Group, based on review of ASC 280 “Segment Reporting” (“ASC 280”). The characteristics of our operations that are relied on in making and reviewing business decisions include the similarities in our products, the commonality of our customers, suppliers and product developers across multiple brands, our unified marketing and distribution strategy, our centralized inventory management and logistics, and the nature of the financial information used by our Executive Officers. Management reviews the financial results of the Company based on the performance of the Electronics Group.

Outlook

The Company’s domestic and international business is subject to retail industry conditions and the sales of new and used vehicles. The recent worldwide economic condition had an adverse impact on consumer spending and vehicle sales. If the global macroeconomic environment does not continue to improve or if it deteriorates further, this could have a negative effect on the Company’s revenues and earnings. In an attempt to offset the recent market conditions, the Company continues to explore strategies and alternatives to reduce its operating expenses, such as consolidation of facilities and IT systems, and has been introducing new product to obtain a greater market share. The Company continues to focus on cash flow and anticipates having sufficient resources with its recently amended credit agreement, to operate during Fiscal 2013 and 2014.

Business Overview and Strategy

Effective December 1, 2011, Audiovox Corporation changed its name to VOXX International Corporation (“Voxx," “We," "Our," "Us" or “Company"). The Company believes that the name VOXX International would be a name that better represents the widely diversified interests of the Company, and the more than 30 global brands it has acquired and grown throughout the years, achieving a powerful international corporate image and creating a vehicle for each of these respective brands to emerge with its own identity. Voxx is a leading international distributor and value added service provider in the accessory, mobile and consumer electronics industries. We conduct our business through eighteen wholly-owned subsidiaries. Voxx has a broad portfolio of brand names used to market our products as well as private labels through a large domestic and international distribution network. We also function as an OEM (“Original Equipment Manufacturer”) supplier to several customers.

Over the last several years, we have focused on our intention to acquire synergistic businesses with the addition of eight new subsidiaries. These subsidiaries helped us to expand our core business and broaden our presence in the accessory and OEM markets. Our acquisitions of Klipsch and Invision have provided the opportunity to enter the manufacturing arena. Our intention is to continue to pursue business opportunities which will allow us to further expand our business model while leveraging overhead and exploring specialized niche markets in the electronics industry.

Although we believe our product groups have expanding market opportunities, there are certain levels of volatility related to domestic and international markets, new car sales, increased competition by manufacturers, private labels, technological advancements, discretionary consumer spending and general economic conditions. Also, all of our products are subject to price fluctuations which could affect the carrying value of inventories and gross margins in the future.

Acquisitions

We have acquired and integrated several acquisitions which are outlined in the *Acquisitions* section of Part I and presented in detail in Note 2.

Net Sales Growth

Net sales over a five-year period have increased 19.6% from $591,355 for the year ended February 29, 2008 to $707,062 for the year ended February 29, 2012. During this period, our sales were impacted by the following items:

- the introduction of new products and lines such as digital antennas and mobile multi-media devices,
- acquisition of Klipsch's high-end speaker business,

- acquisition of Invision’s mobile entertainment business,
- acquisition of Schwaiger’s accessory business,
- acquisition of Thomson’s audio/video business,
- acquisition of Technuity’s accessory business,
- acquisition of Incaar’s OEM business,
- acquisition of Oehlbach’s accessory business

Partially offset by:

- The discontinuance of various high volume/low margin product lines such as navigation, GMRS radios and flat-panel TV’s,
- volatility in core mobile, consumer and accessories sales due to increased competition, lower selling prices and the decline in the national and global economy.

Critical Accounting Policies and Estimates

General

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make certain estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions can be subjective and complex and may affect the reported amounts of assets and liabilities, revenues and expenses reported in those financial statements. As a result, actual results could differ from such estimates and assumptions. The significant accounting policies and estimates which we believe are the most critical in fully understanding and evaluating the reported consolidated financial results include the following:

Revenue Recognition

We recognize revenue from product sales at the time of passage of title and risk of loss to the customer either at FOB Shipping Point or FOB Destination, based upon terms established with the customer. Any customer acceptance provisions, which are related to product testing, are satisfied prior to revenue recognition. We have no further obligations subsequent to revenue recognition except for returns of product from customers. We do accept returns of products, if properly requested, authorized and approved. We continuously monitor and track such product returns and record the provision for the estimated amount of such future returns at point of sale, based on historical experience and any notification we receive of pending returns.

Sales Incentives

We offer sales incentives to our customers in the form of (1) co-operative advertising allowances; (2) market development funds; (3) volume incentive rebates; and (4) other trade allowances. We account for sales incentives in accordance with ASC 605-50 “Customer Payments and Incentives” (“ASC 605-50”). Except for other trade allowances, all sales incentives require the customer to purchase our products during a specified period of time. All sales incentives require customers to claim the sales incentive within a certain time period (referred to as the "claim period") and claims are settled either by the customer claiming a deduction against an outstanding account receivable or by the customer requesting a check. All costs associated with sales incentives are classified as a reduction of net sales, and the following is a summary of the various sales incentive programs:

Co-operative advertising allowances are offered to customers as a reimbursement towards their costs for print or media advertising in which our product is featured on its own or in conjunction with other companies' products. The amount offered is either a fixed amount or is based upon a fixed percentage of sales revenue or fixed amount per unit sold to the customer during a specified time period.

Market development funds are offered to customers in connection with new product launches or entrance into new markets. The amount offered for new product launches is based upon a fixed amount or fixed percentage of our sales revenue to the customer or a fixed amount per unit sold to the customer during a specified time period. We accrue the cost of co-operative advertising allowances and market development funds at the latter of when the customer purchases our products or when the sales incentive is offered to the customer.

Volume incentive rebates offered to customers require that minimum quantities of product be purchased during a specified period of time. The amount offered is either based upon a fixed percentage of our sales revenue to the customer or a fixed amount per unit sold to the customer. We make an estimate of the ultimate amount of the rebate customers will earn based upon past history

with the customer and other facts and circumstances. We have the ability to estimate these volume incentive rebates, as there does not exist a relatively long period of time for a particular rebate to be claimed. Any changes in the estimated amount of volume incentive rebates are recognized immediately using a cumulative catch-up adjustment.

Other trade allowances are additional sales incentives that we provide to customers subsequent to the related revenue being recognized. In accordance with ASC 605-50, we record the provision for these additional sales incentives at the latter of when the sales incentive is offered or when the related revenue is recognized. Such additional sales incentives are based upon a fixed percentage of the selling price to the customer, a fixed amount per unit, or a lump-sum amount.

The accrual balance for sales incentives at February 29, 2012 and February 28, 2011 was $18,154 and $11,981, respectively. Although we make our best estimate of sales incentive liabilities, many factors, including significant unanticipated changes in the purchasing volume and the lack of claims from customers could have a significant impact on the liability for sales incentives and reported operating results. Increases in the accrual balance from February 28, 2011 to February 29, 2012 were primarily as a result of the acquisition of Klipsch and the inclusion of the Klipsch business in our consolidated operations in Fiscal 2012.

We reverse earned but unclaimed sales incentives based upon the expiration of the claim period of each program. Unclaimed sales incentives that have no specified claim period are reversed in the quarter following one year from the end of the program. We believe that the reversal of earned but unclaimed sales incentives upon the expiration of the claim period is a disciplined, rational, consistent and systematic method of reversing unclaimed sales incentives.

For the years ended February 29, 2012, February 28, 2011 and February 28, 2010, reversals of previously established sales incentive liabilities amounted to $3,662, $1,725 and $2,559, respectively. These reversals include unearned and unclaimed sales incentives. Unearned sales incentives are volume incentive rebates where the customer did not purchase the required minimum quantities of product during the specified time. Volume incentive rebates are reversed into income in the period when the customer did not reach the required minimum purchases of product during the specified time. Reversals of unearned sales incentives for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 amounted to $2,200, $977 and $1,369, respectively. Unclaimed sales incentives are sales incentives earned by the customer but the customer has not claimed payment within the claim period (period after program has ended). Reversals of unclaimed sales incentives for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 amounted to $1,462, $748 and $1,190, respectively.

Accounts Receivable

We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and current credit worthiness, as determined by a review of current credit information. We continuously monitor collections from our customers and maintain a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. We record charges for estimated credit losses against operating expenses and charges for price adjustments against net sales in the consolidated financial statements. The reserve for estimated credit losses at February 29, 2012 and February 28, 2011 were $5,737 and $6,179, respectively. While such credit losses have historically been within management's expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that have been experienced in the past. Since our accounts receivable are concentrated in a relatively few number of large customers, a significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of accounts receivable and our results of operations.

Inventories

We value our inventory at the lower of the actual cost to purchase (primarily on a weighted moving average basis, with a portion valued at standard cost) and/or the current estimated market value of the inventory less expected costs to sell the inventory. We regularly review inventory quantities on-hand and record a provision, in cost of sales, for excess and obsolete inventory based primarily from selling price reductions subsequent to the balance sheet date, indications from customers based upon current negotiations, and purchase orders. A significant sudden increase in the demand for our products could result in a short-term increase in the cost of inventory purchases while a significant decrease in demand could result in an increase in the amount of excess inventory quantities on-hand. In addition, our industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand. During the years ended February 29, 2012, February 28, 2011 and February 28, 2010, we recorded inventory write-downs of $2,942, $3,911 and $2,972, respectively.

Estimates of excess and obsolete inventory may prove to be inaccurate, in which case we may have understated or overstated the provision required for excess and obsolete inventory. Although we make every effort to ensure the accuracy of our forecasts of

future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the carrying value of inventory and our results of operations.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets, which consists of the excess cost over fair value of assets acquired (goodwill) and other intangible assets (patents, contracts, trademarks and customer relationships) amounted to $262,715 at February 29, 2012 and $106,562 at February 28, 2011. Goodwill and other intangible assets are determined in accordance with ASC 805 “Business Combinations” (“ASC 805”) and ASC 350 “Intangibles – Goodwill and Other” (“ASC 350”), (see Goodwill and Other Intangible Assets (Note 1(k)).

Goodwill is calculated as the excess of the cost of purchased businesses over the value of their underlying net assets. The Company has used the Discounted Future Cash Flow Method (DCF) as the principle method to determine the Fair Value (“FV”) of acquired businesses. The discount rate used for our analysis was 13.3%. A five-year period was analyzed using a risk adjusted discount rate.

The value of potential intangible assets separate from goodwill are evaluated and assigned to the respective categories using certain methodologies (see Note 1(k)). Certain estimates and assumptions are used in applying these methodologies, including projected sales, which include incremental revenue to be generated from the product markets that the Company has not been previously exposed to, disclosed future contracts and adjustments for declines in existing core sales; ongoing market demand for the relevant products; and required returns on tangible and intangible assets. In the event that actual results or market conditions deviate from these estimates and assumptions used, the future FV may be different than that determined by management and may result in an impairment loss.

The Company categorizes its intangible assets between goodwill and intangible assets. Goodwill and other intangible assets that have an indefinite useful life are not amortized. Intangible assets that have a definite useful life are amortized over their estimated useful life.

On an annual basis, or as needed for a triggering event, we test goodwill and other indefinite lived intangible assets for impairment (see Note 1(k)). To determine the fair value of these intangible assets, there are many assumptions and estimates used that directly impact the results of the testing. We have the ability to influence the outcome and ultimate results based on the assumptions and estimates we choose. To mitigate undue influence, we set criteria that are reviewed and approved by various levels of management. Additionally, we may evaluate our recorded intangible assets with the assistance of a third-party valuation firm, as necessary. All reports and conclusions are reviewed by management who have ultimate responsibility for their content. For Fiscal 2012 management determined that its intangible assets were not impaired. Goodwill is tested using a two-step process. The first step is to identify a potential impairment, and the second step measures the amount of the impairment loss, if any. Goodwill is considered impaired if the carrying amount of the reporting unit's goodwill exceeds its estimated fair value. Based upon our most recent annual impairment test completed in the fourth quarter of Fiscal 2012, the fair value of goodwill is in excess of the related carrying value.

Determining whether impairment of indefinite lived intangibles has occurred requires an analysis of each identifiable asset. If estimates used in the valuation of each identifiable asset proved to be inaccurate based on future results, there could be additional impairment charges in subsequent periods.

Warranties

We offer warranties of various lengths depending upon the specific product. Our standard warranties require us to repair or replace defective product returned by both end users and customers during such warranty period at no cost. We record an estimate for warranty related costs, in cost of sales, based upon actual historical return rates and repair costs at the time of sale. The estimated liability for future warranty expense, which has been included in accrued expenses and other current liabilities, amounted to $6,425 at February 29, 2012 and $5,956 at February 28, 2011. While warranty costs have historically been within expectations and the provisions established, we cannot guarantee that we will continue to experience the same warranty return rates or repair costs that have been experienced in the past. A significant increase in product return rates, or a significant increase in the costs to repair products, could have a material adverse impact on our operating results.

Stock-Based Compensation

We use the Black-Scholes option pricing model to compute the estimated fair value of stock-based awards. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected option term and risk-free interest rates. The assumptions used in computing the fair value of stock-based awards reflect our best estimates, but involve

uncertainties relating to market and other conditions, many of which are outside of our control. We estimate expected volatility by considering the historical volatility of our stock, the implied volatility of publicly traded stock options in our stock and our expectations of volatility for the expected term of stock-based compensation awards. As a result, if other assumptions or estimates had been used for options granted in the current and prior periods, the stock-based compensation expense of $828 that was recorded for the year ended February 29, 2012 could have been materially different. Furthermore, if different assumptions are used in future periods, stock-based compensation expense could be materially impacted in the future.

Income Taxes

We account for income taxes in accordance with the guidance issued under Statement ASC 740, "Income Taxes" with consideration for uncertain tax positions. We record a valuation allowance to reduce our deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

During Fiscal 2012, the Company recorded an income tax provision of $13.2 million related to federal, state and foreign taxes. The Company's effective tax rate differs from the U.S. federal statutory rate due to state and local taxes, non-deductible expenses, the generation of research and development credits, and the U.S. effect of foreign operations including tax rate differences in foreign jurisdictions. The Company maintains a valuation allowance against deferred tax assets in certain foreign jurisdictions and with respect to its foreign tax credits and various investments which are more likely than not to generate capital losses in the future. Any decline in the valuation allowance could have a favorable impact on our income tax provision and net income in the period in which such determination is made.

Since March 1, 2007, the Company accounted for uncertain tax positions in accordance with the authoritative guidance issued under ASC 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on tax returns should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company provides loss contingencies for federal, state and international tax matters relating to potential tax examination issues, planning initiatives and compliance responsibilities. The development of these reserves requires judgments about tax issues, potential outcomes and timing, which if different, may materially impact the Company's financial condition and results of operations. The Company classifies interest and penalties associated with income taxes as a component of income tax expense (benefit) on the consolidated statement of operations.

Results of Operations

Included in Item 8 of this annual report on Form 10-K are the consolidated balance sheets at February 29, 2012 and February 28, 2011 and the consolidated statements of operations, consolidated statements of stockholders' equity and consolidated statements of cash flows for the years ended February 29, 2012, February 28, 2011 and February 28, 2010. In order to provide the reader meaningful comparison, the following analysis provides comparison of the audited year ended February 29, 2012 with the audited years ended February 28, 2011, and February 28, 2010. We analyze and explain the differences between periods in the specific line items of the consolidated statements of operations.

Year Ended February 29, 2012 Compared to the Years Ended February 28, 2011 and February 28, 2010

Continuing Operations

The following table sets forth, for the periods indicated, certain Statement of Operations data for the years ended February 29, 2012 ("Fiscal 2012"), February 28, 2011 ("Fiscal 2011") and February 28, 2010 ("Fiscal 2010").

Net Sales

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Electronics	$ 561,001	$ 415,167	$ 375,021
Accessories	146,061	146,505	175,674
Total net sales	$ 707,062	$ 561,672	$ 550,695

Fiscal 2012

Electronics sales, which include both mobile and consumer electronics, represented 79.3% of the net sales for the year ended February 29, 2012, compared to 73.9% in the prior year. For the year ended February 29, 2012, approximately $169,500 of our sales from this product group was the result of our recent acquisition of Klipsch. In addition, the electronics group experienced increases in its OEM manufacturing lines due to increases in domestic automotive sales and the launch of new programs, both domestically and internationally. These increases were partially offset by a decline in sales of consumer electronics products including camcorders, clock radios, digital players and digital voice recorders as a result of the economy, competition, and changes in technology, as well as consumer demand; the absence of FLO-TV products, whose program ended in the third quarter of Fiscal 2011 and a decline in satellite fulfillment sales. Overall, electronic sales in our international markets increased, partially offsetting declines in the domestic market.

Accessory sales represented 20.7% of our net sales for the year ended February 29, 2012, compared to 26.1% in the prior year. The decrease in the accessories group was primarily related to decreased sales in such products as rechargeable batteries, surge protectors, as well as certain car chargers and cables that the Company phased out in Fiscal 2012 in order to make way for new offerings in the coming fiscal year. The decreases were offset by increased sales in our international markets, as well as certain domestic products, such as antennas, wireless speakers, and personal sound amplifiers.

Fiscal 2011

Electronics sales increased $40,146 in Fiscal 2011. This is a result of the acquisition of Invision which accounted for approximately $47 million, and the favorable increase in our other OEM groups as a result of new product offerings and increased automotive sales. Revenue increased in our security groups due to new product introduction and strong remote start sales. Finally, video sales were also up as a result of increased sales in the automotive market. This was partially offset by a decline in Flo TV sales due to Qualcomm's withdrawal from the direct TV market; a decline in satellite radio sales as a result of streamlined SKU's; product shortfalls as a result of a transition to new products and vendors in the portable DVD market; slower sales in our audio line and consumer good products including camcorders, clock radios and voice recorders.

Accessories sales decreased $29,169. This group was impacted by slower retail sales for products utilizing our accessory products at the retail level such as digital cables and antennas. The group has added a more diverse group of customers, however, the general economy has had an impact on sales. These declines were partially offset by the acquisition of Schwaiger which was present for all of Fiscal 2011.

Sales incentive expenses were $40,009, $26,279 and $27,070 for Fiscal 2012, 2011 and 2010, respectively, which included reversals for unclaimed and unearned sales incentives of $3,662, $1,725 and $2,559, respectively. The increase in sales incentive expenses and reversals in Fiscal 2012 is a result of the acquisition of Klipsch and inclusion of the subsidiary's business in our results of operations for the full Fiscal year ended February 29, 2012. We believe the reversal of unearned and earned but unclaimed sales incentives upon the expiration of the claim period is a disciplined, rational, consistent and systematic method of reversing unearned and earned but unclaimed sales incentives. These sales incentive programs are expected to continue and will either increase or decrease based upon competition and customer demands.

Gross Profit

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Gross profit	$ 202,955	$ 123,937	$ 106,751
Gross margin percentage	28.7%	22.1%	19.4%

Fiscal 2012

Gross margins for Fiscal 2012 increased 660 basis points primarily as a result of our acquisition of Klipsch, as well as increased sales in mobile related products; better margins in our existing product lines; new product introductions; lower sales in our fulfillment and consumer business, which have typically yielded lower margins; and a reduction in required inventory provisions and warehouse assembly expenses.

Fiscal 2011

Gross margins for Fiscal 2011 increased 270 basis points as a result of improved margins throughout our product lines; a shift in product mix as products moved to OEM and security and less dependence on consumer electronics sales; lower freight and warehousing costs as a result of i) a logistics reconfiguration for product distribution, ii) the closing of a public warehouse, and iii) the renegotiation of an existing public warehouse contract; and the realization of a full year's sales from our Invision acquisition.

Operating Expenses and Operating Income / (Loss)

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Operating Expenses:			
Selling	$ 47,282	$ 34,517	$ 30,147
General and administrative	93,219	67,262	62,854
Engineering and technical support	15,825	11,934	9,781
Acquisition related costs	2,755	1,207	209
Total Operating Expenses	$ 159,081	$ 114,920	$ 102,991
Operating income	$ 43,874	$ 9,017	$ 3,760

Fiscal 2012

Operating expenses increased $44,161 in Fiscal 2012 as compared to Fiscal 2011. The increase in total operating expenses was due primarily to our recent acquisition of Klipsch which accounted for $39.2 million of our operating expenses during the year ended February 29, 2012, as well as an increase in legal fees to defend a patent suit, compensation expense as a result of performance related targets and acquisition costs incurred during the fourth quarter of Fiscal 2012 related to the purchase of Hirschmann on March 14, 2012. These increases were partially offset by reductions in depreciation expense, headcount reduction in select groups and a benefit recorded related to a put option.

Fiscal 2011

Operating expenses increased $11,929 in Fiscal 2011 as compared to Fiscal 2010 primarily due to our Invision acquisition which added approximately $8,300 in overhead year over year; an increase in professional fees of approximately $3,000, as a result of i) approximately $990 in Klipsch acquisition fees, ii) increased legal fees as a result of defense of royalty rights and infringements, and iii) increased audit fees as a result of Company expansion; and the return of temporary salary reductions to all employees at the vice president level and above. The Company also experienced increases in advertising and trade show expenses in our International operations of approximately $900, and $830 in higher bad debt provisions primarily as a result of the finalization of a bankruptcy settlement and increased reserves for a certain customer.

Other Income/(Expense)

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Interest and bank charges	$ (5,630)	$ (2,630)	$ (1,556)
Equity in income of equity investees	4,035	2,905	1,657
Other, net	(3,387)	3,204	7,294
Total other income (expense)	$ (4,982)	$ 3,479	$ 7,395

Fiscal 2012

Other income (expense) decreased $8,461 to other expense, net, of $4,982 for the year ended February 29, 2012 compared to other income, net, of $3,479 for the year ended February 28, 2011. The decrease is primarily due to a charge recorded during Fiscal 2012 in connection with a breach of license agreement suit of approximately $3,600, a contingent consideration adjustment of approximately $2,000, the other than temporary impairment of an investment in marketable securities of approximately $1,200,

and the net foreign exchange gain in U. S. dollar denominated assets and liabilities in Venezuela of $1,400 recorded in Fiscal 2011, offset by gains of approximately $1,600 in forward exchange contracts in the fourth quarter of Fiscal 2012 related to the Hirschmann acquisition.

Interest and bank charges represent expenses for bank obligations of VOXX International Corporation and Audiovox Germany, interest for a capital lease, and amortization of a debt discount on our credit facility. The increase in these expenses for the year ended February 29, 2012, is due primarily to interest expense, fees and amortization of deferred financing costs related to the Credit Facility entered into on March 1, 2011 primarily to fund our Klipsch acquisition.

Equity in income of equity investees increased due to increased equity income of Audiovox Specialized Applications, Inc. (ASA) as a result of improved sales and profitability.

Fiscal 2011

Other income decreased $3,916 primarily as a result of the $5,400 gain on bargain purchase from the Company’s Schwaiger acquisition included in Other, net, and a gain recorded on a foreign exchange contract, both recorded in Fiscal 2010, and a loss of approximately $300 associated with the write-off of a portion of a notes receivable recorded in connection with the Company's divestiture of its Malaysian operation, partially offset by the net foreign exchange gain on U.S. dollar denominated assets and liabilities in Venezuela and an other-than-temporary impairment of $1.5 million on an investment of the Company.

Interest and bank charges increased due to interest recorded to accrete contingent consideration and future liabilities recorded in connection with our acquisitions.

Equity in income of equity investees increased due to increased equity income of Audiovox Specialized Applications, Inc. (ASA) as a result of improved sales and profitability due to improvements in the commercial and RV sector of its business.

Income Tax Provision

The effective tax rate in Fiscal 2012 was an income tax provision of 34.0% on pre-tax income from operations of $38,892 as compared to a benefit of (84.3)% on a pre-tax income of $12,496 from continuing operations in the prior year. The effective tax rate in Fiscal 2012 differs from the statutory rate due to state and local taxes, non-deductible expenses, the generation of research and development credits and the U.S. effect of foreign operations including tax rate differences in foreign jurisdictions.

The effective tax rate in Fiscal 2011 was lower than the statutory tax rate due the Company's ability to record an income tax benefit as a significant portion of the Company's deferred tax assets became realizable on a more-likely-than-not basis based on current operating results and forecasts of pre-tax earnings and U.S. taxable income.

The effective tax rate in Fiscal 2010 was lower than the statutory rate due to the Company's ability to record an income tax benefit through a reduction in its valuation allowance of $10.1 million in connection with the carryback of certain net operating losses as a result of new legislation enacted in Fiscal 2010, and the recognition of $4.6 million of uncertain tax positions as the result of the expiration of various statute of limitations.

Net Income

The following table sets forth, for the periods indicated, selected statement of operations data beginning with operating income from operations to reported net income and basic and diluted net income per common share:

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Operating income	$ 43,874	$ 9,017	$ 3,760
Other income (expense), net	(4,982)	3,479	7,395
Income from operations before income taxes	38,892	12,496	11,155
Income tax expense (benefit)	13,243	(10,535)	(11,328)
Net income	$ 25,649	$ 23,031	$ 22,483
Net income per common share:			
Basic	$ 1.11	$ 1.00	$ 0.98
Diluted	$ 1.10	$ 1.00	$ 0.98

Net income for Fiscal 2012 was $25,649 as compared to $23,031 in Fiscal 2011 and $22,483 in Fiscal 2010. Fiscal 2012 net income was favorably impacted by the acquisition of Klipsch.

During Fiscal 2011, net income was favorably impacted by the net tax benefits of approximately $10,500 as a result of a partial reduction of a valuation allowance on deferred taxes.

During Fiscal 2010, the company was impacted by several non-standard charges related to the economy, market conditions, customers, and other events as outlined in the Annual Report for Fiscal 2010.

Net income was also favorably impacted by sales incentive reversals of $3,662 ($0 after taxes), $1,725 ($0 after taxes) and $2,559 ($0 after taxes) in Fiscal 2012, 2011 and 2010, respectively.

Adjusted EBITDA and Adjusted Diluted Earnings per Common Share

Adjusted EBITDA and adjusted diluted earnings per common share are not financial measures recognized by GAAP. Adjusted EBITDA represents net income, computed in accordance with GAAP, before interest expense, taxes, depreciation and amortization, stock-based compensation expense and costs relating to our acquisitions. Depreciation, amortization, and stock-based compensation expense are non-cash items. Adjusted diluted earnings per common share represent the Company's diluted earnings per common share based on adjusted EBITDA.

We present adjusted EBITDA and adjusted diluted earnings per commons share in this Form 10-K because we consider them to be useful and appropriate supplemental measures of our performance. Adjusted EBITDA and adjusted diluted earnings per common share help us to evaluate our performance without the effects of certain GAAP calculations that may not have a direct cash impact on our current operating performance. In addition, the exclusion of costs relating to the Company's acquisitions allows for a more meaningful comparison of our results from period-to-period. These non-GAAP measures, as we define them, are not necessarily comparable to similarly entitled measures of other companies and may not be an appropriate measure for performance relative to other companies. Adjusted EBITDA should not be assessed in isolation from or construed as a substitute for EBITDA prepared in accordance with GAAP. Adjusted EBITDA and adjusted diluted earnings per common share are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP.

Reconciliation of GAAP Net Income to Adjusted EBITDA and Adjusted Diluted Earnings per Common Share

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Net income	$ 25,649	$ 23,031	$ 22,483
Adjustments:			
Interest and bank charges	5,630	2,630	1,556
Depreciation and amortization	10,295	7,865	7,694
Income tax expense (benefit)	13,243	(10,535)	(11,328)
EBITDA	54,817	22,991	20,405
Stock-based compensation	1,082	1,284	1,138
Acquisition related costs	2,755	1,207	209
Adjusted EBITDA	$ 58,654	$ 25,482	$ 21,752
Diluted earnings per common share	$ 1.10	$ 1.00	$ 0.98
Diluted adjusted EBITDA per common share	$ 2.52	$ 1.10	$ 0.95

Liquidity and Capital Resources

Cash Flows, Commitments and Obligations

As of February 29, 2012, we had working capital of $182,985 which includes cash and cash equivalents of $13,606 compared with working capital of $258,528 at February 28, 2011, which included cash and cash equivalents of $98,630. During the fiscal year, the Company acquired Klipsch, purchased buildings in Venezuela and Germany, repaid outstanding bank obligations, and had higher payables and accruals due primarily to the timing and payment of invoices and expenses. These decreases were partially offset by draws on the Company's Credit Facility in order to finance the purchase of Klipsch, as well as increases to accounts receivable and prepaid expenses primarily as a result of the Klipsch business being integrated into the Company. We plan to utilize our current cash position as well as collections from accounts receivable, the cash generated from our operations and the income on our investments to fund the current operations of the business. However, we may utilize all or a portion of current capital resources to pursue other business opportunities, including acquisitions or pay down our debt. The following table summarizes our cash flow activity for all periods presented:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Cash (used in) provided by:			
Operating activities	$ 59,584	$ 32,130	$ 28,222
Investing activities	(179,410)	1,420	(25,009)
Financing activities	34,699	(4,382)	(1,222)
Effect of exchange rate changes on cash	103	(49)	(1,984)
Net (decrease) increase in cash and cash equivalents	$ (85,024)	$ 29,119	$ 7

Operating activities provided cash of $59,584 for Fiscal 2012 from: i) net income generated from operations of $25,649, and depreciation and amortization of $10,295, and ; ii) increased accounts payable, accrued expenses, accrued sales incentives and other due to increases in net sales; partially offset by increased accounts receivable, due primarily to the acquisition of Klipsch.

Investing activities used cash of $179,410 during Fiscal 2012, primarily due to the acquisition of Klipsch on March 1, 2011, as well as due to capital expenditures.

Financing activities provided cash of $34,699 during Fiscal 2012, primarily from cash draws from the Company's Credit Facility to finance the acquisition of Klipsch, offset by the repayment of bank obligations.

As of February 29, 2012, we had a revolving credit facility ("the Credit Facility") with an aggregated committed availability of up to $175 million. The Company could borrow under the Credit Facility as needed, provided the aggregate amounts outstanding did not exceed 85% of certain eligible accounts receivable, plus 65% of certain eligible inventory balances less the outstanding

amounts for Letters of Credit Usage, if applicable. This amount could be further reduced by the aggregated amounts of reserves that may be required at the reasonable discretion of Wells Fargo in its role as the Administrative Agent. Generally, the Company could designate specific borrowings under the Credit Facility as either Base Rate Loans or LIBOR Rate Loans, except that Swing Loans could only be designated as Base Rate Loans. Loans designated as LIBOR Rate Loans bear interest at a rate equal to the then applicable LIBOR rate plus a range of 2.25 - 2.75% based on excess availability in the borrowing base. Loans designated as Base Rate loans bear interest at a rate equal to the base rate plus an applicable margin ranging from 1.25 - 1.75% based on excess availability in the borrowing base. This facility was amended and restated as indicated below on March 14, 2012.

As of March 14, 2012, the Company has amended and restated its Credit Facility (the "Amended Facility"). The Amended Facility provides for senior secured credit facilities in an aggregate principal amount of $205 million, consisting of a U.S. revolving credit facility of $80 million; a $50 million multicurrency revolving facility, of which up to the equivalent of $50 million is available only to VOXX International (Germany) GmbH in euros; and a five year term loan facility in the aggregate principal amount of $75 million. The Amended Facility includes a $25 million sublimit for issuers of letters of credit for domestic borrowings and a $10 million sublimit for Swing Loans.

$60 million of the U. S. revolving credit facility is available on a revolving basis for five years from the closing date. An additional $20 million is available during the three month periods from September 1, 2012 through November 30, 2012 and from September 1, 2013 through November 30, 2013.

Generally, the Company may designate specific borrowings under the Amended Facility as either Alternate Base Rate Loans or LIBOR Rate Loans, except that Swing Loans may only be designated as Alternate Base Rate Loans. VOXX International (Germany) GmbH may only borrow euros, and only as LIBOR rate loans. Loans designated as LIBOR Rate Loans shall bear interest at a rate equal to the then applicable LIBOR rate plus a range of 1.25 - 2.25% based on excess availability in the borrowing base. Loans designated as Alternate Base Rate loans shall bear interest at a rate equal to the base rate plus an applicable margin ranging from 0.25 - 1.25% based on excess availability in the borrowing base.

All amounts outstanding under the Amended Facility will mature and become due on March 13, 2017. The Company may prepay any amounts outstanding at any time, subject to payment of certain breakage and redeployment costs relating to LIBOR Rate Loans. The commitments under the Amended Facility may be irrevocably reduced at any time without premium or penalty. The $75 million five year term loan facility is payable in twenty quarterly installments of principal commencing May 31, 2012, each in the amount of $3,750.

The Amended Facility requires compliance with the following financial covenants calculated as of the last day of each fiscal quarter: (a) Total Leverage Ratio (i) from the Closing Date through February 28, 2013 of less than or equal to 3.25 to 1.00; (ii) from March 1, 2013 through February 28, 2014 of less than or equal to 3.0 to 1.00; and (iii) from March 1, 2014 to Maturity Date of less than or equal to 2.75 to 1.00, and (b) Consolidated EBIT to Consolidated Interest Expense Ratio of greater than or equal to 3.0 to 1.00.

The Amended Facility contains covenants that limit the ability of certain entities of the Company to, among other things: (i) incur additional indebtedness; (ii) incur liens; (iii) merge, consolidate or exit a substantial portion of their respective businesses; (iv) make any material change in the nature of their business; (v) prepay or otherwise acquire indebtedness; (vi) cause any Change of Control; (vii) make any Restricted Payments; (viii) change their fiscal year or method of accounting; (ix) make advances, loans or investments; (x) enter into or permit any transaction with an Affiliate of certain entities of the Company; or (xi) use proceeds for certain items (including capital expenditures).

The Amended Facility contains customary events of default, including, without limitation: failure to pay principal thereunder when due; failure to pay any interest or other amounts thereunder for a period of three (3) business days after becoming due; failure to comply with certain agreements or covenants contained in the Amended Facility; failure to satisfy certain judgments against a Loan Party or any of its Subsidiaries (other than Immaterial Subsidiaries); certain insolvency and bankruptcy events; and failure to pay when due certain other indebtedness in an amount in excess of $5 million.

The Obligations under the Amended Facility are secured by a general lien on and security interest in the assets of certain entities of the Company, including accounts receivable, equipment, substantially all of the real estate, general intangibles and inventory provided that the assets of Hirschman Car Communication GmbH and the foreign guarantors will only secure the Foreign Obligations. All Guarantors other than subsidiaries of Hirschmann Car Communication GmbH have jointly and severally guaranteed (or will jointly and severally guarantee) the obligations of any and all Credit Party Obligations, and each Foreign Guarantor will jointly and severally guarantee the obligations of Hirschmann Car Communications GmbH under the Credit Agreement (i.e., the Foreign Obligations).

On March 14, 2012, the Company borrowed approximately $148 million under this amended credit facility as a result of its stock purchase agreement related to Hirschmann (see Subsequent Event in this Form 10K).

In addition, Audiovox Germany has accounts receivable factoring arrangements totaling 16,000 Euro, a 4,000 Euro Asset-Based Lending ("ABL") credit facility and a 2,000 Euro credit line.

Certain contractual cash obligations and other commitments will impact our short and long-term liquidity. At February 29, 2012, such obligations and commitments are as follows:

	Amount of Commitment Expiration per Period (8)				
Contractual Cash Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Capital lease obligation (1)	$ 9,350	$ 574	$ 1,147	$ 1,161	$ 6,468
Operating leases (2)	24,985	6,907	10,446	5,816	1,816
Total contractual cash obligations	$ 34,335	$ 7,481	$ 11,593	$ 6,977	$ 8,284
Other Commitments					
Bank obligations (3)	$ 33,328	$ 1,818	$ —	$ 31,510	$ —
Stand-by letters of credit (4)	817	817	—	—	—
Commercial letters of credit (4)	273	273	—	—	—
Other (5)	9,022	1,774	5,430	880	938
Contingent earn-out payments and other (6)	7,108	3,167	3,816	125	—
Unconditional purchase obligations (7)	110,329	110,329	—	—	—
Total commercial commitments	$ 160,877	$ 118,178	$ 9,246	$ 32,515	$ 938
Total Commitments	$ 195,212	$ 125,659	$ 20,839	$ 39,492	$ 9,222

(1) Represents total payments (interest and principal) due under a capital lease obligation which has a current (included in other current liabilities) and long term principal balance of $151 and $5,196, respectively at February 29, 2012.

(2) We enter into operating leases in the normal course of business.

(3) Represents amounts outstanding under the Company's Credit Facility and amounts outstanding under the Audiovox Germany Euro asset-based lending facility at February 29, 2012.

(4) Commercial letters of credit are issued during the ordinary course of business through major domestic banks as requested by certain suppliers. We also issue standby letters of credit to secure certain insurance requirements.

(5) The amount includes amounts outstanding under a call-put option with certain employees of Audiovox Germany; amounts outstanding under a term loan agreement for Audiovox Germany; a note payable to a vendor in connection with our Invision acquisition; an assumed mortgage on a facility in connection with our Klipsch acquisition; and amounts outstanding under a mortgage for a facility purchased at Schwaiger.

(6) Represents contingent payments and other liabilities in connection with the Thomson Accessory, Thomson Audio/Video, Invision and Klipsch acquisitions (see Note 2 of the Consolidated Financial Statements).

(7) Open purchase obligations represent inventory commitments. These obligations are not recorded in the consolidated financial statements until commitments are fulfilled and such obligations are subject to change based on negotiations with manufacturers.

(8) At February 29, 2012, the Company had unrecognized tax benefits of $2,912. A reasonable estimate of the timing related to these liabilities is not possible, therefore such amounts are not reflected in this contractual obligation and commitments schedule.

We regularly review our cash funding requirements and attempt to meet those requirements through a combination of cash on hand, cash provided by operations, available borrowings under bank lines of credit and possible future public or private debt and/

or equity offerings. At times, we evaluate possible acquisitions of, or investments in, businesses that are complementary to ours, which transactions may require the use of cash. We believe that our cash, other liquid assets, operating cash flows, credit arrangements, access to equity capital markets, taken together, provides adequate resources to fund ongoing operating expenditures. In the event that they do not, we may require additional funds in the future to support our working capital requirements or for other purposes and may seek to raise such additional funds through the sale of public or private equity and/or debt financings as well as from other sources. No assurance can be given that additional financing will be available in the future or that if available, such financing will be obtainable on terms favorable when required.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial condition or results of operations.

Impact of Inflation and Currency Fluctuation

To the extent that we expand our operations in Europe, Canada, Latin America and the Pacific Rim, the effects of inflation and currency fluctuations could impact our financial condition and results of operations. While the prices we pay for products purchased from our suppliers are principally denominated in United States dollars, price negotiations depend in part on the foreign currency of foreign manufacturers, as well as market, trade and political factors. The Company also has exposure related to transactions in which the currency collected from customers is different from the currency utilized to purchase the product sold in its foreign operations, and U. S. dollar denominated purchases in its foreign subsidiaries. The Company enters forward contracts to hedge certain euro-related transactions. The Company minimizes the risk of nonperformance on the forward contracts by transacting with major financial institutions. During Fiscal 2012 and 2011, the Company held forward contracts specifically designated for hedging (see Note 1(e)). As of February 29, 2012 and February 28, 2011, unrealized losses of $103 and unrealized gains of $238, respectively, were recorded in other comprehensive income associated with these contracts. During the fourth quarter of Fiscal 2012, the Company entered two forward contracts in the amount of $63,750 to hedge the euros required to close its pending Hirschmann acquisition in the first quarter of Fiscal 2013. These contracts were not designated for hedging, and as such, were valued at February 29, 2012. A gain of $1,581 associated with these contracts was recorded through other income during Fiscal 2012.

Effective January 1, 2010, according to the guidelines in ASC 830, Venezuela had been designated as a hyper-inflationary economy. A hyper-inflationary economy designation occurs when a country has experienced cumulative inflation of approximately 100 percent or more over a 3 year period. The hyper-inflationary designation requires the local subsidiary in Venezuela to record all transactions as if they were denominated in U.S. dollars. The Company transitioned to hyper-inflationary accounting on March 1, 2010 and will continue to account for Venezuela under this method.

The Company has certain U. S. dollar denominated assets and liabilities in its Venezuelan operations. Our TICC bond investment (see Note 1(f)) and our U. S dollar denominated intercompany debt have been subject to currency fluctuations associated with the devaluation of the Bolívar fuerte and the temporary institution in 2010 of a two-tier exchange rate by the Venezuelan government. The TICC bond is valued at the current Venezuelan exchange rate of 4.3 and classified as a held-to-maturity investment at amortized cost at February 29, 2012.

Seasonality

We typically experience seasonality in our operations. We generally sell a substantial amount of our products during September, October and November due to increased promotional and advertising activities during the holiday season. Our business is also significantly impacted by the holiday season and electronic trade shows in December and January.

Related Party Transactions

During 1998, we entered into a 30-year capital lease for a building with our principal stockholder and chairman, which was the headquarters of the discontinued Cellular operation sold in 2004. Payments on the capital lease were based upon the construction costs of the building and the then-current interest rates. This capital lease was refinanced in December 2006 and the lease expires on November 30, 2026. The effective interest rate on the capital lease obligation is 8%. The Company subleases the building to Personal Communication Devices, LLC (formerly UTStarcom) for monthly payments of $50 for a term of three years, which expires on October 31, 2012. We also lease another facility from our principal stockholder which expires on November 30, 2016.

As a result of the acquisition of Klipsch, the Company assumed a lease for the facility housing the Klipsch headquarters in Indianapolis. The lessor was Woodview, LLC ("Woodview"), of which certain partners are executives of Klipsch. Lease payments

were based on current market rates, as determined by independent valuation, with the lease expiration on May 31, 2021. On April 20, 2012, the Company purchased this building from Woodview for $10.9 million. The Company paid cash of $3.1 million at closing plus $106 in closing costs, and assumed the mortgage held by Woodview in the amount of $7.8 million. The mortgage is due in May 2013 and bears interest at 5.85%.

Total lease payments required under all related party leases for the five-year period ending February 28, 2017 are $12,166.

Recent Accounting Pronouncements

We are required to adopt certain new accounting pronouncements. See Note 1(v) to our consolidated financial statements of this Annual Report on Form 10-K.

Item 7A-Quantitative and Qualitative Disclosures About Market Risk

The market risk inherent in our market instruments and positions is the potential loss arising from adverse changes in marketable equity security prices, interest rates and foreign currency exchange rates.

Marketable Securities

Marketable securities at February 29, 2012, which are recorded at fair value of $3,450, include an unrealized gain of $3 and have exposure to price fluctuations. This risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges and amounts to $556 as of February 29, 2012. Actual results may differ.

Interest Rate Risk

Our earnings and cash flows are subject to fluctuations due to changes in interest rates on investment of available cash balances in money market funds and investment grade corporate and U.S. government securities. Currently, we do not use interest rate derivative instruments to manage exposure to interest rate changes. In addition, our bank loans expose us to changes in short-term interest rates since interest rates on the underlying obligations are either variable or fixed.

Foreign Exchange Risk

We are subject to risk from changes in foreign exchange rates for our subsidiaries and marketable securities that use a foreign currency as their functional currency and are translated into U.S. dollars. These changes result in cumulative translation adjustments, which are included in accumulated other comprehensive income (loss). At February 29, 2012, we had translation exposure to various foreign currencies with the most significant being the Euro, Hong Kong Dollar, Mexican Peso, Venezuelan Bolivar and Canadian Dollar. The potential loss resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates, as of February 29, 2012 amounts to $2,849. Actual results may differ.

The Company continues to monitor the political and economic climate in Venezuela. Venezuela represents 2% of year to date sales. The majority of assets invested in Venezuela are cash related and are subject to government foreign exchange controls including its investment in Venezuelan government bonds (see Note 1(f)).

Item 8-Consolidated Financial Statements and Supplementary Data

The information required by this item begins on page 33 of this Annual Report on Form 10-K and is incorporated herein by reference.

Item 9-Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable

Item 9A-Controls and Procedures

Evaluation of Disclosure Controls and Procedures

VOXX International Corporation and subsidiaries (the “Company”) maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act is recorded, processed, summarized, and reported within the time periods specified in accordance with the SEC's

rules and regulations, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to the Securities and Exchange Act Rule 13a-15. Based upon this evaluation as of February 29, 2012, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective and adequately designed.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting; as such term is defined in the Securities and Exchange Act Rules 13a-15(f) and 15d-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting as of February 29, 2012. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of February 29, 2012 based on the COSO criteria.

The certifications of the Company's Chief Executive Officer and Chief Financial Officer included in Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K includes, in paragraph 4 of such certifications, information concerning the Company's disclosure controls and procedures and internal control over financial reporting. Such certifications should be read in conjunction with the information contained in this Item 9A. Controls and Procedures, for a more complete understanding of the matters covered by such certifications.

The effectiveness of the Company's internal control over financial reporting as of February 29, 2012, has been audited by Grant Thornton LLP, an independent registered public accounting firm who also audited the Company's consolidated financial statements. Grant Thornton LLP's attestation report on the effectiveness of the Company's internal control over financial reporting is included below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
VOXX International Corporation

We have audited VOXX International Corporation (formerly known as Audiovox Corporation) (a Delaware corporation) and subsidiaries' (the "Company") internal control over financial reporting as of February 29, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, VOXX International Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of February 29, 2012, based on criteria established in Internal Control – Integrated Framework issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of VOXX International Corporation and subsidiaries as of February 29, 2012 and February 28, 2011, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended February 29, 2012, and our report dated May 14, 2012 expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP

Melville, New York
May 14, 2012

Changes in Internal Controls Over Financial Reporting

There were no material changes in our internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the most recently completed fiscal fourth quarter ended February 29, 2012 covered by this report, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B - Other Information

Not Applicable

PART III

The information required by Item 10 (Directors, Executive Officers and Corporate Governance), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters), Item 13 (Certain Relationships and Related Transactions, and Director Independence) and Item 14 (Principal Accounting Fees and Services) of Form 10-K, will be included in our Proxy Statement for the Annual meeting of Stockholders, which will be filed on or before June 28, 2012, and such information is incorporated herein by reference.

PART IV

Item 15-Exhibits, Financial Statement Schedules

(1 and 2) Financial Statements and Financial Statement Schedules. See Index to Consolidated Financial Statements attached hereto.

(3) Exhibits. A list of exhibits is included subsequent to Schedule II on page S-1.

VOXX INTERNATIONAL CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
VOXX International Corporation

We have audited the accompanying consolidated balance sheets of VOXX International Corporation (formerly known as Audiovox Corporation) (a Delaware corporation) and subsidiaries (the "Company") as of February 29, 2012 and February 28, 2011, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended February 29, 2012. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VOXX International Corporation and subsidiaries as of February 29, 2012 and February 28, 2011, and the results of their operations and their cash flows for each of the three years in the period ended February 29, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of February 29, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated May 14, 2012 expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP

Melville, New York
May 14, 2012

VOXX International Corporation and Subsidiaries
Consolidated Balance Sheets
February 29, 2012 and February 28, 2011
(In thousands, except share data)

	February 29, 2012	February 28, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 13,606	$ 98,630
Accounts receivable, net	142,585	108,048
Inventory	129,514	113,620
Receivables from vendors	4,011	8,382
Prepaid expenses and other current assets	13,549	9,382
Income tax receivable	698	—
Deferred income taxes	3,149	2,768
Total current assets	307,112	340,830
Investment securities	13,102	13,500
Equity investments	14,893	12,764
Property, plant and equipment, net	31,779	19,563
Goodwill	87,366	7,373
Intangible assets	175,349	99,189
Deferred income taxes	796	6,244
Other assets	3,782	1,634
Total assets	$ 634,179	$ 501,097
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 43,755	$ 27,341
Accrued expenses and other current liabilities	52,679	36,500
Income taxes payable	5,432	1,610
Accrued sales incentives	18,154	11,981
Deferred income taxes	515	399
Current portion of long-term debt	3,592	4,471
Total current liabilities	124,127	82,302
Long-term debt	34,860	2,077
Capital lease obligation	5,196	5,348
Deferred compensation	3,196	3,554
Other tax liabilities	2,943	1,788
Deferred tax liabilities	34,220	4,919
Other long-term liabilities	7,840	8,163
Total liabilities	212,382	108,151
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	250	248
Paid-in capital	281,213	277,896
Retained earnings	162,676	137,027
Accumulated other comprehensive loss	(3,973)	(3,849)
Treasury stock, at cost	(18,369)	(18,376)
Total stockholders' equity	421,797	392,946
Total liabilities and stockholders' equity	$ 634,179	$ 501,097

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Operations
Years Ended February 29, 2012, February 28, 2011 and February 28, 2010
(In thousands, except share and per share data)

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Net sales	$ 707,062	$ 561,672	$ 550,695
Cost of sales	504,107	437,735	443,944
Gross profit	202,955	123,937	106,751
Operating expenses:			
Selling	47,282	34,517	30,147
General and administrative	93,219	67,262	62,854
Engineering and technical support	15,825	11,934	9,781
Acquisition related costs	2,755	1,207	209
Total operating expenses	159,081	114,920	102,991
Operating income	43,874	9,017	3,760
Other income (expense):			
Interest and bank charges	(5,630)	(2,630)	(1,556)
Equity in income of equity investee	4,035	2,905	1,657
Other, net	(3,387)	3,204	7,294
Total other income (expenses), net	(4,982)	3,479	7,395
Income from operations before income taxes	38,892	12,496	11,155
Income tax expense (benefit)	13,243	(10,535)	(11,328)
Net income	$ 25,649	$ 23,031	$ 22,483
Net income per common share (basic)	$ 1.11	$ 1.00	$ 0.98
Net income per common share (diluted)	$ 1.10	$ 1.00	$ 0.98
Weighted-average common shares outstanding (basic)	23,080,081	22,938,754	22,875,651
Weighted-average common shares outstanding (diluted)	23,265,206	23,112,518	22,919,665

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)
Years Ended February 29, 2012, February 28, 2011 and February 28, 2010
(In thousands, except share data)

	Class A and Class B Common Stock	Paid-in Capital	Retained Earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Stock-holders' equity
Balances at February 28, 2009	$ 246	$ 274,464	$ 91,513	$ (7,325)	$ (18,396)	$ 340,502
Comprehensive income:						
Net income	—	—	22,483	—	—	22,483
Foreign currency translation adjustment	—	—	—	(685)	—	(685)
Reclassification adjustment for other-than-temporary impairment loss on available-for-sale security included in net income	—	—	—	1,000	—	1,000
Unrealized (loss) on marketable securities, net of tax effect	—	—	—	(268)	—	(268)
Other comprehensive income	—	—	—	—	—	47
Comprehensive income	—	—	—	—	—	22,530
Exercise of stock options into 17,500 shares of common stock	1	84	—	—	—	85
Stock-based compensation expense	—	1,138	—	—	—	1,138
Issuance of 945 shares of treasury stock	—	(2)	—	—	10	8
Balances at February 28, 2010	$ 247	$ 275,684	$ 113,996	$ (7,278)	$ (18,386)	$ 364,263
Comprehensive income:						
Net income	—	—	23,031	—	—	23,031
Foreign currency translation adjustment	—	—	—	795	—	795
Reclassification adjustment for other-than-temporary impairment loss on available-for-sale security included in net income	—	—	—	1,600	—	1,600
Reclassification of unrealized losses on marketable securities, net of tax effect	—	—	—	796	—	796
Gain on derivatives designated for hedging	—	—	—	238	—	238
Other comprehensive income	—	—	—	—	—	3,429
Comprehensive income	—	—	—	—	—	26,460
Exercise of stock options into 189,125 shares of common stock	1	931	—	—	—	932
Stock-based compensation expense	—	1,284	—	—	—	1,284
Issuance of 975 shares of treasury stock	—	(3)	—	—	10	7
Balances at February 28, 2011	$ 248	$ 277,896	$ 137,027	$ (3,849)	$ (18,376)	$ 392,946
Comprehensive income:						
Net income	—	—	25,649	—	—	25,649
Foreign currency translation adjustment	—	—	—	(1,153)	—	(1,153)
Reclassification adjustment for other-than-temporary impairment loss on available-for-sale security included in net income	—	—	—	1,225	—	1,225
Unrealized gains on marketable securities, net of tax effect	—	—	—	(65)	—	(65)

Loss on derivatives designated for hedging	—	—	—	(131)	—	(131)
Other comprehensive income	—	—	—	—	—	(124)
Comprehensive income	—	—	—	—	—	25,525
Exercise of stock options into 61,875 shares of common stock	2	2,235	—	—	—	2,237
Stock-based compensation expense	—	1,082	—	—	—	1,082
Issuance of 720 shares of treasury stock	—	—	—	—	7	7
Balances at February 29, 2012	$ 250	$ 281,213	$ 162,676	$ (3,973)	$ (18,369)	$ 421,797

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended February 29, 2012, February 28, 2011 and February 28, 2010
(Amounts in thousands)

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Cash flows from operating activities:			
Net income	$ 25,649	$ 23,031	$ 22,483
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,295	7,865	7,694
Bad debt expense	1,771	1,022	221
Equity in income of equity investee	(4,035)	(2,905)	(1,657)
Distribution of income from equity investees	1,906	1,413	2,199
Deferred income tax expense (benefit), net	4,075	(13,566)	1,594
Loss on disposal of property, plant and equipment	237	64	32
Non-cash compensation adjustment	(139)	717	1,696
Non-cash stock based compensation expense	1,082	1,284	1,138
Realized loss on sale of investment	—	182	—
Gain on bargain purchase	—	—	(5,447)
Impairment loss on marketable securities	1,225	1,600	1,000
Tax benefit on stock options exercised	(1,846)	—	—
Changes in operating assets and liabilities (net of assets and liabilities acquired):			
Accounts receivable	(8,834)	22,462	(22,451)
Inventory	13,269	(12,007)	32,849
Receivables from vendors	4,363	2,802	1,176
Prepaid expenses and other	(8,511)	4,657	(1,890)
Investment securities-trading	357	(646)	(615)
Accounts payable, accrued expenses, accrued sales incentives and other current liabilities	12,698	(9,273)	(6,251)
Income taxes payable	6,022	3,428	(5,549)
Net cash provided by operating activities	59,584	32,130	28,222
Cash flows from investing activities:			
Purchases of property, plant and equipment	(12,364)	(3,055)	(5,017)
Proceeds from distribution from an equity investee	—	—	1,304
Proceeds from repayment of notes receivable	—	—	511
Purchase of short-term investments	—	(23,981)	—
Sale of short-term investments	—	24,210	—
Sale of long-term investment	—	4,368	—
Purchase of long-term investment	—	(245)	(7,498)
Purchase of patents	—	—	348
Borrowing on short-term note	214	180	—
Purchase of acquired businesses, less cash acquired	(167,260)	(57)	(14,657)
Net cash (used in) provided by investing activities	(179,410)	1,420	(25,009)
Cash flows from financing activities:			
Repayment of short-term debt	(927)	(3,950)	—
Borrowings from bank obligations	89,248	285	114
Repayments on bank obligations	(55,765)	(1,479)	(1,452)
Principal payments on capital lease obligation	(102)	(180)	22
Proceeds from exercise of stock options and warrants	392	932	84
Reissue of treasury stock	7	10	10
Tax expense on stock options exercised	1,846	—	—
Net cash provided by (used in) financing activities	34,699	(4,382)	(1,222)
Effect of exchange rate changes on cash	103	(49)	(1,984)
Net (decrease) increase in cash and cash equivalents	(85,024)	29,119	7
Cash and cash equivalents at beginning of year	98,630	69,511	69,504
Cash and cash equivalents at end of year	$ 13,606	$ 98,630	$ 69,511
Supplemental Cash Flow Information:			
Cash paid during the period for:			
Interest, excluding bank charges	$ 3,520	$ 2,138	$ 1,310
Income taxes (net of refunds)	$ 1,499	$ 1,257	$ (7,838)

See accompanying notes to consolidated financial statements.

1) Description of Business and Summary of Significant Accounting Policies

a) *Description of Business*

Effective December 1, 2011, Audiovox Corporation changed its name to VOXX International Corporation ("Voxx," "We," "Our," "Us" or "the Company"). The Company believes that the name VOXX International would be a name that better represents the widely diversified interests of the Company, and the more than 30 global brands it has acquired and grown throughout the years, achieving a powerful international vehicle for each of these respective brands to emerge with its own identity. Voxx is a leading international distributor in the accessory, mobile and consumer electronics industries. We conduct our business through eighteen wholly-owned subsidiaries: American Radio Corp., Audiovox Electronics Corporation (“AEC”), Audiovox Accessories Corp. (“AAC”), Audiovox Consumer Electronics, Inc. (“ACE”), Audiovox German Holdings GmbH (“Audiovox Germany”), Audiovox Venezuela, C.A., Audiovox Canada Limited, Audiovox Hong Kong Ltd., Audiovox International Corp., Audiovox Mexico, S. de R.L. de C.V. (“Audiovox Mexico”), Technuity, Inc., Code Systems, Inc., Oehlbach Kabel GmbH ("Oehlbach"), Schwaiger GmbH (“Schwaiger”), Invision Automotive Systems, Inc. (“Invision”), Klipsch Holding LLC ("Klipsch"), Omega Research and Development, LLC ("Omega") and Audiovox Websales LLC. We market our products under the Audiovox® brand name, other brand names and licensed brands, such as Acoustic Research®, Advent®, Ambico®, Car Link®, Chapman®, Code-Alarm®, Discwasher®, Energizer®, Energy®, Heco®, Incaar™, Invision®, Jamo®, Jensen®, Klipsch®, Mac Audio™, Magnat®, Mirage®, Movies2Go®, Oehlbach®, Omega®, Phase Linear®, Prestige®, Pursuit®, RCA®, RCA Accessories®, Recoton®, Road Gear®, Schwaiger®, Spikemaster® and Terk®, as well as private labels through a large domestic and international distribution network. We also function as an OEM ("Original Equipment Manufacturer") supplier to several customers and presently have one reportable segment (the "Electronics Group"), which is organized by product category.

On March 14, 2012, the Company acquired Car Communication Holding GmbH and its worldwide subsidiaries ("Hirschmann") through a stock purchase as outlined in the Subsequent Events footnote (Note 16).

b) *Principles of Consolidation, Reclassifications and Accounting Principles*

The consolidated financial statements include the financial statements of VOXX International Corporation and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Equity investments in which the Company exercises significant influence but does not control and is not the primary beneficiary are accounted for using the equity method. The Company's share of its equity method investees' earnings or losses are included in other income in the accompanying Consolidated Statements of Operations. The Company eliminates its pro rata share of gross profit on sales to its equity method investees for inventory on hand at the investee at the end of the year. Investments in which the Company is not able to exercise significant influence over the investee are accounted for under the cost method.

Certain amounts in prior years have been reclassified to conform to the current year presentation.

The financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

c) *Use of Estimates*

The preparation of these financial statements require the Company to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses. Such estimates include the allowance for doubtful accounts, inventory valuation, recoverability of deferred tax assets, reserve for uncertain tax positions, valuation of long-lived assets, accrued sales incentives, warranty reserves, stock-based compensation, valuation and impairment assessment of investment securities, goodwill, trademarks and other intangible assets, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ

from those estimates.

d) *Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits with banks and highly liquid money market funds with original maturities of three months or less when purchased. Cash and cash equivalents amounted to $13,606 and $98,630 at February 29, 2012 and February 28, 2011, respectively. Cash amounts held in foreign bank accounts amounted to $5,828 and $6,330 at February 29, 2012 and February 28, 2011, respectively. The majority of these amounts are in excess of government insurance. The Company places its cash and cash equivalents in institutions and funds of high credit quality. We perform periodic evaluations of these institutions and funds.

e) *Fair Value Measurements and Derivatives*

The Company adopted authoritative guidance on "Fair Value Measurements", which among other things, requires enhanced disclosures about investments that are measured and reported at fair value. This guidance establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.
Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.
Level 3 - Unobservable inputs developed using the Company's estimates and assumptions, which reflect those that market participants would use.

The following table presents assets measured at fair value on a recurring basis at February 29, 2012:

		Fair Value Measurements at Reporting Date Using		
		Level 1	**Level 2**	**Level 3**
Cash and cash equivalents:				
Cash and money market funds	$ 13,606	$ 13,606	$ —	$ —
Derivatives				
Designated for hedging	$ (103)	$ —	$ (103)	$ —
Not designated	1,581	—	1,581	—
Total derivatives	$ 1,478	$ —	$ 1,478	$ —
Long-term investment securities:				
Marketable securities at fair value				
Trading securities	$ 3,447	$ 3,447	$ —	$ —
Available-for-sale securities	3	3	—	—
Total marketable securities at fair value	3,450	3,450	—	—
Other investments at amortized cost (a)	9,652	—	—	—
Total long-term investment securities	$ 13,102	$ 3,450	$ —	$ —

The following table presents assets measured at fair value on a recurring basis at February 28, 2011:

		Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Cash and cash equivalents:				
Cash and money market funds	$ 98,630	$ 98,630	$ —	$ —
Derivatives				
Designated for hedging	$ 238	$ —	$ 238	$ —
Not designated	85	—	85	—
Total derivatives	$ 323	$ —	$ 323	$ —
Long-term investment securities:				
Marketable securities at fair value				
Trading securities	$ 3,804	$ 3,804	$ —	$ —
Available-for-sale securities	68	68	—	—
Total marketable securities at fair value	3,872	3,872	—	—
Other investments at amortized cost (a)	9,628	—	—	—
Total long-term investment securities	$ 13,500	$ 3,872	$ —	$ —

(a) Other investments at cost include the Company's held-to-maturity investment, carried at amortized cost. The investment was removed from the Level 2 classification during the third quarter of Fiscal 2012. There were no events or changes in circumstances that occurred to indicate a significant adverse effect on the cost of these investments.

The carrying amount of the Company's accounts receivable, short-term debt, accounts payable, accrued expenses, bank obligations and long-term debt approximates fair value because of (i) the short-term nature of the financial instrument; (ii) the interest rate on the financial instrument being reset every quarter to reflect current market rates; and (iii) the stated or implicit interest rate approximates the current market rates or are not materially different than market rates.

Derivative Instruments

The Company's derivative instruments include forward foreign currency contracts utilized to hedge a portion of its foreign currency inventory purchases as well as its general economic exposure to foreign currency fluctuations created in the normal course of business. The derivatives qualifying for hedge accounting are designated as cash flow hedges and valued using observable forward rates for the same or similar instruments (Level 2). Forward foreign currency contracts not designated under hedged transactions are valued at spot rates for the same or similar instruments (Level 2). The duration of open forward foreign currency contracts range from 1 - 6 months and are classified in the balance sheet according to their terms.

It is the Company's policy to enter into derivative instrument contracts with terms that coincide with the underlying exposure being hedged. As such, the Company's derivative instruments are expected to be highly effective. Hedge ineffectiveness, if any, is recognized as incurred through other income (expense) in the Company's Consolidated Statement of Operations and amounts to $8 and $0 for the years ended February 29, 2012 and February 28, 2011, respectively.

Financial Statement Classification

The Company holds derivative instruments that are designated as hedging instruments as well as certain instruments not so designated. The following table discloses the fair value as of February 29, 2012 and February 28, 2011 for both types of derivative instruments:

		Derivative Assets and Liabilities	
		Fair Value	
	Account	February 29, 2012	February 28, 2011
Designated derivative instruments			
Foreign currency contracts	Prepaid expenses and other current assets	$ —	$ 238
	Accrued expenses	(103)	—
Derivatives not designated			
Foreign currency contracts	Prepaid expenses and other current assets	1,581	85
Total derivatives		$ 1,478	$ 323

As of February 29, 2012, the Company held foreign currency contracts with a notional value of $63,750, which were derivatives not designated in hedged transactions. These contracts were closed during the Company's first fiscal quarter of 2013 with final settlement of the remaining contracts to be completed in March 2012. During the twelve months ended February 29, 2012, the Company recorded gains on the change in fair value of these derivatives of $1,581 recorded in other income and expense on the Company's Consolidated Statement of Operations.

Cash flow hedges

In February 2012, the Company entered into forward foreign currency contracts, which have a current outstanding notional value of $11,875 and are designated as cash flow hedges. For cash flow hedges, the effective portion of the gain or loss is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

Activity related to cash flow hedges recorded during the twelve months ended February 29, 2012 and February 28, 2011 was as follows:

	February 29, 2012			February 28, 2011		
	Gain (Loss) Recognized in Other Comprehensive Income	Gain (Loss) Reclassified into Cost of Sales	Gain (Loss) for Ineffectiveness in Other Income	Gain (Loss) Recognized in Other Comprehensive Income	Gain (Loss) Reclassified into Cost of Sales	Gain (Loss) for Ineffectiveness in Other Income
Cash flow hedges						
Foreign currency contracts	$ (123)	$ 52	$ 8	$ 238	$ —	$ —

The net loss recognized in other comprehensive income for foreign currency contracts is expected to be recognized in cost of sales within the next nine months. No amounts were excluded from the assessment of hedge effectiveness during the respective periods. As of February 29, 2012, no contracts originally designated for hedged accounting were de-designated or terminated.

f) *Investment Securities*

In accordance with the Company's investment policy, all long and short-term investment securities are invested in "investment grade" rated securities. As of February 29, 2012 and February 28, 2011, the Company had the following investments:

	February 29, 2012			February 28, 2011		
	Cost Basis	Unrealized holding gain/(loss)	Fair Value	Cost Basis	Unrealized holding gain/(loss)	Fair Value
Long-Term Investments						
Marketable Securities						
Trading						
Deferred Compensation	$ 3,447	$ —	$ 3,447	$ 3,804	$ —	$ 3,804
Available-for-sale						
Cellstar	—	3	3	—	6	6
Bliss-tel	—	—	—	1,225	(1,163)	62
Held-to-maturity Investment	7,545	—	7,545	7,502	—	7,502
Total Marketable Securities	10,992	3	10,995	12,531	(1,157)	11,374
Other Long-Term Investment	2,107	—	2,107	2,126	—	2,126
Total Long-Term Investments	$ 13,099	$ 3	$ 13,102	$ 14,657	$ (1,157)	$ 13,500

Long-Term Investments

Trading Securities

The Company's trading securities consist of mutual funds, which are held in connection with the Company's deferred compensation plan (see Note 10). Unrealized holding gains and losses on trading securities offset those associated with the corresponding deferred compensation liability.

Available-For-Sale Securities

The Company's available-for-sale marketable securities include a less than 20% equity ownership in CLST Holdings, Inc. ("Cellstar") and Bliss-tel Public Company Limited ("Bliss-tel").

Unrealized holding gains and losses, net of the related tax effect (if applicable), on available-for-sale securities are reported as a component of accumulated other comprehensive income (loss) until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis.

On December 13, 2004, one of the Company's former equity investments, Bliss-tel, issued 575,000,000 shares on the SET (Security Exchange of Thailand) for an offering price of 2.48 baht per share. Prior to the issuance of these shares, the Company was a 20% shareholder in Bliss-tel and, subsequent to the offering, the Company owned 75,000,000 shares (or approximately 13%) of Bliss-tel's outstanding stock. In addition, on July 21, 2005, the Company received 22,500,000 warrants ("the warrants") which may be exercised beginning on September 29, 2006, and expire on July 17, 2012. Each warrant is exercisable into one share of Bliss-tel common stock at an exercise price of 8 baht per share.

During the year ended February 29, 2008, the Company sold 32,898,500 shares of Bliss-tel stock resulting in a gain of $1,533. During Fiscal 2010, Bliss-tel concluded a 4:1 reverse stock split. Accordingly, all share data has been retroactively restated. As of February 29, 2012 and February 28, 2011, the Company owns 36,250,000 shares and 22,500,000 warrants in Bliss-tel with an aggregate fair value of $0 and $62, respectively.

A decline in the market value of any available-for-sale security below cost that is deemed other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. The Company considers numerous factors, on a case-by-case basis, in evaluating whether the decline in market value of an available-for-sale security below cost is other-than-temporary. Such factors include, but are not limited to, (i) the length of time and the extent to which the market value has been less than cost; (ii) the financial condition and the near-term prospects of the issuer of the

investment; and (iii) whether the Company's intent to retain the investment for the period of time is sufficient to allow for any anticipated recovery in market value. In Fiscal 2010, the Company determined that its investment in Bliss-tel was other than temporarily impaired based on its market price (which had been below our cost in excess of twelve months), Bliss-tel's recent losses, its deteriorating financial position, and conditions in the local and global economy, as well as the political environment in Thailand. This impairment of $1,000 related to the approximate value of the warrants, which the Company determined it would not exercise. During Fiscal 2011, the Company continued to monitor the business plans and performance of Bliss-tel. Management noted that, during the year, Bliss-tel successfully restructured its debt position on favorable terms to the company; they further reduced overhead and discontinued non-profitable locations; they weathered the political unrest in the local metropolitan environments; they raised additional capital; and finally, they retained the services of a financial consultant to develop a new business strategy. Notwithstanding these positive factors, there are certain negative factors, exclusive of those associated with macroeconomics, which impacted management's consideration of the value of this investment. Specifically, the company continued to incur significant losses from operations, which raised substantial doubt about the company's ability to continue for a period of time in which management could anticipate a full recovery. Therefore, management determined that an additional portion of its investment was other-than-temporarily impaired. A loss of $1,600 was recorded on the income statement through other income and expense during the year ended February 28, 2011. During Fiscal 2012, Bliss-tel stopped trading on the Thai Stock Exchange in May 2011. In discussions with Bliss-tel management, they were in the process of changing accountants and as a result, had not filed with the exchange on time. A new auditor was engaged during the Company's third fiscal quarter and had been approved by Bliss-tel's board, however, as of February 29, 2012, the company's stock was still suspended from trading and the company was still in arrears on all of its financial statement filings since those filed for December 31, 2010. The Thai Stock Exchange has disclosed that Bliss-tel may be delisted for failure to file timely financial statements. In addition, the company approved an additional private issuance of shares to raise funds for the business during the first fiscal quarter and obtained an additional support loan from a managing director to temporarily fund its working capital needs during the second fiscal quarter. The Company has received no indication that Bliss-tel has ceased operations; however, after review of these circumstances; the dilution of the Company's position; the length of time required to recover this investment; and the continued suspension from trading, which has prevented the Company from obtaining a fair market value on its investment in Bliss-tel, management has estimated the value of this investment to be $0 and recorded total impairment charges of $1,225 for the fiscal year ended February 29, 2012.

Held-to-Maturity Investment

Long-term investments include an investment in U.S. dollar-denominated bonds issued by the Venezuelan government, which had been classified as held-to-maturity when purchased. During the second fiscal quarter of 2011, the Company was advised that the exchange rate on these bonds would no longer float with current exchange rates, and was set at 2.6, the lower of the two-tier exchange rate. Management had reclassified the investment to available for sale as a result of the adoption of its strategy for this investment to liquidate the bonds as soon as market conditions warranted and satisfy its U.S. dollar obligations with the funds. In January, 2011, the Venezuelan government eliminated the two-tier exchange rate. As the Company is not dependent on the cash flow associated with the TICC's, management determined that the significant change in circumstances associated with the TICC's would allow it to resume its original strategy to hold its investment until 2015 and realize the full maturity value. During the fourth quarter of Fiscal 2011, the Company reclassified the Venezuelan TICC's as held-to-maturity and will continue to account for the investment under the cost method.

Other Long-Term Investments

Other long-term investments include an investment in a non-controlled corporation of $2,107 and $2,126 at February 29, 2012 and February 28, 2011, respectively, accounted for by the cost method. The decrease in the investment balance from February 28, 2011 to February 29, 2012 is a result of currency translation. During Fiscal 2011, the Company invested an additional $257 in this investment as part of a capital infusion by four select investors. No additional investments were made in this investment in Fiscal 2012. As a result, as of February 29, 2012 the Company continues to hold approximately 14% of the outstanding shares of this company.

g) *Revenue Recognition*

The Company recognizes revenue from product sales at the time of passage of title and risk of loss to the customer either at FOB shipping point or FOB destination, based upon terms established with the customer. The Company's selling price to its customers is a fixed amount that is not subject to refund or adjustment or contingent upon additional rebates. Any customer acceptance provisions, which are related to product testing, are satisfied prior to revenue recognition. There are no further obligations on the part of the Company subsequent to revenue recognition except for product returns from the Company's customers. The Company does accept product returns, if properly requested, authorized, and approved by the Company. The Company records an estimate of product returns by its customers and records the provision for the estimated amount of such future returns at point of sale, based on historical experience and any notification the Company receives of pending returns.

The Company includes all costs incurred for shipping and handling as cost of sales and all amounts billed to customers as revenue. During February 29, 2012, February 28, 2011, and February 28, 2010, freight costs expensed through cost of sales amounted to $18,172, $13,399 and $12,657, respectively and freight billed to customers amounted to $1,181, $1,161 and $985, respectively.

h) *Accounts Receivable*

The majority of the Company's accounts receivable are due from companies in the retail, mass merchant and OEM industries. Credit is extended based on an evaluation of a customer's financial condition. Accounts receivable are generally due within 30-60 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. Accounts outstanding longer than the contracted payment terms are considered past due.

Accounts receivable is comprised of the following:

	February 29, 2012	February 28, 2011
Trade accounts receivable and other	$ 149,787	$ 115,112
Less:		
Allowance for doubtful accounts	5,737	6,179
Allowance for cash discounts	1,465	885
	$ 142,585	$ 108,048

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customers' current credit worthiness, as determined by a review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within management's expectations and the provisions established, the Company cannot guarantee it will continue to experience the same credit loss rates that have been experienced in the past. Since the Company's accounts receivable are concentrated in a relatively few number of customers, a significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of the Company's accounts receivable and future operating results.

i) *Inventory*

The Company values its inventory at the lower of the actual cost to purchase (primarily on a weighted moving-average basis with a portion valued at standard cost) and/or the current estimated market value of the inventory less expected costs to sell the inventory. The Company regularly reviews inventory quantities on-hand and records a provision for excess and obsolete inventory based primarily on selling prices, indications from customers based upon current price negotiations and purchase orders. The Company's industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand. The Company recorded inventory write-downs of $2,942, $3,911 and $2,972 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

Inventories by major category are as follows:

	February 29, 2012	February 28, 2011
Raw materials	$ 18,495	$ 10,562
Work in process	1,888	1,653
Finished goods	109,131	101,405
Inventory, net	$ 129,514	$ 113,620

The Company's estimates of excess and obsolete inventory may prove to be inaccurate, in which case the Company may have understated or overstated the provision required for excess and obsolete inventory. Although the Company makes every effort to ensure the accuracy of its forecasts of future product demand, any significant unanticipated changes in demand, price or technological developments could have a significant impact on the value of the Company's inventory and reported operating results.

j) *Property, Plant and Equipment*

Property, plant and equipment are stated at cost less accumulated depreciation. Property under a capital lease is stated at the present value of minimum lease payments. Major improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the consolidated balance sheets.

A summary of property, plant and equipment, net, are as follows:

	February 29, 2012	February 28, 2011
Land	$ 1,623	$ 338
Buildings	15,101	6,749
Property under capital lease	6,981	6,981
Furniture, fixtures and displays	4,237	3,782
Machinery and equipment	11,331	9,074
Construction-in-progress	20	20
Computer hardware and software	29,941	28,914
Automobiles	915	827
Leasehold improvements	9,453	6,487
	79,602	63,172
Less accumulated depreciation and amortization	47,823	43,609
	$ 31,779	$ 19,563

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20-30 years
Furniture, fixtures and displays	5-10 years
Machinery and equipment	5-10 years
Computer hardware and software	3-5 years
Automobiles	3 years

Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the asset. Assets acquired under capital leases are amortized over the term of the respective lease. Capitalized computer software costs obtained for internal use are amortized on a straight-line basis.

Depreciation and amortization of property, plant and equipment amounted to $6,111, $5,576 and $5,713 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively. Included in depreciation and amortization expense is amortization of computer software costs of $553, $562 and $1,015 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively. Also included in depreciation expense is $251 of depreciation related to property under a capital lease for each of the years ended February 29, 2012, February 28, 2011 and February 28, 2010.

k) *Goodwill and Other Intangible Assets*

Goodwill and other intangible assets consist of the excess over the fair value of assets acquired (goodwill) and other intangible assets (patents, contracts, trademarks/tradenames and customer relationships). Values assigned to the respective assets are determined in accordance with ASC 805 “Business Combinations” (“ASC 805”) and ASC 350 “Intangibles – Goodwill and Other” (“ASC 350”).

Goodwill is calculated as the excess of the cost of purchased businesses over the value of their underlying net assets. Generally, the primary valuation method used to determine the Fair Value (“FV”) of acquired businesses is the Discounted Future Cash Flow Method (“DCF”). A five-year period is analyzed using a risk adjusted discount rate.

The value of potential intangible assets separate from goodwill are evaluated and assigned to the respective categories. The largest categories from recently acquired businesses are Trademarks and Customer Relationships. The FV’s of trademarks acquired are determined using the Relief from Royalty Method based on projected sales of the trademarked products. The FV’s of customer relationships are determined using the Multi-Period Excess Earnings Method which includes a DCF analysis, adjusted for a required return on tangible and intangible assets. The guidance in ASC 350, including management’s business intent for its use; ongoing market demand for products relevant to the category and their ability to generate future cash flows; legal, regulatory or contractual provisions on its use or subsequent renewal, as applicable; and the cost to maintain or renew the rights to the assets, are considered in determining the useful life of all intangible assets. If the Company determines that there are no legal, regulatory, contractual, competitive, economic or other factors which limit the useful life of the asset, an indefinite life will be assigned and evaluated for impairment as indicated below. Goodwill and other intangible assets that have an indefinite useful life are not amortized. Intangible assets that have a definite useful life are amortized over their estimated useful life.

Goodwill and intangible assets with indefinite useful lives are required to be tested for impairment at least annually or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying amount. Intangible assets with estimable useful lives are required to be amortized over their respective estimated useful lives and reviewed for impairment. Our impairment reviews require the use of certain estimates. If a significant change in these estimates occurs, the Company could experience an impairment charge associated with these assets in future periods.

Goodwill is tested using a two-step process. The first step is to identify a potential impairment, and the second step measures the amount of the impairment loss, if any. Goodwill is considered impaired if the carrying amount of the reporting unit's goodwill exceeds its estimated fair value. Based upon our most recent annual impairment test completed in the fourth quarter of Fiscal 2012, the fair value of goodwill is in excess of the related carrying value. For intangible assets with an indefinite life, primarily trademarks, the Company compared the fair value of each intangible asset with its carrying amount and determined that there were no impairments at February 29, 2012, February 28, 2011 or February 28, 2010. To compute the fair value, various considerations were evaluated including current sales associated with these brands, management’s expectations for future sales, performance of the business group and proximity to acquisition date fair values. At the present time, management intends to continue the development, marketing and selling of products associated with its intangible assets and there are no known restrictions on the continuation of their use. We utilized a Relief-from-Royalty Method considering current sales associated with these brands, management's expectations for future sales, performance of the business group and proximity to acquisition date fair values. Royalty rates of 1.5% to 8.5% were used for the relative trademarks and domain names after reviewing comparable market rates, the profitability of the products associated with relative intangible assets, and other qualitative factors. We determined that a discount rate of

13.3% was appropriate as a result of a weighted average cost of capital analysis.

The cost of other intangible assets with definite lives are amortized on a straight-line basis over their respective lives. Management has determined that the current lives of these assets are appropriate. The expected future cash flows related to intangible assets with definite lives exceeded their carrying values and as such, were not impaired at February 29, 2012, February 28, 2011 or February 28, 2010.

Goodwill

The change in the carrying amount of goodwill is as follows:

	February 29, 2012	February 28, 2011
Net beginning balance	$ 7,373	$ 7,389
Invision purchase price allocation	—	(16)
Klipsch purchase price allocation	$ 79,993	$ —
Net ending balance	$ 87,366	$ 7,373

Other Intangible Assets

	February 29, 2012		
	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Trademarks/Tradenames/Licenses not subject to amortization	$ 129,765	$ —	$ 129,765
Customer relationships subject to amortization (5-20 years)	50,113	7,432	42,681
Trademarks/Tradenames subject to amortization (3-12 years)	1,237	722	515
Patents subject to amortization (5-10 years)	2,942	1,005	1,937
License subject to amortization (5 years)	1,400	1,213	187
Contract subject to amortization (5 years)	1,556	1,292	264
Total	$ 187,013	$ 11,664	$ 175,349

	February 28, 2011		
	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Trademarks/Tradenames/Licenses not subject to amortization	$ 82,569	$ —	$ 82,569
Customer relationships subject to amortization (5-20 years)	18,439	4,142	14,297
Trademarks/Tradenames subject to amortization (3-12 years)	1,237	634	603
Patents subject to amortization (5-10 years)	1,696	797	899
License subject to amortization (5 years)	1,400	933	467
Contract subject to amortization (5 years)	1,556	1,202	354
Total	$ 106,897	$ 7,708	$ 99,189

During the year ended February 29, 2012, the Company recorded $1,247 of patents subject to amortization, $33,000 of amortizing intangibles and $46,816 of indefinite lived intangible assets, plus increases of $1,500 in both definite and indefinite life intangibles in connection with the final purchase price allocation for its Klipsch acquisition. The weighted-average remaining amortization period for amortizing intangibles as of February 29, 2012 is approximately 13 years. The Company expenses the renewal costs of patents as incurred. The weighted-average period before the next renewal is approximately 10 years.

Amortization expense for intangible assets amounted to $3,992, $2,255 and $1,946 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively. The estimated aggregate amortization expense for all amortizable intangibles for each of the succeeding years ending February 28, 2017 is as follows:

Fiscal Year	Amount
2013	$ 4,013
2014	3,826
2015	3,818
2016	3,713
2017	3,699

l) *Sales Incentives*

The Company offers sales incentives to its customers in the form of (1) co-operative advertising allowances; (2) market development funds; (3) volume incentive rebates and (4) other trade allowances. The Company accounts for sales incentives in accordance with ASC 605-50 “Customer Payments and Incentives” (“ASC 605-50”). Except for other trade allowances, all sales incentives require the customer to purchase the Company's products during a specified period of time. All sales incentives require customers to claim the sales incentive within a certain time period (referred to as the "claim period") and claims are settled either by the customer claiming a deduction against an outstanding account receivable or by the customer requesting a cash payout. All costs associated with sales incentives are classified as a reduction of net sales. The following is a summary of the various sales incentive programs:

Co-operative advertising allowances are offered to customers as reimbursement towards their costs for print or media advertising in which the Company’s product is featured on its own or in conjunction with other companies' products. The amount offered is either a fixed amount or is based upon a fixed percentage of sales revenue or a fixed amount per unit sold to the customer during a specified time period.

Market development funds are offered to customers in connection with new product launches or entrance into new markets. The amount offered for new product launches is based upon a fixed amount, or percentage of sales revenue to the customer or a fixed amount per unit sold to the customer during a specified time period.

Volume incentive rebates offered to customers require minimum quantities of product to be purchased during a specified period of time. The amount offered is either based upon a fixed percentage of sales revenue to the customer or a fixed amount per unit sold to the customer. The Company makes an estimate of the ultimate amount of the rebate their customers will earn based upon past history with the customers and other facts and circumstances. The Company has the ability to estimate these volume incentive rebates, as the period of time for a particular rebate to be claimed is relatively short. Any changes in the estimated amount of volume incentive rebates are recognized immediately using a cumulative catch-up adjustment. The Company accrues the cost of co-operative advertising allowances, volume incentive rebates and market development funds at the latter of when the customer purchases our products or when the sales incentive is offered to the customer.

Other trade allowances are additional sales incentives that the Company provides to customers subsequent to the related revenue being recognized. The Company records the provision for these additional sales incentives at the later of when the sales incentive is offered or when the related revenue is recognized. Such additional sales incentives are based upon a fixed percentage of the selling price to the customer, a fixed amount per unit, or a lump-sum amount.

The accrual balance for sales incentives at February 29, 2012 and February 28, 2011 was $18,154 and $11,981, respectively. The increase in the accrual balance is due to the acquisition of Klipsch. Although the Company makes its best estimate of its sales incentive liability, many factors, including significant unanticipated changes in the purchasing volume of its customers and the lack of claims made by customers could have a significant

impact on the sales incentives liability and reported operating results.

For the years ended February 29, 2012, February 28, 2011 and February 28, 2010, reversals of previously established sales incentive liabilities amounted to $3,662, $1,725 and $2,559, respectively. These reversals include unearned and unclaimed sales incentives. Reversals of unearned sales incentives are volume incentive rebates where the customer did not purchase the required minimum quantities of product during the specified time. Volume incentive rebates are reversed into income in the period when the customer did not reach the required minimum purchases of product during the specified time. Unearned sales incentives for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 amounted to $2,200, $977 and $1,369, respectively. Unclaimed sales incentives are sales incentives earned by the customer but the customer has not claimed payment from the Company within the claim period (period after program has ended). Unclaimed sales incentives for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 amounted to $1,462, $748 and $1,190, respectively. Increases in the reversals of previously established sales incentives during Fiscal 2012 as compared to Fiscal 2011 and 2010 were due to the acquisition of Klipsch.

The Company reverses earned but unclaimed sales incentives based upon the expiration of the claim period of each program. Unclaimed sales incentives that have no specified claim period are reversed in the quarter following one year from the end of the program. The Company believes the reversal of earned but unclaimed sales incentives upon the expiration of the claim period is a systematic, rational, consistent and conservative method of reversing unclaimed sales incentives.

A summary of the activity with respect to accrued sales incentives is provided below:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Opening balance	$ 11,981	$ 10,606	$ 7,917
Accruals	43,671	28,004	29,629
Liabilities acquired during acquisitions	7,149	—	—
Payments and credits	(40,985)	(24,904)	(24,381)
Reversals for unearned sales incentives	(2,200)	(977)	(1,369)
Reversals for unclaimed sales incentives	(1,462)	(748)	(1,190)
Ending balance	$ 18,154	$ 11,981	$ 10,606

The majority of the reversals of previously established sales incentive liabilities pertain to sales recorded in prior periods.

m) *Advertising*

Excluding co-operative advertising, the Company expensed the cost of advertising, as incurred, of $7,786, $6,076 and $5,420 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

n) *Product Warranties and Product Repair Costs*

The Company generally warranties its products against certain manufacturing and other defects. The Company provides warranties for all of its products ranging from 90 days to the lifetime of the product. Warranty expenses are accrued at the time of sale based on the Company's estimated cost to repair expected product returns for warranty matters. This liability is based primarily on historical experiences of actual warranty claims as well as current information on repair costs. The warranty liability of $6,425 and $5,956 is recorded in accrued expenses in the accompanying consolidated balance sheets as of February 29, 2012 and February 28, 2011, respectively. In addition, the Company records a reserve for product repair costs which is based upon the quantities of defective inventory on hand and an estimate of the cost to repair such defective inventory. The reserve for product repair costs of $2,370 and $3,095 is recorded as a reduction to inventory in the accompanying consolidated balance

sheets as of February 29, 2012 and February 28, 2011, respectively. Warranty claims and product repair costs expense for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 were $11,839, $11,560 and $12,052, respectively.

Changes in the Company's accrued product warranties and product repair costs are as follows:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Beginning balance	$ 9,051	$ 13,058	$ 14,410
Liabilities acquired during acquisitions	1,480	115	879
Liabilities accrued for warranties issued during the year and repair cost	11,839	11,560	12,052
Warranty claims paid during the year	(13,575)	(15,682)	(14,283)
Ending balance	$ 8,795	$ 9,051	$ 13,058

o) *Foreign Currency*

Assets and liabilities of those subsidiaries and former equity investees located outside the United States whose cash flows are primarily in local currencies have been translated at rates of exchange at the end of the period or historical exchange rates, as appropriate in accordance with ASC 830, "Foreign Currency Matters" (“ASC 830”). Revenues and expenses have been translated at the weighted-average rates of exchange in effect during the period. Gains and losses resulting from translation are recorded in the cumulative foreign currency translation account in accumulated other comprehensive income (loss). For the years ended February 29, 2012, February 28, 2011 and February 28, 2010, the Company recorded foreign currency transaction gains in the amount of $1,748, $2,241 and $1,362, respectively.

The Company has certain operations in Venezuela. Venezuela has recently been operating in a difficult economic environment, which has been troubled with local political issues and various foreign currency and price controls. The country has experienced high rates of inflation over the last several years. The President of Venezuela has the authority to legislate certain areas by decree, which allows the government to nationalize certain industries or expropriate certain companies and property. These factors may have a negative impact on our business and our financial condition. In 2003, Venezuela created the Commission of Administration of Foreign Currency (“CADIVI”) which establishes and administers currency controls and their associated rules and regulations. These controls include creating a fixed exchange rate between the Bolivar and the U.S. Dollar, and the ability to restrict the exchange of Bolivar Fuertes for U.S. Dollars and vice versa.

Effective January 1, 2010, according to the guidelines in ASC 830, Venezuela had been designated as a hyper-inflationary economy. A hyper-inflationary economy designation occurs when a country has experienced cumulative inflation of approximately 100 percent or more over a 3 year period. The hyper-inflationary designation requires the local subsidiary in Venezuela to record all transactions as if they were denominated in U.S. dollars. The Company transitioned to hyper-inflationary accounting on March 1, 2010 and continues to account for its Venezuela operations under this method.

The Company has certain U.S. dollar denominated assets and liabilities in its Venezuelan operations. Our TICC bond investment (See Note 1(f)) and our U.S. dollar denominated intercompany debt have been subject to currency fluctuations associated with the devaluation of the Bolivar Fuerte and the temporary institution in 2010 of a two-tier exchange rate by the Venezuelan government. The TICC bond is valued at the current Venezuela exchange rate of 4.3 and classified as a held-to-maturity investment at amortized cost at February 29, 2012.

On June 9, 2010, the Venezuelan government introduced a newly regulated foreign currency exchange system, Sistema de Transacciones con Titulos en Moneda Extranjera (“SITME”), which is controlled by the Central Bank of Venezuela (“BCV”). The SITME imposes volume restrictions on the conversion of Venezuelan Bolivar Fuertes to U.S. Dollars, currently limiting such activity to a maximum equivalent of $350 per month. As a result

of this restriction, we have limited new U.S. dollar purchases to remain within the guidelines imposed by SITME.

p) *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled (see Note 7). The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Uncertain Tax Positions

The Company adopted guidance included in ASC 740 "Income Taxes" ("ASC 740") as it relates to uncertain tax positions. The guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure requirements.

Tax interest and penalties

The Company classifies interest and penalties associated with income taxes as a component of income tax expense (benefit) on the consolidated statement of operations.

q) *Income (Loss) Per Common Share*

Basic net income (loss) per common share is based upon the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per common share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

A reconciliation between the denominators of the basic and diluted net income (loss) per common share are as follows:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Weighted-average number of common shares outstanding (basic)	23,080,081	22,938,754	22,875,651
Effect of dilutive securities:			
Stock options, warrants and restricted stock	185,125	173,764	44,014
Weighted-average number of common and potential common shares outstanding (diluted)	23,265,206	23,112,518	22,919,665

Stock options and stock warrants totaling 361,464, 165,802 and 1,221,200 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively, were not included in the net income (loss) per common share calculation because the exercise price of these options and warrants were greater than the average market price of common stock during the period or these options and warrants were anti-dilutive due to losses during the respective periods.

r) *Other Income (Expense)*

Other income (expense) is comprised of the following:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Other-than-temporary impairment of investment in Bliss-tel marketable securities	$ (1,225)	$ (1,600)	$ (1,000)
Gain on derivative instruments not designated for hedge accounting	1,581	—	828
Foreign currency gain	1,748	2,241	1,362
Interest Income	744	1,453	990
Rental income	531	530	537
Miscellaneous	(6,766)	580	4,577
Total other, net	$ (3,387)	$ 3,204	$ 7,294

Miscellaneous expense for the year ended February 29, 2012 includes charges related to a legal settlement of approximately $3,600 and a contingent consideration adjustment of approximately $2,000. Foreign currency gain for the year ended February 28, 2011 includes a translation gain of approximately $1,400 related to the elimination of the 2.6 exchange rate in Venezuela. Miscellaneous income for the year ended February 28, 2010 includes a gain on bargain purchase of approximately $5,400, net of deferred taxes, related to the Schwaiger acquisition (Note 2).

s) *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of*

Long-lived assets and certain identifiable intangibles are reviewed for impairment in accordance with ASC 360 whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair market value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets.

t) *Accounting for Stock-Based Compensation*

The Company has a stock-based compensation plan under which employees and non-employee directors may be granted incentive stock options (“ISO's”) and non-qualified stock options (“NQSO's”) to purchase shares of Class A common stock. Under the plan, the exercise price of the ISO's will not be less than the market value of the Company's Class A common stock or greater than 110% of the market value of the Company's Class A common stock on the date of grant. The exercise price of the NQSO's may not be less than 50% of the market value of the Company's Class A common stock on the date of grant. The plan permits for options to be exercised at various intervals as determined by the Board of Directors. However, the maximum expiration period is ten years from date of grant. The vesting requirements are determined by the Board of Directors at the time of grant. Exercised options are issued from authorized Class A common stock. As of February 29, 2012, approximately 31,000 shares were available for future grants under the terms of these plans.

Options are measured at the fair value of the award at the date of grant and are recognized as an expense over the requisite service period. Compensation expense related to stock-based awards with vesting terms are amortized using the straight-line attribution method.

The Company granted 246,250 options during May of 2011, which vested on February 29, 2012, expire two years from date of vesting (February 28, 2014), have an exercise price equal to $7.75, $0.25 above the sales price of the Company's stock on the day prior to the date of grant, have a contractual term of 2.75 years and a

grant date fair value of $3.08 per share determined based on a Black-Scholes valuation model. (Refer to the table below for assumptions used to determine fair value.)

In addition, the Company issued 22,500 warrants during May of 2011 to purchase the Company's common stock with the same terms as those of the options above as consideration for future legal and professional services. These warrants are included in the outstanding options and warrant table below and considered exercisable at February 29, 2012.

The Company granted 861,250 options in September of 2009, one-half vested on November 30, 2009 and one-half vested on November 30, 2010, expire three years from date of vesting (November 30, 2012 and November 30, 2013, respectively), have an exercise price equal to $6.37 (the sales price of the Company's stock on the day prior to the date of grant) have a contractual term between 3.2 and 4.2 years, and a grant date fair value of $2.69 per share determined based upon a Black-Sholes valuation model (refer to the table below for assumptions used to determine fair value).

In addition, the Company issued 17,500 warrants in September of 2009 to purchase the Company's common stock with the same terms as those above as consideration for future legal services. Accordingly, the Company recorded additional legal expense in the amount of approximately $25 and $22 for the years ended February 28, 2011 and 2010, representing the fair value of the warrants issued. These warrants are included in the outstanding options and warrants table below and considered exercisable at February 29, 2012.

The Company granted 20,000 options during July 2009, which vested one-half on August 31, 2009 and one half on November 30, 2009, expired two years from date of vesting (August 31, 2011 and November 30, 2011, respectively), had an exercise price of $7.48 equal to the sales price of the Company's stock on the day prior to the date of the grant, had a contractual life of 2.2 years and a grant date fair value of $2.94 per share.

The per share weighted-average fair value of stock options granted during the years ended February 29, 2012 and February 28, 2010 was $3.08 and $2.70, respectively on the date of grant. There were no stock options granted during the year ended February 28, 2011.

The fair value of stock options and warrants on the date of grant, and the assumptions used to estimate the fair value of the stock options and warrants using the Black-Sholes option valuation model granted during the year was as follows:

	Year Ended February 29, 2012	Year Ended February 28, 2010
Dividend yield	0%	0%
Volatility	65.4%	55.9% - 69.0%
Risk-free interest rate	0.94%	1.46% - 0.97%
Expected life (years)	2.8	3.7 and 2.2

The expected dividend yield is based on historical and projected dividend yields. The Company estimates expected volatility based primarily on historical price changes of the Company's stock equal to the expected life of the option. The Company uses monthly stock prices as the Company's stock experiences low-volume trading. We believe that daily fluctuations are distortive to the volatility and as such will continue to use monthly inputs in the future. The risk free interest rate is based on the U.S. Treasury yield in effect at the time of the grant. The expected option term is the number of years the Company estimates the options will be outstanding prior to exercise based on employment termination behavior.

The Company recognized stock-based compensation expense (before deferred income tax benefits) for awards granted under the Company's stock option plans in the following line items in the consolidated statement of operations:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Cost of sales	$ 23	$ 18	$ 17
Selling expense	116	89	165
General and administrative expenses	681	1,172	951
Engineering and technical support	8	5	5
Stock-based compensation expense before income tax benefits	$ 828	$ 1,284	$ 1,138

Net income was impacted by $505 (after tax), $783 (after tax) and $1,138 (after tax) in stock based compensation expense or $0.02, $0.03 and $0.05 per diluted share for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively. The Company recorded income tax benefits in Fiscal 2012 and Fiscal 2011, as the Company believes it is more likely than not that the tax benefit will be realized in future periods. No tax benefit was recorded in Fiscal 2010 due to a valuation allowance recorded against the Company's deferred tax assets.

Information regarding the Company's stock options and warrants are summarized below:

	Number of Shares	Weighted-Average Exercise Price
Outstanding and exercisable at February 28, 2009	1,456,834	$ 12.82
Granted	898,750	6.40
Exercised	(17,500)	7.38
Forfeited/expired	(1,022,500)	14.91
Outstanding and exercisable at February 28, 2010	1,315,584	6.91
Granted	—	—
Exercised	(189,125)	4.93
Forfeited/expired	(240,209)	10.38
Outstanding and exercisable at February 28, 2011	886,250	6.40
Granted	268,750	7.75
Exercised	(61,875)	6.37
Forfeited/expired	(22,500)	7.36
Outstanding and exercisable at February 29, 2012	1,070,625	$ 6.72

At February 29, 2012, the Company had no unrecognized compensation costs as all options were fully vested.

Summarized information about stock options outstanding as of February 29, 2012 is as follows:

	Outstanding and Exercisable		
Exercise Price Range	Number of Shares	Weighted-Average Exercise Price of Shares	Weighted-Average Life Remaining in Years
$ 6.37 – 7.75	1,070,625	$ 6.71	1.44

The aggregate pre-tax intrinsic value (the difference between the Company’s average closing stock price for the last quarter of Fiscal 2012 and the exercise price, multiplied by the number of in-the-money options) that would

have been received by the option holders had all option holders exercised their options on February 29, 2012 was $4,549. This amount changes based on the fair market value of the Company's stock. The total intrinsic values of options exercised for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 were $387, $444 and $45, respectively

In May of 2011, the Company granted 100,000 shares of restricted stock. A restricted stock award is an award of common stock that is subject to certain restrictions during a specified period. Restricted stock awards are independent of option grants and are subject to forfeiture if employment terminates prior to the release of the restrictions. Shares under the above grant will not be issued to the grantee before they vest. The grantee cannot transfer the rights to receive shares before the restricted shares vest. The restricted stock awards vest one-third on February 29, 2012, one-third on February 28, 2013 and one-third on February 28, 2014. The Company expenses the cost of the restricted stock awards on a straight-line basis over the period during which the restrictions lapse. The fair market value of the restricted stock of $7.60 was determined based on the closing price of the Company's common stock on the grant date.

The following table presents a summary of the Company's restricted stock activity for the year ended February 29, 2012:

	Number of shares (in thousands)	Weighted Average Grant Date Fair Value
Balance at February 28, 2011	—	$ —
Granted	100,000	7.60
Vested	(33,333)	7.60
Forfeited	—	—
Balance at February 29, 2012	66,667	$ 7.60

During the year ended February 29, 2012, the Company recorded $254 in stock-based compensation related to restricted stock awards. As of February 29, 2012, there was $506 of unrecognized stock-based compensation expense related to unvested restricted stock awards. This expense is expected to be fully recognized by February 28, 2014.

u) *Accumulated Other Comprehensive Income (Loss)*

	February 29, 2012	February 28, 2011
Accumulated other comprehensive losses:		
Foreign exchange losses	$ (4,059)	$ (2,906)
Unrealized losses on investments, net of tax	(21)	(1,181)
Derivatives designated in hedging relationship	107	238
Total accumulated other comprehensive losses	$ (3,973)	$ (3,849)

During the year ended February 29, 2012, $1,225 of unrealized losses on available-for-sale investment securities were transferred into earnings. The Fiscal 2012 charge was as a result of declines deemed other-than-temporary. The currency translation adjustments are not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries and equity investments.

v) *New Accounting Pronouncements*

In January 2010, the FASB issued authoritative guidance under ASC 820 that improves disclosures around fair

value measurements. This pronouncement requires additional disclosures regarding transfers between Levels 1, 2 and 3 of the fair value hierarchy of this pronouncement as well as a more detailed reconciliation of recurring Level 3 measurements. Certain disclosure requirements of this pronouncement were effective and adopted by the Company on March 1, 2010, and did not have a material impact on the Company's financial statements. The remaining disclosure requirements of this pronouncement were effective for the Company's first quarter in Fiscal 2012. The adoption of the remaining disclosure requirements did not have a material impact on the Company's financial statements. In May 2011, ASC 820 was further amended to clarify certain disclosure requirements and improve consistency with international reporting standards. This amendment is to be applied prospectively and is effective for the Company's first quarter in Fiscal 2013. The Company does not expect its adoption to have a material effect on its financial statements.

In January 2011, the FASB issued authoritative guidance included in ASC 805 “Business Combinations” which modifies certain pro-forma disclosures related to business combinations. The guidance was effective for the Company on March 1, 2011, and did not have a material impact on the Company's financial statements.

In June 2011, the FASB issued authoritative guidance included in ASC 220 "Comprehensive Income" related to the presentation of comprehensive income. Specifically, the new guidance allows an entity to present components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. The adoption of this disclosure-only guidance will not have an impact on the Company's consolidated financial results and is effective for the Company on March 1, 2012.

In September 2011, the FASB issued authoritative guidance in ASC 350 "Intangibles - Goodwill and other" intended to simplify goodwill impairment testing. Entities will be allowed to perform a qualitative assessment on goodwill impairment to determine whether it is more likely than not (defined as having a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. This guidance is effective for goodwill impairment tests performed in interim and annual periods for fiscal years beginning after December 15, 2011, or the Company's first quarter of Fiscal 2013. The Company does not expect this guidance will have a material impact on its financial statements.

2) Business Acquisitions

Klipsch

On March 1, 2011, Soundtech LLC, a Delaware limited liability company and wholly-owned subsidiary of Voxx, acquired all of the issued and outstanding shares of Klipsch Group, Inc. and its worldwide subsidiaries (“Klipsch”) for a total purchase price of $169.6 million, consisting of cash paid at closing of $167.4 million, including a working capital adjustment, and contingent consideration of $2.2 million as a result of a contractual arrangement with former shareholders, plus related transaction fees and expenses. Klipsch is a global provider of high-end speakers for audio, multi-media and home theater applications. The acquisition of Klipsch adds world-class brand names to Voxx's offerings, increases its distribution network, both domestically and abroad, and provides the Company with entry into the high-end installation market at both the residential and commercial level. In addition to the Klipsch® brand, the Klipsch portfolio includes Jamo®, Mirage®, and Energy®.

In connection with the acquisition, the Company entered into a $175 million credit agreement with Wells Fargo Capital Finance, LLC to fund a portion of the acquisition and future working capital needs, as applicable. At closing, approximately $89 million was borrowed under the Credit Agreement to fund the balance of the purchase price.

As the Klipsch acquisition occurred on March 1, 2011, the consolidated financial statements presented for the full year ended February 29, 2012 include the operations of Klipsch. Net sales attributable to Klipsch in the Company's consolidated statement of operations for the year ended February 29, 2012 were approximately $170 million.

The following table summarizes the final allocation of the purchase price to the fair values of the assets acquired and

liabilities assumed at the date of the acquisition:

	March 1, 2011
Accounts receivable	$ 28,614
Inventory	30,167
Prepaid expenses and other current assets	846
Property, plant and equipment, net	6,347
Goodwill	79,993
Intangible assets	82,563
Deferred tax assets	3,086
Total assets acquired	231,616
Accounts payable	15,796
Accrued expenses and other liabilities	12,664
Deferred tax liabilities	33,557
Net assets acquired	$ 169,599

During the measurement period, the Company recorded $30.5 million of net deferred tax liabilities related to the basis difference between the financial reporting value and the tax value, and the adjustments to the intangible asset values in connection with our preliminary purchase price valuation. In addition, the original purchase price allocation was adjusted by $2.2 million during the quarter ended August 31, 2011 to account for contingent purchase price consideration. As a result of these changes, goodwill associated with this transaction was adjusted accordingly.

The amounts assigned to goodwill and intangible assets for the acquisition are as follows:

	March 1, 2011	Amortization Period (Years)
Goodwill (non-deductible)	$ 79,993	N/A
Tradenames (non-deductible)	49,316	Indefinite
Customer relationships	32,000	15
Patents	1,247	13
	$ 162,556	

Acquisition related costs of $374 and $988 were expensed as incurred in the years ended February 29, 2012 and February 28, 2011, respectively and are included in general and administrative expenses in the accompanying consolidated statements of operations. Approximately $1,250 of costs were contingent upon the completion of the acquisition and were expensed on March 1, 2011.

Invision

On February 1, 2010, the Company’s subsidiary, Invision Automotive Systems, Inc., purchased the assets of Invision Industries, Inc., a manufacturer of rear seat entertainment systems for OEM’s, ports and car dealers. As consideration for Invision, the Company agreed to pay the following:

Purchase price (including cash payments at closing to principal and certain vendors)	$ 15,307
Estimated future consideration	1,458
	$ 16,765

The results of operations of this acquisition have been included in the consolidated financial statements from the date of acquisition. Net sales attributable to Invision in the Company's consolidated statements of operations for the years ended February 29, 2012, February 28, 2011, and February 28, 2010 were approximately $58 million, $52 million and $4 million,

respectively. The purpose of this acquisition was to further strengthen our OEM presence and add manufacturing capabilities to our business model.

The following summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition:

		February 1, 2010
Assets acquired:		
Accounts receivable, net	$	2,430
Inventory		3,045
Property, plant and equipment, net		2,972
Other assets		199
Trademarks and other intangible assets		8,964
Goodwill		7,373
Total assets acquired	$	24,983
Liabilities assumed:		
Accounts payable, accrued expenses and other liabilities	$	7,224
Future warranty		994
Total liabilities assumed		8,218
Net assets acquired	$	16,765

The Company expensed acquisition costs of $219 in accordance with ASC 805 during the year ended February 28, 2010. The allocation of the purchase price to the assets and liabilities assumed was based on a valuation study performed by management and is final.

Schwaiger

On October 1, 2009, Audiovox German Holdings GmbH completed the acquisition of certain assets of Schwaiger, a German market leader in consumer electronics as well as SAT and receiver technologies. As consideration, the Company made a cash payment of $4,348, with all acquisition costs of $209 expensed as incurred in accordance with ASC 805 during the year ended February 28, 2010.

The results of operations of this acquisition have been included in the consolidated financial statements from the date of acquisition. The purpose of this acquisition was to expand our European operations and increase our presence in the European accessory market.

The following summarizes the allocation of the final purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:	
Inventory	$ 5,596
Prepaid assets	86
Property, plant and equipment, net	351
Trademarks and other intangible assets	6,213
Total assets acquired	12,246
Liabilities assumed:	
Accrued expenses and other liabilities	102
Net assets acquired	12,144
Less: purchase price	4,348
Gain on bargain purchase	$ 7,796

The Company recorded the gain on bargain purchase of $5.4 million, net of deferred taxes through other income (expense) on the Consolidated Statement of Operations for the year ended February 28, 2010.

Pro-forma Financial Information

The following unaudited pro-forma financial information for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 represents the combined results of the Company's operations as if Schwaiger and Invision were included for the full year of Fiscal 2010 and as if the Klipsch acquisition had occurred at March 1, 2010. The unaudited pro-forma financial information does not necessarily reflect the results of operations that would have occurred had the Company constituted a single entity during such periods.

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Net Sales	$ 707,062	$ 728,266	$ 617,340
Net income	27,273	32,430	27,966
Net income per share-diluted	$ 1.17	$ 1.40	$ 1.22

The above pro-forma results include certain adjustments for the periods presented to adjust the financial results and give consideration to the assumption that the results of Schwaiger and Invision were included in the Company's consolidated results of operations for the full year of Fiscal 2010 and that the acquisition of Klipsch occurred on the first day of Fiscal 2011. These adjustments include costs such as an estimate for amortization and depreciation associated with intangible and fixed assets acquired, additional financing costs as a result of the acquisitions, and the movement of expenses specific to the acquisitions from Fiscal 2012 and Fiscal 2011 to Fiscal 2011 and Fiscal 2010, respectively. These pro-forma results of operations have been estimated for comparative purposes only and may not reflect the actual results of operations that would have been achieved had the transactions occurred on the dates presented or be indicative of results to be achieved in the future.

3) Receivables from Vendors

The Company has recorded receivables from vendors in the amount of $4,011 and $8,382 as of February 29, 2012 and February 28, 2011, respectively. Receivables from vendors represent prepayments on product shipments and product reimbursements.

4) Equity Investment

The Company has a 50% non-controlling ownership interest in ASA Electronics, LLC and Subsidiary (“ASA”) which acts as a distributor to markets for specialized vehicles, such as RV’s, van conversions and marine vehicles, of televisions

and other automotive sound, security and accessory products. ASC 810 requires the Company to evaluate non-consolidated entities periodically, and as circumstances change, to determine if an implied controlling interest exists. During Fiscal 2012, the Company evaluated this equity investment and concluded that this is still a variable interest entity and the Company is not the primary beneficiary. ASA's fiscal year end is November 30, 2011, however, the proportionate results of ASA as of and through February 29, 2012 have been recorded in the consolidated financial statements.

The following presents unaudited summary financial information for ASA. Such summary financial information has been provided herein based upon the individual significance of this unconsolidated equity investment to the consolidated financial information of the Company.

	February 29, 2012	February 28, 2011
	(unaudited)	(unaudited)
Current assets	$ 28,934	$ 24,521
Non-current assets	5,068	5,240
Current liabilities	4,216	4,233
Members' equity	29,786	25,528

The equity balance carried on the Company's balance sheet amounts to $14,893 and $12,764 at February 29, 2012 and February 28, 2011, respectively.

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
	(unaudited)	(unaudited)	(unaudited)
Net sales	$ 73,392	$ 68,796	$ 51,341
Gross profit	21,735	18,478	12,705
Operating income	8,039	5,756	3,032
Net income	8,071	5,810	3,314

The Company's share of income from ASA for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 was $4,035, $2,905 and $1,657, respectively. In addition, the Company received cash distributions from ASA totaling $1,906, $1,413 and $3,504 during the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

Undistributed earnings from equity investments included in retained earnings amounted to $9,567 and $7,438 at February 29, 2012 and February 28, 2011, respectively.

The following represents summary information of transactions between the Company and ASA:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
	(unaudited)	(unaudited)	(unaudited)
Net Sales	$ 633	$ 477	$ 804
Purchases	—	—	—
Royalty expense	—	—	278

	February 29, 2012	February 28, 2011
Accounts receivable	$ 4	$ 27
Royalty payable	—	—

5) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	February 29, 2012	February 28, 2011
Commissions	$ 737	$ 619
Employee compensation	21,609	9,948
Professional fees and accrued settlements	4,970	2,438
Future warranty	6,425	5,956
Freight and duty	2,297	2,007
Payroll and other taxes	1,141	829
Royalties, advertising and other	15,500	14,703
Total accrued expenses and other current liabilities	$ 52,679	$ 36,500

6) Debt

The Company has the following financing arrangements:

	February 29, 2012	February 28, 2011
Domestic bank obligations (a)	$ 31,510	$ —
Foreign bank obligation (b)	1,818	1,902
Euro term loan agreement (c)	2,024	3,488
Oehlbach (d)	—	86
Other (e)	3,100	1,072
Total debt	38,452	6,548
Less: current portion of long-term debt	3,592	4,471
Total long-term debt	$ 34,860	$ 2,077

a) *Domestic Bank Obligations*

As of February 29, 2012, we had a revolving credit facility (the "Credit Facility"). Funds from the Credit Facility were used to complete the acquisition of Klipsch in March 2011, as well as to fund the temporary short-term working capital needs of the Company. The Credit Facility had an aggregated committed availability of up to $175 million, which could be increased at the option of the Company up to a maximum of $200 million. The Credit Facility included a $25 million sublimit for issuances of letters of credit and a $20 million sublimit for Swing Loans. As of February 29, 2012, the interest rate on the facility was 2.6%.

The Credit Agreement contained covenants that limited the ability of certain entities of the Company to, among other things: (i) incur additional indebtedness: (ii) incur liens; (iii) merge, consolidate or exit a substantial portion of their business; (iv) transfer or dispose of assets; (v) change their names, organizational identification number, state or province of organization or organizational identity; (vi) make any material change in their nature of business; (vii) prepay or otherwise acquire indebtedness; (viii) cause any Change of Control; (ix) make any Restricted Junior Payment; (x) change their fiscal year or method of accounting; (xi) make advances, loans or investments; (xii) enter into or permit any transactions with an Affiliate of certain entities of the Company; (xiii)

use proceeds for certain items; (xiv) issue or sell any of their stock; and/or (xv) consign or sell any of their inventory on certain terms. As of February 29, 2012, the Company was in compliance with all debt covenants.

As a result of the addition of the Credit Facility, the Company incurred debt financing costs of approximately $3.3 million which are recorded as deferred financing costs that are included in other assets and amortized through interest and bank charges over a five year period. During the year ended February 29, 2012, the Company amortized $680 of these costs.

On March 14, 2012, the Company has amended and restated its Credit Facility (the "Amended Facility"). The Amended Facility provides for senior secured credit facilities in an aggregate principal amount of $205 million, consisting of a U.S. revolving credit facility of $80 million; a $50 million multicurrency revolving facility, of which up to the equivalent of $50 million is available only to VOXX International (Germany) GmbH in euros; and a five year term loan facility in the aggregate principal amount of $75 million. The Amended Facility includes a $25 million sublimit for issuers of letters of credit for domestic borrowings and a $10 million sublimit for Swing Loans.

$60 million of the U. S. revolving credit facility is available on a revolving basis for five years from the closing date. An additional $20 million is available during the three month periods from September 1, 2012 through November 30, 2012 and from September 1, 2013 through November 30, 2013.

Generally, the Company may designate specific borrowings under the Amended Facility as either Alternate Base Rate Loans or LIBOR Rate Loans, except that Swing Loans may only be designated as Alternate Base Rate Loans. VOXX International (Germany) GmbH may only borrow euros, and only as LIBOR rate loans. Loans designated as LIBOR Rate Loans shall bear interest at a rate equal to the then applicable LIBOR rate plus a range of 1.25 - 2.25% based on excess availability in the borrowing base. Loans designated as Alternate Base Rate loans shall bear interest at a rate equal to the base rate plus an applicable margin ranging from 0.25 - 1.25% based on excess availability in the borrowing base.

The $75 million five year term loan facility is payable in twenty quarterly installments of principal commencing May 31, 2012, each in the amount of $3,750. All other amounts outstanding under the Amended Facility will mature and become due on March 13, 2017. The Company may prepay any amounts outstanding at any time, subject to payment of certain breakage and redeployment costs relating to LIBOR Rate Loans. The commitments under the Amended Facility may be irrevocably reduced at any time without premium or penalty.

The Amended Facility requires compliance with the following financial covenants calculated as of the last day of each fiscal quarter: (a) Total Leverage Ratio (i) from the Closing Date through February 28, 2013 of less than or equal to 3.25 to 1.00; (ii) from March 1, 2013 through February 28, 2014 of less than or equal to 3.0 to 1.00; and (iii) from March 1, 2014 to Maturity Date of less than or equal to 2.75 to 1.00, and (b) Consolidated EBIT to Consolidated Interest Expense Ratio of greater than or equal to 3.0 to 1.00.

The Amended Facility contains covenants that limit the ability of certain entities of the Company to, among other things: (i) incur additional indebtedness; (ii) incur liens; (iii) merge, consolidate or exit a substantial portion of their respective businesses; (iv) make any material change in the nature of their business; (v) prepay or otherwise acquire indebtedness; (vi) cause any Change of Control; (vii) make any Restricted Payments; (viii) change their fiscal year or method of accounting; (ix) make advances, loans or investments; (x) enter into or permit any transaction with an Affiliate of certain entities of the Company; or (xi) use proceeds for certain items (including capital expenditures).

The Amended Facility contains customary events of default, including, without limitation: failure to pay principal thereunder when due; failure to pay any interest or other amounts thereunder for a period of three (3) business days after becoming due; failure to comply with certain agreements or covenants contained in the Amended Facility; failure to satisfy certain judgments against a Loan Party or any of its Subsidiaries (other than Immaterial Subsidiaries); certain insolvency and bankruptcy events; and failure to pay when due certain other indebtedness in an amount in excess of $5 million.

The Obligations under the Amended Facility are secured by a general lien on and security interest in the assets of certain entities of the Company, including accounts receivable, equipment, substantially all of the real estate,

general intangibles and inventory provided that the assets of Hirschman Car Communication GmbH and the foreign guarantors will only secure the Foreign Obligations. All Guarantors other than subsidiaries of Hirschmann Car Communication GmbH have jointly and severally guaranteed (or will jointly and severally guarantee) the obligations of any and all Credit Party Obligations, and each Foreign Guarantor will jointly and severally guarantee the obligations of Hirschmann Car Communications GmbH under the Credit Agreement (i.e., the Foreign Obligations).

As a result of the amendment to the Credit Facility, the Company incurred additional debt financing costs of approximately $3.4 million, which will be amortized, in addition to the remaining financing costs related to the original Credit Facility, over the five year term of the Amended Facility.

On March 14, 2012, the Company borrowed approximately $148 million under this amended credit facility as a result of its stock purchase agreement related to Hirschmann (see Subsequent Event in this Form 10K).

b) *Foreign Bank Obligations*

Foreign bank obligations include a financing arrangement totaling 16,000 Euros consisting of a Euro accounts receivable factoring arrangement and a Euro Asset-Based Lending ("ABL") (up to 60% of eligible non-factored accounts receivable) credit facility for the Company's subsidiary, Audiovox Germany, which expires on November 1, 2012. Selected accounts receivable are purchased from the Company on a non-recourse basis at 85% of face value and payment of the remaining 15% upon receipt from the customer of the balance of the receivable purchased. The activity under the factoring agreement is accounted for as a sale of accounts receivable. The rate of interest is the three month Euribor plus 1.9% (2.87% at February 29, 2012), and the Company pays 0.22% of its gross sales as a fee for the accounts receivable factoring arrangement. As of February 29, 2012, the amount of accounts receivable available for factoring exceeded the amounts outstanding under this obligation.

The Company had a $2,000 credit line in Venezuela to fund the short-term working capital needs of the local operation. This line expired on June 30, 2011.

c) *Euro Term Loan Agreement*

On March 30, 2008, Audiovox Germany entered into a 5,000 Euro term loan agreement. This agreement is for a five-year term with a financial institution and was used to repay the Audiovox Germany intercompany debt to VOXX International Corporation. Payments under the term loan are to be made in two semi-annual installments of 500 Euros beginning on September 30, 2008 and ending on March 30, 2013. Interest accrues at a fixed rate of 4.82%. Any amount repaid cannot be reborrowed. The term loan is secured by a pledge of the stock of Audiovox Germany and the Magnat brand name, prohibits the distribution of dividends, and takes precedence to all other intercompany loans with VOXX International Corporation.

d) *Oehlbach*

In connection with the Oehlbach acquisition, the Company acquired short and long term debt payable to various third parties, which was repaid in March 2011.

e) *Other Debt*

In connection with its Invision acquisition, the Company settled an assumed liability with a payment upon closing and an interest free note payable to the vendor. The balance at February 28, 2011 was $1,071 and was fully paid as of February 29, 2012.

In connection with the Company's Klipsch acquisition, the Company assumed a note payable on a facility included in the acquired assets. The balance at February 29, 2012 is approximately $870 and will be fully paid by the end of Fiscal 2018.

In January 2012, the Company's Schwaiger subsidiary purchased a building, entering into a mortgage note

payable whose balance was $2,230 at February 29, 2012. The mortgage note bears interest at 3.75% and will be fully paid by December 2019.

The following is a maturity table for debt and bank obligations outstanding at February 29, 2012:

	Amounts Committed
2013	$ 3,592
2014	1,102
2015	430
2016	31,950
2017	440
Thereafter	938
Total	$ 38,452

The weighted-average interest rate on short-term debt was 4.64% and 3.81% for Fiscal 2012 and 2011 , respectively. Interest expense for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 was $3,520, $2,138 and $1,310, respectively, of which $1,651 was related to the Credit Facility for the year ended February 29, 2012.

7) Income Taxes

The components of income before the provision for income taxes are as follows:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Domestic Operations	$ 28,229	$ 6,276	$ 4,569
Foreign Operations	10,663	6,220	6,586
	$ 38,892	$ 12,496	$ 11,155

The provision (benefit) for income taxes is comprised of the following:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Current provision (benefit)			
Federal	$ 5,296	$ 278	$ (11,326)
State	629	(35)	(1,349)
Foreign	3,324	3,120	(605)
Total current provision (benefit)	$ 9,249	$ 3,363	$ (13,280)
Deferred provision (benefit)			
Federal	$ 4,396	$ (12,103)	$ 1,374
State	(561)	(1,355)	157
Foreign	159	(440)	421
Total deferred (benefit) provision	$ 3,994	$ (13,898)	$ 1,952
Total provision (benefit)			
Federal	$ 9,692	$ (11,825)	$ (9,952)
State	68	(1,390)	(1,192)
Foreign	3,483	2,680	(184)
Total provision (benefit)	$ 13,243	$ (10,535)	$ (11,328)

The effective tax rate before income taxes varies from the current statutory U.S. federal income tax rate as follows:

	Year Ended February 29, 2012		Year Ended February 28, 2011		Year Ended February 28, 2010	
Tax provision at Federal statutory rates	$ 13,612	35.0 %	$ 4,373	35.0 %	$ 3,904	35.0 %
State income taxes, net of Federal benefit	1,145	2.9	167	1.3	208	1.9
Change in valuation allowance	192	0.5	(16,254)	(130.1)	(9,902)	(88.8)
Change in tax reserves	(241)	(0.6)	159	1.3	(4,623)	(41.4)
US effects of foreign operations	(135)	(0.4)	92	0.8	668	6.0
Gain on bargain purchase	—	—	—	—	(1,896)	(17.0)
Permanent differences and other	921	2.3	928	7.4	313	2.8
Change in tax rate	(885)	(2.2)	—	—	—	—
Research & development credits	(1,366)	(3.5)	—	—	—	—
Effective tax rate	$ 13,243	34.0 %	$ (10,535)	(84.3)%	$ (11,328)	(101.5)%

The U.S. effects of foreign operations include differences in the statutory tax rate of the foreign countries as compared to the statutory tax rate in the U.S. and foreign operating losses for which no tax benefit has been provided.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	February 29, 2012	February 28, 2011
Deferred tax assets:		
Accounts receivable	$ 480	$ 905
Inventory	3,028	2,373
Property, plant and equipment	170	1,133
Intangible assets	—	3,734
Accruals and reserves	6,599	5,258
Unrealized gains and losses	1,894	2,860
Foreign and state operating losses	3,180	3,392
Tax credits	5,244	3,376
Deferred tax assets before valuation allowance	20,595	23,031
Less: valuation allowance	(9,035)	(7,044)
Total deferred tax assets	11,560	15,987
Deferred tax liabilities:		
Intangible assets	(39,546)	(10,732)
Prepaid expenses	(1,802)	(1,213)
Deferred financing fees	(1,002)	—
Unremitted foreign earnings	—	(348)
Total deferred tax liabilities	(42,350)	(12,293)
Net deferred tax (liability) asset	$ (30,790)	$ 3,694

In assessing the realizability of deferred tax assets, Management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those periods in which temporary differences become deductible and/or net operating loss carryforwards can be utilized. We consider the level of historical taxable income, scheduled reversal of temporary differences, tax planning strategies and projected future taxable income in determining whether a valuation allowance is warranted.

The Company maintains a valuation allowance against deferred tax assets in certain foreign jurisdictions and with respect to its foreign tax credits and various investments which are more likely than not to generate capital losses in the future. Any decline in the valuation allowance could have a favorable impact on our income tax provision and net income in the period in which such determination is made.

The Company recorded net deferred tax liabilities of $30.4 million in connection with the Klipsch acquisition.

As of February 29, 2012, the Company has approximately $5.3 million of foreign tax credits that expire in 2012 through 2019 if not utilized. Such amounts have been fully reserved. In addition, the Company has various state net operating loss carryforwards that expire in varying amounts through fiscal year 2030.

The Company has not provided for U.S. federal and foreign withholding taxes on its foreign subsidiaries undistributed earnings in Germany and Venezuela as of February 29, 2012, because such earnings are intended to be indefinitely reinvested overseas. The amount of unrecognized deferred tax liabilities for temporary differences related to investments in undistributed earnings is not practicable to determine at this time.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, is as follows:

Balance at February 28, 2010	$	2,625
Additions based on tax positions taken in the current and prior years		773
Change in tax law		—
Settlements		—
Lapse in statute of limitations		(63)
Balance at February 28, 2011	$	3,335
Additions in connection with acquisitions		624
Additions based on tax positions taken in the current and prior years		1,192
Change in tax law		—
Settlements		(30)
Lapse in statute of limitations		(471)
Recognition of excess tax benefits		(1,738)
Balance at February 29, 2012	$	2,912

Of the amounts reflected in the table above at February 29, 2012, the entire amount, if recognized, would reduce our effective tax rate. The Company records both accrued interest and penalties related to income tax matters in the provision for income taxes in the accompanying consolidated statement of operations. Included in the reconciliation of unrecognized tax benefits additions based on tax positions taken in prior years for Fiscal 2011 are excess tax benefits for stock based compensation deductions which have not yet reduced the Company's current taxes payable as prescribed by ASC 718. In addition, the Company believes that the uncertain tax positions will not materially change within the next twelve months.

The Company, or one of its subsidiaries, files its tax returns in the U.S. and certain state and foreign income tax jurisdictions with varying statutes of limitations. The earliest years' tax returns filed by the Company that are still subject to examination by the tax authorities in the major jurisdictions are as follows:

Jurisdiction	Tax Year
U.S.	2008
Netherlands	2008
Germany	2008
Canada	2009

8) Other Long-Term Liabilities

On August 29, 2003, the Company entered into a call/put option agreement with certain employees of Audiovox Germany, whereby these employees can acquire up to a maximum of 20% of the Company's stated share capital in Audiovox Germany at a call price equal to the same proportion of the actual price paid by the Company for Audiovox Germany. The put options become immediately exercisable upon (i) the sale of Audiovox Germany or (ii) the termination of employment or death of the employee. The put price to be paid to the employee upon exercise will be the then net asset value per share of Audiovox Germany. Accordingly, the Company recognizes compensation expense based on 20% of the increase in Audiovox Germany's net assets, subject to certain adjustments as defined in the agreement, representing the incremental change of the put price over the call option price. The balance of the call/put option included in other long-term liabilities on the Consolidated Statements of Operations at February 29, 2012 and February 28, 2011 was $3,898 and $3,818, respectively. Compensation (benefit) expense for these options amounted to $127, $727 and $1,679 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

Also included in other long-term liabilities are the non-current portions of contingent considerations related to certain acquisitions of the Company.

9) Capital Structure

The Company's capital structure is as follows:

Security	Par Value	Shares Authorized: February 29, 2012	Shares Authorized: February 28, 2011	Shares Outstanding: February 29, 2012	Shares Outstanding: February 28, 2011	Voting Rights per Share	Liquidation Rights
Preferred Stock	$ 50.00	50,000	50,000	—	—	—	$50 per share
Series Preferred Stock	$ 0.01	1,500,000	1,500,000	—	—	—	
Class A Common Stock	$ 0.01	60,000,000	60,000,000	20,875,600	20,813,005	One	Ratably with Class B
Class B Common Stock	$ 0.01	10,000,000	10,000,000	2,260,954	2,260,954	Ten	Ratably with Class A
Treasury Stock at cost	at cost	1,817,112	1,817,832	—	—	—	

The holders of Class A and Class B common stock are entitled to receive cash or property dividends declared by the Board of Directors. The Board of Directors can declare cash dividends for Class A common stock in amounts equal to or greater than the cash dividends for Class B common stock. Dividends other than cash must be declared equally for both classes. Each share of Class B common stock may, at any time, be converted into one share of Class A common stock.

Stock held in treasury by the Company is accounted for using the cost method which treats stock held in treasury as a reduction to total stockholders' equity. The cost basis for subsequent sales of treasury shares is determined using an average cost method. As of February 29, 2012, 1,738,263 shares of the Company's Class A common stock are authorized to be repurchased in the open market. During the years ended February 29, 2012, February 28, 2011 and February 28, 2010, the Company did not purchase any shares.

10) Other Stock and Retirement Plans

a) *Restricted Stock Plan*

The Company has restricted stock plans under which key employees and directors may be awarded restricted stock. Awards under the restricted stock plan may be performance-accelerated shares or performance-restricted shares. No performance accelerated shares or performance-restricted shares were granted or outstanding during the years ended February 28, 2011 and February 28, 2010. (See Note 1(t)).

As of February 29, 2012, approximately 31,000 shares of the Company's Class A common stock are reserved for issuance under the Company's Restricted and Stock Option Plan.

b) *Profit Sharing Plans*

The Company has established two non-contributory employee profit sharing plans for the benefit of its eligible employees in the United States and Canada. The plans are administered by trustees appointed by the Company. No contributions were made during the years ended February 29, 2012, February 28, 2011 and February 28, 2010. Contributions required by law to be made for eligible employees in Canada were not material for all periods presented.

c) *401(k) Plans*

(1) The VOXX International 401(k) plan is for all eligible domestic employees, with the exception of Klipsch employees, who continued to participate in a separate 401(k) plan for the year ended February 29, 2012. The Company matches a portion of the participant's contributions after three months of service under a predetermined formula based on the participant's contribution level. As of February 1, 2008, the Company suspended all matching contributions to contain operating expenses until economic

conditions improved. Shares of the Company's Common Stock are not an investment option in the Savings Plan and the Company does not use such shares to match participants' contributions.

(2) Klipsch sponsors a 401(k) plan for the subsidiary's eligible employees. All of Klipsch's full-time employees are eligible to participate. Klipsch contributes a matching amount to participants who are at least 21 years of age and have attained six months of service as of entry dates of January 1 or July 1. Klipsch matches 25% of the participants first 4% of salary. During the year ended February 29, 2012, the Company contributed, net of forfeitures, approximately $90 to the 401(k) Plan.

d) *Cash Bonus Profit Sharing Plan*

During Fiscal 2009, the Board of Directors authorized a Cash Bonus Profit Sharing Plan that allows the Company to make profit sharing contributions for the benefit of eligible employees, for any fiscal year based on a pre-determined formula on the Company's pre-tax profits. The size of the contribution is dependent upon the performance of the Company. A participant’s share of the contribution is determined pursuant to the participant’s eligible wages for the fiscal year as a percentage of total eligible wages for all participants. For the years ended February 28, 2011 and 2010, this plan was temporarily suspended and the Company elected to pay back previous temporary salary reductions to all employees below the level of vice president for Fiscal 2010, and all employees for Fiscal 2011, in lieu of contributions to the Profit Sharing Plan. The plan has remained suspended for the year ended February 29, 2012 and will be reinstated only after all other suspended benefits of the Company have been restored.

e) *Deferred Compensation Plan*

Effective December 1, 1999, the Company adopted a Deferred Compensation Plan (the Plan) for Vice Presidents and above. The Plan is intended to provide certain executives with supplemental retirement benefits as well as to permit the deferral of more of their compensation than they are permitted to defer under the Profit Sharing and 401(k) Plan. The Plan provides for a matching contribution equal to 25% of the employee deferrals up to $20. As of February 1, 2008, the Company has temporarily suspended all matching contributions to contain operating expenses until economic conditions improve. The Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan is held by the Company in an investment trust which is considered an asset of the Company. The Company has the option of amending or terminating the Plan at any time.

The investments, which amounted to $3,447 and $3,804 at February 29, 2012 and February 28, 2011, respectively, have been classified as long-term marketable securities and are included in investment securities on the accompanying consolidated balance sheets and a corresponding liability is recorded with $250 recorded in accrued expenses and the balance in deferred compensation which is classified as a long-term liability. Unrealized gains and losses on the marketable securities and corresponding deferred compensation liability net to zero in the accompanying consolidated statements of operations.

11) Lease Obligations

During 1998, the Company entered into a 30-year capital lease for a building with its principal stockholder and current chairman, which was the headquarters of the discontinued Cellular operation. Payments on the capital lease were based upon the construction costs of the building and the then-current interest rates. The effective interest rate on the capital lease obligation is 8%. This lease was refinanced in December 2006 and expires on November 30, 2026. The Company currently subleases the building to Personal Communication Devices, LLC (Formerly UTStarcom) for monthly payments of $50 for a term of three years, terminating on October 31, 2012. We also lease another facility from our principal stockholder which expires on November 30, 2016.

The Company leases certain facilities from its principal stockholder. At February 29, 2012, minimum annual rental payments on these related party leases, in addition to the capital lease payments, which are included in the table below, are as follows:

2013	$ 2,683
2014	2,719
2015	2,752
2016	2,789
2017	1,223
Thereafter	6,468
Total	$ 18,634

As a result of the acquisition of Klipsch, the Company assumed a lease for the facility housing the Klipsch headquarters in Indianapolis, IN. The lessor was Woodview, LLC ("Woodview"), of which certain partners are executives of Klipsch. Lease payments were based on current market rates, as determined by independent valuation, through the lease expiration on May 31, 2012. On April 20, 2012, the Company purchased this building from Woodview for $10.9 million. The Company paid $3.1 million cash at closing, plus $106 in closing costs, and assumed the mortgage held by Woodview in the amount of $7.8 million. The mortgage is due in May 2013 and bears interest at 5.85%

Total lease payments required under all related party leases for the five-year period ending February 28, 2017 are $12,166.

At February 29, 2012, the Company was obligated under non-cancellable capital and operating leases for equipment and warehouse facilities for minimum annual rental payments as follows:

	Capital Lease	Operating Leases
2013	$ 574	$ 6,907
2014	574	5,520
2015	574	4,926
2016	574	4,235
2017	588	1,581
Thereafter	6,466	1,816
Total minimum lease payments	9,350	$ 24,985
Less: minimum sublease income	550	
Net	8,800	
Less: amount representing interest	3,453	
Present value of net minimum lease payments	5,347	
Less: current installments included in accrued expenses and other current liabilities	151	
Long-term capital obligation	$ 5,196	

Rental expense for the above-mentioned operating lease agreements and other leases on a month-to-month basis approximated $4,797, $2,741 and $2,044 for the years ended February 29, 2012, February 28, 2011 and February 28, 2010, respectively.

12) Financial Instruments

a) *Off-Balance Sheet Risk*

Commercial letters of credit are issued by the Company during the ordinary course of business through major domestic banks as requested by certain suppliers. The Company also issues standby letters of credit principally to secure certain bank obligations and insurance policies. The Company had $273 and $1 open commercial letters of credit at February 29, 2012 and February 28, 2011, respectively. Standby letters of credit amounted to $817 and $2,817 at February 29, 2012 and February 28, 2011, respectively. The terms of these letters of credit are all less than one year. No material loss is anticipated due to nonperformance by the counter parties to these agreements. The fair value of the standby letters of credit is estimated to be the same as the contract values based on the short-term nature of the fee arrangements with the issuing banks.

At February 29, 2012, the Company had unconditional purchase obligations for inventory commitments of $110,329. These obligations are not recorded in the consolidated financial statements until commitments are fulfilled and such obligations are subject to change based on negotiations with manufacturers.

b) *Concentrations of Credit Risk*

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables. The Company's customers are located principally in the United States, Canada, Europe and Asia Pacific and consist of, among others, distributors, mass merchandisers, warehouse clubs and independent retailers. The Company generally grants credit based upon analyses of customers' financial condition and previously established buying and payment patterns. For certain customers, the Company establishes collateral rights in accounts receivable and inventory and obtains personal guarantees from certain customers based upon management's credit evaluation. Certain customers in Europe and Latin America have credit insurance equaling their credit limit.

At February 29, 2012 and February 28, 2011, one customer accounted for approximately 22.3% and 21.6% of accounts receivable, respectively. During the years ended February 29, 2012, February 28, 2011 and February 28, 2010 one customer accounted for 10.3%, 13.5% and 28% of net sales, respectively. The Company's five largest customers represented 26% of net sales during the year ended February 29, 2012, 30% for the year ended February 28, 2011 and 36% for the year ended February 28, 2010.

A portion of the Company's customer base may be susceptible to downturns in the retail economy, particularly in the consumer electronics industry. Additionally, customers specializing in certain automotive sound, security and accessory products may be impacted by fluctuations in automotive sales.

13) Financial and Product Information About Foreign and Domestic Operations

Segment

We have determined that we operate in one reportable segment, the Electronics Group, based on review of ASC 280 “Segment Reporting” (“ASC 280”). The characteristics of our operations that are relied on in making and reviewing business decisions include the similarities in our products, the commonality of our customers, suppliers and product developers across multiple brands, our unified marketing and distribution strategy, our centralized inventory management and logistics, and the nature of the financial information used by our Executive Officers. Management reviews the financial results of the Company based on the performance of the Electronics Group.

Locations

Net sales by location were as follows:

	Net Sales		
	Year Ended February 29, 2012	**Year Ended February 28, 2011**	**Year Ended February 28, 2010**
North America	$ 585,293	$ 457,349	$ 460,582
Latin America	26,728	20,258	23,232
Germany	90,042	76,845	59,261
Other foreign countries	4,999	7,220	7,620
Total net sales	$ 707,062	$ 561,672	$ 550,695

The basis of attributing net sales from external customers to individual countries is based on where the sale originates from.

Long-lived assets by location were as follows:

	Long-Lived Assets	
	As of February 29, 2012	As of February 28, 2011
North America	$ 267,167	$ 107,657
Latin America	7,405	423
Asia	174	240
Germany	19,748	17,805
Total long-lived assets	$ 294,494	$ 126,125

Net sales by product categories for the years ended February 29, 2012, February 28, 2011 and February 28, 2010 were as follows:

	Year Ended February 29, 2012	Year Ended February 28, 2011	Year Ended February 28, 2010
Electronics	$ 561,001	$ 415,167	$ 375,021
Accessories	146,061	146,505	175,674
Total net sales	$ 707,062	$ 561,672	$ 550,695

14) Contingencies

The Company is currently, and has in the past been, a party to various routine legal proceedings incident to the ordinary course of business. If management determines, based on the underlying facts and circumstances, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued for. The Company believes its outstanding litigation matters disclosed below will not have a material adverse effect on the Company's financial statements, individually or in the aggregate; however, due to the uncertain outcome of these matters, the Company disclosed these specific matters below:

The products the Company sells are continually changing as a result of improved technology. As a result, although the Company and its suppliers attempt to avoid infringing known proprietary rights, the Company may be subject to legal proceedings and claims for alleged infringement by its suppliers or distributors, of third party patents, trade secrets, trademarks or copyrights. Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management’s attention and resources, or require the Company to either enter into royalty or license agreements which are not advantageous to the Company or pay material amounts of damages.

The Company has been party to a breach of license agreement lawsuit brought against it by MPEG LA, LLC ("MPEG"). During the third quarter of Fiscal 2012, the Company's claim for summary judgment was denied and the case was tried in the New York Supreme Court, Suffolk County. In December 2011, the Company received advisory judgment in the case, concluding that the Company owes MPEG penalties related to license agreement obligations arising from the manufacture and sale of its products. The final judgment is pending and the advisory judgment is currently under appeal. The Company has recorded a charge of approximately $3.6 million and, based on the advisory jury's verdict, has remitted payment of $2.6 million to MPEG in order to resolve this matter. The charge has been recorded in "Other (Expense) Income" in the Consolidated Statement of Operations. The Company continues seeking indemnification from its suppliers for royalty payments that it maintains they were responsible to make and plans to vigorously pursue its option under its indemnification agreements. At this time, we cannot determine the success of those efforts, nor quantify a range of amounts. Management will continue to evaluate the developments associated with final judgment and the negotiations with its suppliers.

(Dollars in thousands, except share and per share data)

15) Unaudited Quarterly Financial Data

Selected unaudited, quarterly financial data of the Company for the years ended February 29, 2012 and February 28, 2011 appear below:

	Quarters Ended			
	Feb 29, 2012	**Nov 30, 2011**	**Aug 31, 2011**	**May 31, 2011**
2012				
Net sales	$ 176,597	$ 206,803	$ 158,337	$ 165,325
Gross profit	55,562	59,843	43,862	43,688
Net income	10,866	8,858	3,439	2,487
Net income per common share (basic)	$ 0.47	$ 0.38	$ 0.15	$ 0.11
Net income per common share (diluted)	$ 0.46	$ 0.38	$ 0.15	$ 0.11

	Quarters Ended			
	Feb. 28, 2011	**Nov. 30, 2010**	**Aug. 31, 2010**	**May 31, 2010**
2011				
Net sales	$ 138,895	$ 163,167	$ 129,297	$ 130,313
Gross profit	34,809	34,597	27,470	27,061
Net income	17,408	3,859	645	1,119
Net income per common share (basic)	$ 0.75	$ 0.17	$ 0.03	$ 0.05
Net income per common share (diluted)	$ 0.75	$ 0.17	$ 0.03	$ 0.05

Earnings per share are computed separately for each quarter. Therefore, the sum of such quarterly per share amounts may differ from the total for the years.

16) Subsequent Events (unaudited)

Hirschmann

On March 14, 2012 (the "Closing Date"), VOXX International, through its wholly-owned subsidiary VOXX International (Germany) GmbH ("Voxx Germany"), completed its acquisition of Hirschmann, a recognized tier-1 supplier of communications and infotainment solutions primarily to the automotive industry, pursuant to the Sale and Purchase Agreement for €87,571 ($114,397 based upon the rate of exchange as of the close of business on the Closing Date) subject to an adjustment to working capital plus related transaction fees and expenses.

On the Closing Date, the Company, certain of its directly and indirectly wholly-owned domestic subsidiaries, and Voxx Germany (collectively, the "Borrowers") entered into an Amended and Restated Credit Agreement (the "Amended Credit Agreement") with Wells Fargo Bank, National Association ("Wells Fargo"), as Agent, and the other lenders party thereto. The Company borrowed $148,000 under the Amended Credit Agreement on the Closing Date and used a portion of the proceeds from such borrowing to fund VOXX Germany's acquisition of Hirschmann. On the Closing Date, the Company also repaid and terminated its existing asset-based loan facility with Wells Fargo Capital Finance, LLC.

As the Hirschmann acquisition occurred on March 14, 2012, the consolidated balance sheet, consolidated statement of operations, and consolidated statement of cash flows presented within this annual report do not include the operations of Hirschmann, or the fair market value of assets and liabilities acquired. The opening balances and financial results of

Hirschmann will be consolidated with Voxx beginning with the Company's first quarter of Fiscal 2013. Net sales for Hirschmann's year ended December 31, 2011 were €143,114 ($199,145 based upon the weighted average exchange rate for the year ended December 31, 2011). Net tangible assets acquired are estimated to be approximately $15,000.

The Company is currently in the process of performing a formal valuation of the assets and liabilities acquired to determine appropriate fair values. Management has not provided all the required disclosures related to this acquisition as the preliminary estimates and assumptions are under development and the U. S. GAAP reconciliation has not been completed.

Acquisition related costs of $1,131 were expensed as incurred in the year ended February 29, 2012 and are included in general and administrative expenses in the accompanying consolidated statements of operations.

Klipsch Settlement

During Fiscal 2012, Klipsch filed suit against twenty-three third parties for producing and reselling counterfeit Klipsch brand headphone products. Klipsch settled with one of the defendants in March 2012 for $800. This settlement payment was received in April 2012. Default judgments are expected against the remaining twenty-two defendants during the first quarter of Fiscal 2013 and an additional $50 of seized funds is expected to be ordered paid to Klipsch. No gain contingencies were recorded for this settlement as of February 29, 2012.

SCHEDULE II

AUDIOVOX CORPORATION AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years ended February 29, 2012, February 28, 2011 and February 28, 2010
(In thousands)

Column A	Column B	Column C	Column D		Column E
Description	**Balance at Beginning of Year**	**Gross Amount Charged to Costs and Expenses**	**Reversals of Previously Established Accruals**	**Deductions (a)**	**Balance at End of Year**
Year ended February 28, 2010					
Allowance for doubtful accounts	$ 7,361	$ (192)	$ —	$ 1,427	$ 5,742
Cash discount allowances	199	4,680	—	4,094	785
Accrued sales incentives	7,917	29,629	(2,559)	24,381	10,606
Reserve for warranties and product repair costs (b)	14,410	12,052	—	13,404	13,058
	$ 29,887	$ 46,169	$ (2,559)	$ 43,306	$ 30,191
Year ended February 28, 2011					
Allowance for doubtful accounts	$ 5,742	$ (1,021)	$ —	$ (1,458)	$ 6,179
Cash discount allowances	785	6,210	—	6,110	885
Accrued sales incentives	10,606	28,004	(1,725)	24,904	11,981
Reserve for warranties and product repair costs (b)	13,058	11,561	—	15,568	9,051
	$ 30,191	$ 44,754	$ (1,725)	$ 45,124	$ 28,096
Year ended February 29, 2012					
Allowance for doubtful accounts	$ 6,179	$ (1,721)	$ —	$ (1,279)	$ 5,737
Cash discount allowances	885	31,167	—	30,587	1,465
Accrued sales incentives	11,981	49,370	(3,850)	39,347	18,154
Reserve for warranties and product repair costs (b)	9,051	11,839	—	12,095	8,795
	$ 28,096	$ 90,655	$ (3,850)	$ 80,750	$ 34,151

(a) For the allowance for doubtful accounts, cash discount allowances, and accrued sales incentives deductions represent currency effects, chargebacks and payments made or credits issued to customers. For the reserve for warranties and product repair costs, deductions represent currency effects and payments for labor and parts made to service centers and vendors for the repair of units returned under warranty.

(b) Column C includes $879 and $115 of liabilities acquired during our Invision acquisition for Fiscal 2010 and Fiscal 2011, respectively, as well as $1,480 of liabilities acquired during our Klipsch acquisition for Fiscal 2012.

Exhibit Number	Description
2.1	Sale and Purchase Agreement, dated February 7, 2012, by and among VOXX International (Germany) GmbH, a Gesellschaft mit beschränkter Haftung under the laws of the Federal Republic of Germany (“Buyer”), VOXX International Corporation, a Delaware corporation (“Parent”), Car Communication Holding GmbH, a German limited liability company (the “Company”), and each shareholder (each a “Seller” and collectively “Sellers”) of the Company. (2)
3.1	Amended and Restated Certificate of Incorporation of the Company as filed with the Delaware Secretary of State on April 17, 2000 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended November 30, 2000).
3.2	By-laws of the Company (incorporated by reference to the Company's Registration Statement on Form S-1; No. 33-10726, filed May 4, 1987).
3.2a	Amendment to the Bylaws of the Company (incorporated by reference to the Company's Form 8-K filed via EDGAR on July 3, 2007).
10.1	Amended and Restated Credit Agreement, dated March 14, 2012, among VOXX International Corporation, as Parent and certain of its directly and indirectly wholly-owned subsidiaries with, Wells Fargo Bank, National Association as Administrative Agent, Fifth Third Bank and HSBC Bank USA N. A., as Co-Syndication Agents and Citibank, N. A. and RBS Citizens, N. A., as Co-Documentation Agents. (2)
10.2	Security Agreement, dated as of March 14, 2012, by and among VOXX International Corporation and certain of its wholly owned subsidiaries as Obligors and Wells Fargo Bank, National Association as Administrative Agent. (2)
10.3	Pledge Agreement, dated as of March 14, 2012, by and among VOXX International Corporation and certain of its wholly owned subsidiaries as Pledgors and Wells Fargo Bank, National Association as Administrative Agent. (2)
21	Subsidiaries of the Registrant (filed herewith).
23	Consent of Grant Thornton LLP (filed herewith).
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
99.1	Consolidated Financial Report of Audiovox Specialized Applications LLC (ASA) as of November 30, 2011 and 2010 and for the Years Ended November 30, 2011, 2010 and 2009 (filed herewith).
99.2	Consent of McGladrey & Pullen, LLP (filed herewith).

101	The following materials from VOXX International Corporation's Annual Report on Form 10-K for the period ended February 29, 2012, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets , (ii), the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.

(d) All other schedules are omitted because the required information is shown in the financial statements or notes thereto or because they are not applicable.

SIGNATURES

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

VOXX INTERNATIONAL CORPORATION

May 14, 2012

By: /s/ Patrick M. Lavelle
Patrick M. Lavelle,
President and Chief Executive Officer

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

Signature	Title	Date
/s/ Patrick M. Lavelle Patrick M. Lavelle	President; Chief Executive Officer (Principal Executive Officer) and Director	May 14, 2012
/s/ Charles M. Stoehr Charles M. Stoehr	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Director	May 14, 2012
/s/ John J. Shalam John J. Shalam	Chairman of the Board of Directors	May 14, 2012
/s/ Philip Christopher Philip Christopher	Director	May 14, 2012
/s/ Paul C. Kreuch, Jr. Paul C. Kreuch, Jr.	Director	May 14, 2012
/s/ Dennis McManus Dennis McManus	Director	May 14, 2012
/s/ Peter A. Lesser Peter A. Lesser	Director	May 14, 2012

No. 698 of the Register of Deeds for 2012 M

file: 2012:353/FM/Li

D o n e

in the Free and Hanseatic City of Hamburg
on Tuesday, 7 (seven) day of February 2012 (two thousand and twelve).

Before me, the Notary in and for the City of Hamburg
Dr. Florian Möhrle

with offices at Ballindamm 40, 20095 Hamburg, appeared today at Bleichenbrücke 10,
D- 20354 Hamburg:

(1) Mrs. Yvonne Reichel,
born on 9th January, 1980,
business address: c/o Norton Rose, Bleichenbrücke 10, D-20354 Hamburg,
identified by way of valid German identity card,

acting

a) not in her own name but without power of attorney without assuming any personal liability on behalf of

Mr. Viktor Schicker
address: An der Commende 7, 56588 Waldbreitbach

b) not in her own name but without power of attorney without assuming any personal liability on behalf of

IRS Profil GmbH
address: Josef-Lerchenbauer-Straße 15, D-85258 Weichs

c) not in her own name but without power of attorney without assuming any personal liability on behalf of

Mr. Ludwig Geis
address: Binderstraße 14, 31141 Hildesheim

d) not in her own name but without power of attorney without assuming any personal liability on behalf of

Mr. Joachim Brandes
address: Kardinal-Wendel-Straße 50, 82515 Wolfratshausen

(2) Mr. John Richard Leon Verbinnen,

born 3 March, 1964,

business address: c/o Audiovox German Holdings GmbH, Lise-Meitner-Straße 9, 50259 Pulheim,

identified by valid Belgium Passport,

acting not in his own name but on the basis of a power of attorney which was present at notarization in the original and which is attached as certified copy to this deed for and on behalf of the Company with limited liability registered with the commercial register at the local court Hamburg under HRB 120599 under the company name of

Vision 394. Vermögensverwaltungsgesellschaft mbH
address: c/o Norton Rose, Bleichenbrücke 10, D-20354 Hamburg.

I, the undersigned Notary, confirm that Dr. von Gierke is officially appointed managing director of the afore said company.

(3) Mrs. Katharina Riel,

born on 17 July, 1978,

business address: c/o Norton Rose, Bleichenbrücke 10, D-20354 Hamburg,

personally known to the notary,

acting not in her own name but on the basis of a power of attorney dated 3rd February 2012 which was presented at today's notarization in the Original, a herewith certified copy of which is attached hereto on behalf of

Voxx International Corporation
address: 180 Marcus Blvd., Hauppauge, NY 11788 USA.

The persons appearing requested that this Agreement be recorded in English. The acting notary, who has sufficient command of the English language, ascertained by way of a personal conversation, that the persons appearing also have sufficient command of the English language. After having been instructed by the notary, the persons appearing waived the right to obtain the assistance of a certified interpreter.

We now declare:

Sale and Purchase Agreement

Hirschmann Car Communication**-Group**

7 February 2012

By and between

1. Mr. **Viktor Schicker**,

- hereinafter also referred to as "**VS**" -

2. **IRS Profil GmbH** with its business seat at Josef-Lerchenbauer-Str. 15, 85258 Weichs and registered with the commercial register at the local court at Munich under docket no. HRB 150 909

- hereinafter also referred to as "**IRS**" -

3. Mr. **Ludwig Geis,**

- hereinafter also referred to as "**LG**" -

4. Mr. **Joachim Brandes**,

- hereinafter also referred to as "**JB**" -

- the parties 1. through 4. hereinafter each individually referred to as a "**Seller**"

and collectively the "**Sellers**" -

5. Vision 394. Vermögensverwaltungsgesellschaft mbH (in future operating as **Voxx International (Germany) GmbH**) with its business seat c/o Norton Rose, Bleichenbrücke 10, 20354 Hamburg and registered with the commercial register at the local court at Hamburg under docket no. HRB 120599,

- hereinafter referred to as "**Purchaser**" -

- all of the above parties hereinafter each individually referred to as "**Party**"

and all of them collectively referred to as "**Parties**" -

and

6. **Voxx International Corporation** with its business seat at 180 Marcus Blvd., Hauppauge, NY 11788, USA

- hereinafter referred to as "**Guarantor**" -

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1. Preamble

1.1 Car Communication Holding GmbH with its seat in Neckartenzlingen/Germany (the "**Company**") is a company with limited liability (*Gesellschaft mit beschränkter Haftung*) duly existing in accordance with German law and registered with the commercial register at the local court at Stuttgart under docket no. HRB 723 556. The Company is the sole (direct and indirect) shareholder of companies (the "**Subsidiaries**") as described in **Annex 1.1**.

1.2 The Sellers are the sole owners of common shares (*Stammgeschäftsanteile*) and preferred shares (*Vorzugsgeschäftsanteile*) (collectively the "**Transaction Shares**") in the Company's share capital (*Stammkapital*) as shown in the most current shareholders' list held with the commercial register as follows:

Seller	Common Shares (EUR)	Preferred Shares (EUR)
VS	23,750.00	2,250.00
IRS	18,750.00	2,450.00
LG	5,000.00	—
JB	2,500.00	—

1.3 VS and IRS have each granted a shareholder loan to the Company as follows, each with an accruing interest rate of 8.5% (eight point five per cent) *per annum* (collectively the "**Shareholder Loans**"):

Seller	Nominal Amount of Shareholder Loan (EUR)	Accrued Interest as per Effective Date (EUR)
VS	2,475,000.00	141,072.99
IRS	2,055,000.00	117,138.99

With respect to the Shareholder Loans, each of VS and IRS have entered into a subordination agreement with Baden-Württembergische Bank, each dated 2 April 2007 (collectively the "**Subordination Agreements**").

1.4 The Purchaser with its seat in Hamburg/Germany is a company with limited liability (*Gesellschaft mit beschränkter Haftung*) duly existing in accordance with German law and registered with the commercial register at the local court at Hamburg under docket no. HRB 120599.

1.5 The Guarantor with its seat in Hauppauge, NY, USA is a stock corporation duly existing in accordance with the laws of the State of Delaware, USA. The Guarantor is the sole shareholder of the Purchaser.

1.6 The Sellers and the Purchaser have agreed to sell the Transaction Shares from the Sellers to the Purchaser and VS as well as IRS have agreed to sell their Shareholder Loans to the Guarantor (collectively the "**Transaction**") subject to and in accordance with the provisions set forth hereinafter in this sale and purchase agreement (the "**Agreement**"). The Transaction shall take economic effect amongst the Sellers and the Purchaser as well as the Guarantor as of the Effective Date.

2. Definitions

Affiliate	means any entity controlled or under joint control as defined in Sections 15 et seqq. of the German Act on Stock Corporations (*Aktiengesetz*), as amended.
Agreement	shall have the meaning set forth in Section 1.6.
Base Net Debt Balance	shall have the meaning set forth in **Annex 2**.**a**.
Base Purchase Price	shall have the meaning as set forth in Section 5.4.
Base Purchase Price Interest	shall have the meaning as set forth in Section 5.5.
Base Shares Purchase Price	shall have the meaning set forth in Section 5.2.
Base Working Capital	shall have the meaning set forth in **Annex 2**.**b**.
Base Working Capital Deviation	means the amount by which the Base Working Capital deviates from the LTM Average January Working Capital.
Business Day	means any day on which banks are open for business and money transfers in Stuttgart/Germany.
Companies	means collectively the Company and the Subsidiaries.
Company	shall have the meaning set forth in Section 1.1.
Competing Activity	shall have the meaning as set forth in Section 21.1.a.
Completion	shall have the meaning set forth in Section 8.1.
Completion Date	shall have the meaning set forth in Section 8.1.
Conditions Precedent	shall have the meaning set forth in Section 7.1.

Effective Date	means 29 February 2012, 24:00h/1 March 2012, 0:00h.
Effective Date Accounts	means a consolidated unaudited balance sheet of the Companies as per the Effective Date drawn up by the Company in accordance with German generally accepted accounting principles and consistent with past practice (as demonstrated in the sample calculation contained in **Annex 5.3**).
Enterprise Value	means a sum in the amount of EUR 85,000,000.00 (in words: eighty five million Euro).
Escrow Account	shall have the meaning set forth in Section 5.6.a.
Escrow Fund	shall have the meaning set forth in Section 5.6.a.
Expert Arbitrator	shall have the meaning set forth in Section 6.4.
Final Effective Date Accounts	shall have the meaning set forth in Section 6.3.
First Release Date	shall have the meaning set forth in Section 11.8.a.
Guarantor	shall have the meaning as set forth in the Recitals.
IP-Rights	shall have the meaning as set forth in Section 10 of **Annex 10.2**.
IRS	shall have the meaning as set forth in the Recitals.
JB	shall have the meaning as set forth in the Recitals.
Key Employees	shall have the meaning as set forth in Section 15.1.i.
LG	shall have the meaning as set forth in the Recitals.
Loan Purchase Price	shall have the meaning set forth in Section 5.1.
LTM Average Effective Date Working Capital	shall have the meaning set forth in **Annex 2**.**b**.
LTM Average January Working Capital	shall have the meaning set forth in **Annex 2**.**b**.
Management Accounts	means the Companies' consolidated financial statement drawn up in accordance with German generally accepted accounting principles and consistent with past practice as prepared by the Company's management in the course of its ordinary reporting practice as of each month's end.

Material Adverse Effect	shall have the meaning as set forth in Section 7.1.e.
Material Agreements	shall have the meaning as set forth in **Annex 10.2.9.3**
Net Debt Balance	shall have the meaning set forth in **Annex 2.a.**
Net Enterprise Value	shall have the meaning as set forth in Section 5.3.a.
Party/Parties	shall have the meaning as set forth in the Recitals
Pre Effective Date Straddle Period	means in relation to Tax assessment periods that start before the Effective Date and end after the Effective Date, the period starting on the first day of the Tax assessment period starting before the Effective Date and ending on the Effective Date
Purchaser	shall have the meaning as set forth in the Recitals
Recent Management Accounts	means the Management Accounts as of 31 January 2012.
Second Release Date	shall have the meaning set forth in Section 11.8.b
Seller Quota	means for each of the Sellers his/its individual fraction of the common shares in the Company's share capital.
Seller/Sellers	shall have the meaning as set forth in the Recitals
Sellers' Account	shall have the meaning set forth in Section 5.6.b.
Sellers' Knowledge	means in respect of each of the Sellers his/its individual actual knowledge (*positive Kenntnis*) in respect of relevant facts or circumstances provided that each Seller's knowledge shall be attributed (*zugerechnet*) to each other Seller.
Sellers' Representative	shall have the meaning set forth in Section 23.2
Sellers' Tax Advisor	shall have the meaning as set forth in Section 12.6
Shareholder Loans	shall have the meaning set forth in Section 1.3
Shares Purchase Price	shall have the meaning set forth in Section 6.1
Signing Date	means the day on which this Agreement has been recorded as a notarial deed

Statutory Annual Accounts 2011	means the statutory consolidated annual accounts (*Konzernabschluss*) of the Companies for the financial year 2011 drawn up in accordance with German generally accepted accounting principles and consistent with past practice and having received an unqualified audit opinion by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.
Subordination Agreements	shall have the meaning set forth in Section 1.3.
Subsidiaries	shall have the meaning set forth in Section 1.1.
Tax	means any German taxes and surcharges or other auxiliary tax obligations (*steuerliche Nebenleistungen*) as defined in Section 3 of the German Tax Act (*Abgabenordnung*) as well as comparable non-German (worldwide) federal, state or local taxes, including for the avoidance of doubt, any and all income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, public social costs including, without limitation, social security contributions, premium, withholding, alternative or added minimum, ad valorem, transfer or excise tax as well as other public dues, together with any interest or penalty or addition thereto even if the interest period or the period for which the auxiliary Tax obligation is imposed ends after the Effective Date but only to the extent the interest or auxiliary Tax obligation is due on Taxes imposed for periods ending on or before the Effective Date. For the avoidance of doubt: deferred taxes (*latente Steuern*) for accounting purposes are not Taxes within the meaning of this definition.
Tax Matters	shall have the meaning set forth in Section 12.5
Transaction	shall have the meaning set forth in Section 1.6
Transaction Shares	shall have the meaning set forth in Section 1.2
VS	shall have the meaning as set forth in the Recitals.
Working Capital	shall have the meaning set forth in **Annex 2.b**
Working Capital Deviation	means the amount by which the Effective Date Working Capital deviates from the LTM Average Effective Date Working Capital

3. Sale and Purchase of Shares; Rights to Profits

3.1 Subject to the terms set forth in this Agreement each of the Sellers hereby sells (*verkauft*) the Transaction Shares set forth opposite his/its name in the table set forth in Section 1.2 to the Purchaser, and the Purchaser hereby purchases (*kauft*) the respective Transaction Shares from the respective Seller.

3.2 The Sellers shall assign and transfer (*abtreten*) with effect *in rem* (*mit dinglicher Wirkung*) the Transaction Shares to the Purchaser on the Completion Date in accordance with Section 8.2.b hereinafter.

3.3 The sale and purchase of the Transaction Shares shall occur with economic effect as of the Effective Date together with any and all rights pertaining to the Transaction Shares, including the right to receive dividends for periods as from the Effective Date and undistributed dividends for prior periods.

3.4 LG's and JB's spouses have approved the sale and assignment of the Transaction Shares held by LG and JB in accordance with Section 1365 para. (1) of the German Civil Code as set forth in the declarations attached as **Annex 3.4**.

3.5 The Sellers hereby grant their mutual consent to the sale and transfer of the Transaction Shares as set forth herein by way of a shareholders' resolution waiving all formal requirements for the calling and holding of such shareholder meeting, and waive all of their respective pre-emptive or similar rights.

4. Sale of Shareholder Loans; Rights to Interest

4.1 Subject to the terms set forth in this Agreement, VS and IRS hereby sell (*verkaufen*) their respective Shareholder Loans set forth opposite his/its name in the table set forth in Section 1.3 to the Guarantor, and the Guarantor hereby purchases (*kauft*) the respective Shareholder Loans from the respective Seller.

4.2 VS and IRS on the one hand and the Guarantor on the other hand agree that the respective Shareholder Loans sold and purchased hereunder are not assigned (*abgetreten*) by virtue of this Agreement but will be assigned (*abgetreten*) with effect *in rem* (*mit dinglicher Wirkung*) on the Completion Date by means of a separate assignment agreement in accordance with Section 8.2.c hereinafter.

4.3 The Guarantor shall assume all rights and obligations of VS and IRS under the Subordination Agreements with effect as of the Completion Date and agrees hereby to fully comply as of the Completion Date with the terms and conditions as set forth in the Subordination Agreements.

4.4 The sale and purchase of the Shareholder Loans shall occur with economic effect as of the Effective Date together with any and all rights pertaining to the Shareholder Loans, including the right to receive interest for periods as from the Effective Date and unpaid interest for prior periods.

5. Loan Purchase Price; Base Shares Purchase Price, Base Purchase Price Interest; Base Purchase Price, Payment of Base Purchase Price

5.1 The purchase price to be paid by the Guarantor for the Shareholder Loans shall amount to a fixed sum of

EUR 4,788,211.98

(in words: Euro four million seven hundred eighty eight thousand two hundred eleven Euro, ninety eight cents)

not being subject to any adjustment (the "**Loan Purchase Price**").

5.2 The purchase price to be paid by the Purchaser for the Transaction Shares shall consist of a base shares purchase price as set forth in Section 5.3 (the "**Base Shares Purchase Price**") as adjusted in accordance with the provisions of Section 6.

5.3 The Base Shares Purchase Price shall be equal to

a. the Enterprise Value minus the Loan Purchase Price (the "**Net Enterprise Value**");

b. minus any positive amount of Base Net Debt Balance or plus any negative amount of Base Net Debt Balance, as the case may be;

c. plus any positive amount of Base Working Capital Deviation or minus any negative amount of Base Working Capital Deviation, as the case may be.

For the determination of the Base Net Debt Balance and the Base Working Capital, the numbers contained in the Recent Management Accounts shall be relevant and the respective amounts may only be taken into account once. For the avoidance of doubt, the Shareholder Loans including interest accrued thereon as per the Effective Date (as set forth in Section 1.3) shall not be taken into account as a liability when determining the Base Net Debt Balance. A sample calculation on the basis of the according numbers for the financial year 2010 is attached hereto as **Annex 5.3**. The Sellers shall provide the Purchaser with the Recent Management Accounts and the calculation of the Base Shares Purchase Price and the Base Purchase Price Interest on that basis as set forth in this Sections 5.3 and Section 5.5 without delay after the Recent Management Accounts having become available and in no event later than the fulfillment of the Conditions Precedent set forth in Sections 7.1.a and 7.1.b. having become known to the Sellers.

5.4 The Base Shares Purchase Price and the Loan Purchase Price shall collectively be referred to as the "**Base Purchase Price**".

5.5 The Base Purchase Price shall bear interest at a rate of EURIBOR (3-months) plus three hundred (300) basis points *per annum* commencing on and including 1 March 2012 until and including the Completion Date (the "**Base Purchase Price Interest**"). Base Purchase Price Interest shall be calculated on the basis of actual days elapsed and a calendar year of 360 days.

5.6 The Base Purchase Price together with the Base Purchase Price Interest in the amount as calculated and notified to the Purchaser by the Sellers as set forth in Section 7.1.c shall be paid in full at the Completion Date in Euro by way of wire transfer - to be credited on the same day - free of any costs and fees as follows:

a. In a partial amount of EUR 8,000,000.00 (in words: Euro eight million) (the "**Escrow Fund**") into a bank account to be established jointly by the Seller's Representative and the Purchaser without delay after the Signing Date (the "**Escrow Account**") and to be operated by the Seller's Representative and the Purchaser only jointly ("*Und-Konto*"); and the Escrow Fund to be invested at the Sellers' instruction as given from time to time to be confirmed by the Purchaser; provided that the Purchaser shall not unreasonably withhold such confirmation and such confirmation be deemed granted if the Sellers have undertaken to indemnify the Purchaser from any losses arising from their respective instruction; and

b. in the remaining amount into the Sellers' joint bank account held as an attorney's trust account by P+P Pöllath + Partners, no 15130284 at UniCredit Bank AG (Sort Code: 700 202 70; IBAN: DE87700202700015130284; BIC (Swift): HYVEDEMMXXX) or any other account notified by the Sellers' Representative to the Purchaser in writing at least three Business Days prior to the Completion Date (each the **"Seller's Account"**).

5.7 In any case of a default on payment (*Zahlungsverzug*), the Base Purchase Price and the Base Purchase Price Interest shall bear default interest at the rate of twelve per cent (12 %) *per annum* during the default period. Interest shall be calculated on the basis of actual days elapsed and a calendar year of 360 days and shall be paid together with the outstanding Base Purchase Price and the Base Purchase Price Interest in Euro by way of wire transfer free of any costs and fees into the Sellers' Account or the Escrow Account, as the case may be.

5.8 Any of the Purchaser's rights to set-off (*aufrechnen*) and/or to withhold (*zurückbehalten*) any payments due under this Agreement is hereby expressly waived and excluded.

6. Determination of Shares Purchase Price; Expert Arbitrator; Payment of balance of Base Shares Purchase Price and Shares Purchase Price

6.1 The Shares Purchase Price shall be equal to

a. the Net Enterprise Value;

b. minus any positive amount of Net Debt Balance or plus any negative amount of Net Debt Balance, as the case may be;

c. plus any positive amount of Working Capital Deviation or minus any negative amount of Working Capital Deviation, as the case may be.

6.2 For purposes of determination of the Net Debt Balance and the Working Capital Deviation, the Purchaser shall without delay, however in no event later than sixty (60) days after the Completion cause the Company to prepare the Effective Date Accounts and deliver them to the Parties together with a calculation of the Share Purchase Price in accordance with Section 6.1. For the determination of the Net Debt Balance and the Working Capital Deviation, the numbers contained in the Effective Date Accounts (as amended pursuant to the provisions in Section 6.3 and/or 6.4 to be the Final Effective Date Accounts) shall be relevant. The calculation shall be made in accordance with the principles set forth in Section 5.3.

6.3 If the Sellers do not object within thirty (30) Business Days after receipt of the Effective Date Accounts or confirm their agreement, those Effective Date Accounts shall be deemed to be approved as final and binding between the Parties. If and to the extent the Sellers do object and the Parties do not reach agreement within 20 (twenty) Business Days after such objections, all items in dispute shall, pursuant to Section 6.4, be referred to the Expert Arbitrator who shall decide on the issues with binding effect for the Parties (the accounts as deemed final or as decided upon by the Expert Arbitrator (the "**Final Effective Date Accounts**").

6.4 The "**Expert Arbitrator**" shall be a public accountant (*Wirtschaftsprüfer*) admitted to practice in Germany appointed jointly by the Sellers and the Purchaser. If an agreement on the appointment cannot be reached within ten (10) Business Days after the end of the 20 Business Day period referred to in Section 6.3, the Expert Arbitrator shall be appointed upon request of the Sellers and/or the Purchaser, as the case may be, by the President of the *Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)* in Düsseldorf.

The Expert Arbitrator shall be bound by those items which neither the Sellers nor the Purchaser have objected to or on which the Sellers and the Purchaser have agreed; in its decision on the points in dispute the Expert Arbitrator shall not go beyond the range of difference of opinions between the Sellers and the Purchaser on each individual item. The Expert Arbitrator shall give both the Sellers and the Purchaser an opportunity to present their position on the disputed items.

The Expert Arbitrator shall then amend the Effective Date Accounts to reflect (i) the adjustments, if any, on which the Sellers and the Purchaser have agreed and (ii) those adjustments which the Expert Arbitrator has decided in the absence of agreement between the Sellers and the Purchaser. The Effective Date Accounts so amended by the Expert Arbitrator shall, for purposes of this Agreement, be final and binding upon the Parties and be deemed the Final Effective Date Accounts.

All costs and expenses of the Expert Arbitrator and of the proceedings thereunder shall be advanced by the Sellers on the one hand and the Purchaser on the other hand in equal amounts. Each of the Sellers and Purchaser shall bear its own costs and the costs of its advisers and counsel, except to the extent that the Expert Arbitrator decides otherwise. The Expert Arbitrator may decide in its equitable discretion upon the final allocation of its costs and expenses as well as the costs and expenses of the proceedings hereunder between the Sellers and/or the Purchaser, including reasonable fees and expenses of the Sellers and the Purchaser and their advisers and counsel in these proceedings, taking into account the decision and the original positions and motions of the Sellers and the Purchaser and applying, *mutatis mutan-dis*, Sec. 91 et seq. of the German Civil Procedure Code (*Zivilprozessordnung*).

6.5 Any difference between the Net Debt Balance and the Base Net Debt Balance shall be payable by the Purchaser to the Sellers (if the Net Debt Balance shows a lower positive or a higher negative amount than the Base Net Debt Balance) or by the Sellers to the Purchaser (if the Net Debt Balance shows a higher positive or a lower negative amount than the Base Net Debt Balance). Further, the difference between the Working Capital Deviation and the Base Working Capital Deviation shall be payable by the Purchaser to the Sellers (if the Working Capital Deviation shows a higher positive or lower negative amount than the Base Working Capital Deviation) or by the Sellers to the Purchaser (if the Working Capital Deviation shows a lower positive or a higher negative amount than the Base Working Capital Deviation).

6.6 The balance of the difference amounts pursuant to Section 6.5 shall be payable to the Sellers or the Purchaser, as the case may be, within ten (10) Business Days after the Final Effective Date Accounts have been delivered to the Parties. If the balance of the difference amounts pursuant to Section 6.5 is payable to the Purchaser, the Purchaser shall be entitled to request payment of such amount from the Escrow Fund. For the avoidance of doubt, the right of Purchaser to request payment from the Sellers directly rather than from the Escrow Fund remains unaffected.

7. Conditions Precedent

7.1 The Parties' obligations to carry out the actions for Completion as set forth in Section 8.2 shall be subject to each of the following conditions to Completion (the "**Conditions Precedent**") being satisfied or (in respect of the Conditions Precedent set forth in Sections 7.1.b through 7.1.e) waived by the Parties jointly:

a. Merger control clearance from the German Federal Cartel Office or respective notice that the case does not fulfil the criteria for prohibition has been obtained.

b. Receipt by the Purchaser of the Statutory Annual Accounts 2011.

c. Receipt by the Purchaser of the calculation of the Base Shares Purchase Price and the Base Purchase Price Interest on that basis as set forth in Section 5.3.

d. Arrangement by the Sellers of (i) personal meetings of the Purchaser in the week starting on 13 February 2012 with the individuals who are, within the purchasing departments of the Companies' customers Audi, BMW and Daimler, responsible for the relationship with the Companies as well as of (ii) a telephone meeting with the individual responsible at AT&T for the relationship with the Companies, and confirmation by the Purchaser that, as a result of such meetings and telephone call, it has been satisfied that the information which Sellers have given to Purchaser with respect to those customers and AT&T (in particular in respect of the current status of the business relationship and potential impacts of the Transaction on such relationship) has been and is correct, provided however that such confirmation shall be deemed to have been made (x) unless the Purchaser has informed the Sellers' Representative otherwise in writing on or before 19 February 2012 or (y) (in respect of the respective customer only) if the Purchaser does not take part in any such meeting or telephone meeting having been arranged by the Sellers.

e. No material adverse change of the business or operation of the Companies other than any change or effect resulting from (i) the general economic conditions, including the general developments of the capital markets or conditions affecting companies and undertakings generally in the industries in which the Companies operate (ii) any disruptions to any business of the Companies, which is attributable to the announcement of this Agreement or the transactions contemplated hereby and (iii) any changes in the laws of any relevant jurisdictions or the interpretations thereof taken as a whole which (x) causes a financial loss to the Companies of more than EUR 4,000,000.00 (in words: four million Euro), (y) causes a reduction of more than 20 % in consolidated turnover of the Companies in the 12 month period immediately following the Signing Date or (z) will result in an EBITDA of the Companies in the 12 month period immediately following the Signing Date which is at least 20 % lower than it would have been, had the respective material adverse change not taken place;

unless the effects of such adverse change are covered by insurance or the Sellers have otherwise compensated the Purchaser or the Companies for such adverse change ("**Material Adverse Effect**") has occurred between the Signing Date and the day on which the last of the conditions set forth in Sections 7.1.a, 7.1.b and 7.1.d has been fulfilled.

7.2 The Parties shall inform each other in writing without delay (*unverzüglich*) as soon as any or all of the Conditions Precedent have been satisfied or events or circumstances arise which may prevent any of the Conditions Precedent to be fulfilled.

8. Completion

8.1 The consummation of the transactions contemplated by this Agreement (the "**Completion**") shall take place at the offices of Norton Rose, Bleichenbrücke 10 (Kaufmannshaus), 20354 Hamburg

a. on the fifth Business Day after the date on which the last of the Conditions Precedent has been fulfilled or waived, provided that if such day is a Friday Completion shall take place on the sixth Business Day after the date on which the last of the Conditions Precedent set forth in Sections 7.1.a, 7.1.b and 7.1.d has been fulfilled without a Material Adverse Effect having occurred until such date; provided that Completion shall take place on 12 March 2012 at the earliest; or

b. at any other time or place on which the Parties may mutually agree in writing

(each of the dates referred to in a. or b. above, as the case may be, the "**Completion Date**").

8.2 At the Completion, the Parties shall simultaneously (*Zug um Zug*) execute and deliver the following documents or cause such documents to be executed and delivered and take the following actions or cause such actions to be taken simultaneously:

a. The Purchaser shall pay the Base Purchase Price and the Base Purchase Price Interest as notified in accordance with Section 5.6 to the Sellers' Account and the Escrow Account as set forth in Section 5.6.

b. The Sellers shall assign (*abtreten*) the Transaction Shares to the Purchaser by way of a separate transfer deed substantially as set forth in **Annex 8.2.b**.

c. VS and IRS shall assign the Shareholder Loans to the Guarantor by way of a separate assignment agreement substantially as set forth in **Annex 8.2.c**.

The provision of Section 25.1 sentence 1 hereof shall remain unaffected.

9. Rescission Rights

9.1 In the event that (i) Completion has not occurred within seven (7) weeks after the Signing Date or (ii) the Condition Precedent set forth in Section 7.1.d is not fulfilled or deemed fulfilled on 19 February 2012 by the latest, each of the Parties shall be entitled to rescind this Agreement (*Rücktritt vom Vertrag*) by written notice to the respective other Party with a copy to the acting notary provided that such rescission may not be sought by a Party if the non-occurrence of the Completion is due to a grossly negligent or intentional *(grob fahrlässig oder vorsätzlich*) failure of such Party to comply with the obligations hereunder. The provisions contained in the following Section 9.2 shall remain unaffected.

9.2 In the event that the Transaction should not have been authorized by the competent cartel (merger) authorities specified in Section 7.1.a within a period of one (1) month after the notification has been filed, and such non-authorization is not caused by facts or circumstances which the Purchaser grossly negligently or intentionally (*grob fahrlässig oder vorsätzlich*) has failed to disclose to the Sellers or the competent cartel (merger) authorities pursuant to Section 14, then the rescission right granted in Section 9.1 shall arise only in the event that Completion has not occurred within five (5) months after Signing Date.

9.3 If this Agreement is rescinded in accordance with this Section 9, this Agreement shall cease to have force and effect and shall not create any binding obligation between the Parties except that the provisions as set forth in this Section 9, Section 16 (Guarantee), Section 20 (Confidentiality), Section 22 (Costs), Section 23 (Notices), Section 24 (Applicable Law; Arbitration) and Section 25 (Other Provisions) shall remain in full force and effect. Upon rescission, any of the Parties' claims shall be excluded as far as this is legally permissible except that Purchaser shall be liable for Sellers' damages arising from the non-occurrence of the Completion if the non-occurrence of the Completion is due to a rescission of the Sellers where the Transaction has failed clearance by the competent cartel (merger) authorities within one month since the filing because the Purchaser gross negligently or intentionally (*grob fahrlässig oder* vorsätzlich) failed to disclose information relevant insofar. In such case the Sellers' damages shall be agreed to amount to a sum of at least EUR 8,000,000 (in words: eight million Euro), without prejudice to the Sellers showing a higher damage. The same shall apply *vice versa* if the non-occurrence of the Completion is due to a rescission of the Purchaser where the Transaction has failed clearance by the competent cartel (merger) authorities within one month since the filing because the Sellers gross negligently or intentionally (*grob fahrlässig oder* vorsätzlich) failed to disclose information relevant insofar. In such case the Purchaser's damages shall be agreed to amount to a sum of at least EUR 8,000,000 (in words: eight million Euro), without prejudice to the Purchaser showing a higher damage.

9.4 For the avoidance of doubt, the rescission right of the Sellers, if any, can only be exercised jointly by all Sellers, and any rescission by any of the Sellers individually shall be expressly excluded.

10. Sellers' Representations

10.1 During the preparation of the transactions described in this Agreement the Parties have exchanged comprehensive information enabling the Purchaser to thoroughly evaluate the Companies and their business activities under commercial, financial, technical, organizational, environmental, tax and legal aspects. The Purchaser had numerous discussions with the Companies' management and employees, as well as site visits to the facilities operated by the Companies. The Purchaser confirms to the Sellers that the Purchaser or its respective employees, agents or professional advisors have had full access to all information and documents contained in the data room provided for the Purchaser's information and as listed in **Annex 10.1**.

10.2 In addition to the Purchaser's independent research and investigations, if any, the Sellers represent vis-à-vis the Purchaser or, in respect of Section 4 of Annex 10.2 only, vis-à-vis the Guarantor by way of independent guarantees (Sec. 311 para. (1) of the German Civil Code the information as set forth in **Annex 10.2** to be true and correct as of the Signing Date or as of such other date as expressly referred to in the respective Section, provided that the representations made by each Seller as set forth in Sections 1, 3, 4 and 6 of **Annex 10.2** shall be made by each Seller in respect of his/its own Transaction Shares or affairs only and not in respect of any other Seller's Transaction Shares or affairs. The scope and content of each of Sellers' representations contained in **Annex 10.2** as well as the Sellers' potential liability arising thereunder shall be exclusively defined by the provisions of this Agreement (in particular the limitations on Purchaser's rights and remedies set forth in Section 11 below), which shall be an integral part of the Sellers' representations and none of the Sellers' representations shall be construed as a Sellers' guarantee within the meaning of Sections 443 and 444 of the German Civil Code (*Garantie für die Beschaffenheit der Sache*).

11. Remedies for Breach of Sellers' Representations

11.1 If and to the extent a representation made pursuant to Section 10.2 proves to be untrue or incorrect, all Sellers having made such untrue or incorrect representation shall be given the opportunity to restore the situation as described in the respective representation (*Naturalrestitution*). If the respective Sellers do not establish such status within an adequate period of time and in no event later than twelve (12) months after receipt of a specified notice describing in detail the respective untruth or incorrectness, such Seller shall pay upon the Purchaser's or the Guarantor's (as the case

may be) request to the respective company or, at the Purchaser's or the Guarantor's (as the case may be) choice, to the Purchaser or the Guarantor (as the case may be), his/its Seller Quota of the amount required to compensate for damages which directly result from such incorrect representation. However, any liability of the Sellers for indirect, incidental or consequential damages (*indirekte oder Folgeschäden*) as well as for lost profits (*entgangener Gewinn*) or for lost business opportunities (*entgangene Geschäftschancen*) is hereby expressly excluded unless protection against such indirect, incidental or consequential damages, lost profits or lost business opportunities constitutes the actual intent and purpose (*Sinn und Zweck*) of any of the respective warranty or representation.

11.2 Any liability of the Sellers shall also be excluded

a. if claims of the Purchaser or the Guarantor (as the case may be) or the facts on which such claims are based have been or could have been known after having applied reasonable diligence or have been disclosed to the Purchaser or the Guarantor (as the case may be) (including its officers, employees, representatives, agents or advisors) prior to the Signing Date including within the information listed in **Annex 10.1**; or

b. if the matter to which the claim relates has been provided for in the Final Effective Date Accounts; or

c. to the extent the amount of the claim can be recovered under an existing insurance policy; or

d. to the extent economic disadvantages lead to economic advantages in the future; or

e. if any individual claim does not exceed EUR 60,000.00 (in words: Euro sixty thousand Euro) and to the extent the aggregate amount of all claims does not exceed EUR 500,000.00 (in words: Euro five hundred thousand Euro), in which case the total sum (including the threshold amounts of EUR 60,000.00 (in words: Euro sixty thousand Euro) or EUR 500,000.00 (in words: Euro five hundred thousand Euro), as the case may be) can be recovered (*Freigrenzen*); or

f. to the extent any claims recoverable (whether individually or in the aggregate) amount to more than EUR 8,000,000.00 (in words: eight million Euro).

11.3 The limitations pursuant to Section 11.2 shall not apply to

a. claims in respect of guarantees made by each Seller in Sections 1 through 6 of **Annex 10.2** with regard to its respective Transaction Shares and its respective Shareholder Loans;

b. claims under Section 12 (Taxes) and/or

c. claims based on a Seller's fraud (*Arglist*) or willful misconduct (*Vorsatz*)

in which events the respective Seller shall be individually liable (*Teilschuldnerschaft*) for the full amount of the respective claims, but in any case limited to the Seller Quota of the Shares Purchase Price attributable to the relevant Seller, as far as legally permissible. For the avoidance of doubt, the Purchaser or the Guarantor (as the case may be) shall be entitled to request compensation from the Escrow Fund with respect to any claims pursuant to this Section 11 or 12 irrespective of whether or not there has been fraud or willful misconduct by the relevant Seller or Sellers.

11.4 In the event that third parties raise any liabilities against the Companies, the Purchaser or the Guarantor (as the case may be), the Purchaser undertakes to provide the Sellers with any and all information available insofar (including copies of all related correspondence), to offer the Sellers adequate opportunity to participate, at Sellers' costs and expenses, in all proceedings necessary or appropriate to dispute and/or defend against such claims and to duly defend against such claims as directed by the Sellers, provided, however, that the Sellers shall reimburse Purchaser or the Guarantor (as the case may be) fully with respect to any such third party claim if and to the extent the Sellers' action (or the action which Sellers have caused Purchaser, Guarantor or any of the Companies to take) are taken without Purchaser's or the Guarantor's (as the case may be) knowledge or against Purchaser's will having been communicated in writing to the Sellers.

11.5 Any claim arising under this Section 11 shall only be recoverable if such claim has been made and specified in writing immediately upon discovery of the relevant facts. Any and all claims under this Section 11 which have not been made and specified in writing shall be time-barred (*verjährt*) (i) eighteen (18) months after the Completion Date, except for claims based on Sections 1, 2.1, 2.2, 2.4 and 4 of **Annex 10.2** which shall be time-barred ten (10) years after the Completion Date, or (ii) any prior day following the Completion Date on which control over the Companies changes (i.e. the Companies cease to be the Purchaser's Affiliates).

11.6 Any payment made towards a claim under this Section 11.1 shall be deemed to be an adjustment of the Shares Purchase Price and any payment made directly to any Company shall be treated as a short cut payment for a reduction of the Shares Purchase Price and a (direct or indirect) contribution to the capital reserve of the respective Company in the meaning of Section 272 (2) No. 4 German Commercial Code (*Handelsgesetzbuch*) or corresponding provisions under the laws of foreign jurisdictions.

11.7 The Parties agree that the rights and remedies the Purchaser or the Guarantor (as the case may be) may have with respect to the breach of a representation by Sellers contained in this Agreement are limited to the rights and remedies explicitly contained herein and that, in particular, any and all damage claims based on any such breach by Sellers are excluded except as set forth in this Section 11 and Section 12. Except for the claims for specific performance (*primäre Erfüllungspflichten*) as well

as any rights and claims arising under section 12 (Taxes), Section 15 (Covenants) and Section 9 (Rescission Rights), any and all rights and remedies of any legal nature which the Purchaser or the Guarantor (as the case may be) may otherwise have against the Sellers in connection with the Sellers' former shareholdings in the Companies, this Agreement or the Transaction shall be excluded. In particular, without limiting the generality of the foregoing, the Purchaser and the Guarantor, to the extent legally permissible, hereby waive any claims under statutory representations and warranties (Sections 434 et seqq. of the German Civil Code), statutory contractual or pre-contractual obligations (Sections 280 to 282, 311 of the German Civil Code) or frustration of contract (Section 313 of the German Civil Code) or tort (Sections 823 et seqq. of the German Civil Code); the Purchaser and the Guarantor shall have no right to rescind, cancel or otherwise terminate this Agreement or to exercise any right or remedy which would have a similar effect, except for the rescission or termination rights specifically set forth in this Agreement and the Purchaser undertakes to procure that none of the Companies raises any claims against the Sellers or any executive, employee or other representative of the Sellers not provided for in this Agreement. The provisions of this Section 11.7 shall not affect any mandatory rights and remedies of the Purchaser or the Guarantor (as the case may be) for fraud or wilful misconduct (*Vorsatz*), e.g. Section 826 of the German Civil Code or Section 823 para. (2) of the German Civil Code in connection with criminal offences.

11.8 The Sellers' Representative and the Purchaser shall release funds held in the Escrow Account as follows:

a. Upon lapse of a period of twelve (12) months after the Completion Date (the “**First Release Date**”), a partial amount of forty (40) % of the amount of the Escrow Fund together with all interest, if any, accrued thereon minus (i) bank fees accrued in respect of the Escrow Account, (ii) the sums representing the aggregate amount of claims, if any, made in writing by Purchaser or the Guarantor (as the case may be) to Sellers pursuant to Section 11.5 on or before the First Release Date and (iii) the amount, if any, which the Purchaser or the Guarantor (as the case may be) has received from the Escrow Fund pursuant to Section 6.5 or 11.8.c, shall be released to the Sellers and paid to Sellers' Account.

b. Upon lapse of a further period of six (6) months after the First Release Date (the "**Second Release Date"**), the amount of the Escrow Fund together with all interest, if any, accrued thereon minus (i) bank fees accrued in respect of the Escrow Account, (ii) the sums representing the aggregate amount of claims, if any, made in writing by Purchaser or the Guarantor (as the case may be) to Sellers pursuant to Section 11.5 on or before the Second Release Date and (iii) the amount, if any, which the Purchaser or the Guarantor (as the case may be) has received from the Escrow Fund pursuant to Section 6.5 or 11.8.c, shall be released to the Sellers and paid to Sellers' Account.

c. Any amount in the Escrow Account which has been withheld from release to Sellers pursuant to Section 11.8.a and 11.8.b and has, thus, remained on the Escrow Account, shall be paid either to Sellers' Account or to the Purchaser, as the case may be, immediately upon resolution of the respective claim (either by way of mutual agreement of Sellers and Purchaser or Guarantor as the case may be or by way of a final and binding decision pursuant to Section 24.2).

11.9 Any payments to the Sellers pursuant to Section 11.8 shall have the effect of fully discharging Purchaser's and the Guarantor's payment obligations towards all Sellers.

12. Taxes

12.1 Subject to, and limited by, the provisions set forth in this Section 12 or otherwise in this Agreement, the Sellers hereby undertake to indemnify the Purchaser from all Tax liabilities relating to the Companies and (i) to the period prior to and including 31 December 2011 as well as (ii) to the Pre-Effective Date Straddle Period, except to the extent

a. such Tax liabilities do not exceed in the aggregate the total amounts which are provided for in the Final Effective Date Accounts either as a liability (*Verbindlichkeit*) or as a provision (*Rückstellung*) and to the extent such liability or provision has reduced the Shares Purchase Price, or have been paid or discharged until the Effective Date; or

b. such Tax liabilities are the result of any transaction or act directly or indirectly initiated by the Purchaser or by any of the Companies or, as the case may be, by one of their successors to all or parts of their business(es) following the Completion Date with a retroactive Tax effect to periods before the Effective Date; or

c. such Tax liabilities can be offset against Tax loss carry forwards that are or were available (including as a result of subsequent Tax audits) in the period to which such Taxes are attributable to, provided, however, that any use or reduction caused directly or indirectly by the Purchaser of such Tax loss carry forwards shall be disregarded; or

d. such Tax liabilities are the result of any change in the accounting or taxation policies of any of the Companies introduced following the Completion Date, or

e. such Tax liabilities are covered through existing (and collective) claims against third parties; or

f. such Tax liabilities result from acts or omissions by the Purchaser which lead to the non-recognition (*Nichtanerkennung*) of the fiscal unity (*Organschaft*) amongst Hischmann Car Communication GmbH and the Company for German corporate income tax or trade tax purposes; or

g. the Purchaser or following Completion any of the Companies has participated in causing (*mitverursacht*) such Purchaser's claim within the meaning of Section 254 para. (1) of the German Civil Code or has failed to comply with its duty to mitigate damages pursuant to Section 254 para. (2) of the German Civil Code; or

h. the procedures set forth in Sections 12.3 through (and including) 12.6 were not observed by the Purchaser and such breach of Section 12.3 through (and including) 12.6 has directly caused Tax liabilities.

12.2 Tax liabilities relating to the Pre-Effective Date Straddle Period shall be calculated as the amount of Tax that the respective company would be liable for if the Pre-Effective Date Straddle Period were a Tax assessment period and if it were permitted to file and assess Taxes for the Pre-Effective Date Straddle Period.

12.3 If and to the extent in respect of periods after the Effective Date, the Purchaser or any of the Companies or any successor to all or parts of their business(es) receives or could receive any Tax benefit (e.g., without limitation, by refund, offset or reduction of Taxes), which they have or will have received due to circumstances giving rise to a claim under Section 12.1 (including, but not limited to timing difference (*Phasenverschiebung*), such as extension of amortization or depreciation periods or higher depreciation allowances or non-recognition of expenses and/or provisions or usage of any loss carry forwards), then the corresponding benefit shall reduce such claim (or any future claims) under Section 12.1.

12.4 The Purchaser hereby undertakes to compensate the Sellers for any amounts equal to any Tax refund, credit or similar benefit received by any of the Companies or any successor to all or parts of their business(es) by receipt of cash payment, set-off, deduction or otherwise relating to the period prior to and including the Effective Date, together with any interest thereon paid by the Tax authorities, if and to the extent the aggregate of all Tax refunds exceeds the respective amounts reflected in the Final Effective Date Accounts. The amounts payable under this Section 12.4 shall become due and payable five (5) Business Days following the date of the receipt of such Tax refund by the respective entity of the Companies.

12.5 The Purchaser, at its own cost and expense, hereby undertakes to procure that all Tax returns of the Companies relating to the period prior to and including the Effective Date shall be handled by the Companies only in close cooperation with the Sellers' Representative. The Purchaser hereby undertakes to procure that all Tax Matters (as defined below) of the Companies shall be handled by the Companies only in close cooperation with the Sellers' Representative. Tax returns and Tax notifications relating to the period up to and including the Effective Date shall only be filed when (i) prepared or amended in line with past practice of the Companies and the Tax provision in the Final Effective Date Accounts or (ii) required by mandatory law. In all other cases, Tax returns and

Tax notifications relating to the period up to and including the Effective Date shall only be filed after obtaining the Sellers' Representative's written consent, not to be unreasonably withheld. The Sellers' Representative must, in particular, be notified fully, and without undue delay, in respect of any Tax returns, Tax notifications, Tax assessments, Tax audits, Tax appeals, Tax court proceedings and of any attempt of the Tax authorities to make any Tax charge or to disallow any Tax relief or allowance or refund relating to the period up to and including the Effective Date (collectively the "**Tax Matters**"). Each notification shall be in writing and by attaching copies of any documents related thereto and not yet known to the Sellers' Representative. The Purchaser shall provide the Sellers' Representative with draft Tax returns at least twenty (20) Business Days prior to the earlier of (i) the due date for filing or (ii) the actual filing of such Tax returns. The draft Tax returns shall be deemed approved by the Sellers if the Purchaser has not received any specific request for amendment to the Tax returns from the Seller's Representative at least ten (10) Business Days prior to the due date for filing the Tax returns. Furthermore, the Sellers' Representative shall be granted the opportunity to comment on, and to participate in, Tax Matters, which shall be prepared and conducted by the respective entity of the Companies.

12.6 The Sellers' Representative or persons authorized by Sellers' Representative are entitled to participate in any Tax audit and all meetings with the Tax authorities related to the period up to and including the Effective Date. The Sellers at their expense may appoint a lawyer, an accountant or a tax advisor or firms of such professionals which are bound to statutory secrecy ("**Sellers' Tax Advisor**") to represent the Sellers or their legal successors in a Tax audit, claim for Tax refund, statement vis-à-vis a Tax authority or administrative or judicial proceeding involving any asserted or potential Tax liability with respect to Taxes for the period up to and including the Effective Date. The Sellers' Representative or the Sellers' Tax Advisor shall be given reasonable access to relevant information (including access to copies of books, documents and management of the Companies) without undue delay, subject however to existing confidentiality and data privacy requirements and the right of the Purchaser and the Companies to protect their business secrets. The Purchaser shall ensure that the Companies or the relevant legal successors on request of the Sellers' Representative contest Tax assessments and take any legal actions against Tax assessments or announcements relating to the period up to and including the Effective Date. This Section 12.6 shall apply *mutatis mutandis* to Tax assessments not being the result of a Tax audit.

12.7 Binding declarations to the Tax authorities relating to the period up to and including the Completion Date shall be made by the respective entity of the Companies or their legal successor only in prior written agreement with the Sellers' Representative, such written agreement not to be unreasonably withheld. If any findings or assessments, respectively, of the Tax authorities, which relate to the period up to and including the Effective Date, give rise to any claim of the Purchaser under this Section 12, the Purchaser shall cause the respective entity of the Companies to file any remedy or appeal if instructed by the Sellers' Tax Representative and at the expense of the Sellers.

12.8 Any and all claims under this Section 12 except any claims under Section 12.3 shall be time-barred (*verjährt*) hundred (100) Business Days after the respective assessment for the relevant entity of the Companies has become finally binding (e.g. in Germany: *Eintritt der Festsetzungsverjährung*) by lapse of the respective statute of limitations under applicable law.

12.9 Any payment made in accordance with this Section 12 shall be treated as adjustment of the Shares Purchase Price and any payment made directly to any Company shall be treated as a short cut payment for a reduction of the Shares Purchase Price and a (direct or indirect) contribution to the capital reserve of the respective Company in the meaning of Section 272 (2) No. 4 German Commercial Code (*Handelsgesetzbuch*) or corresponding provisions under the laws of foreign jurisdictions.

12.10 The parties shall co-operate in order to achieve that a Tax audit for the Tax period until 31 December 2011 as well as for the Pre-Effective Date Straddle Period of all Companies will be carried out as soon as possible.

12.11 Any additional profit or loss allocations resulting from a Tax audit or otherwise requested by a Tax authority relating to periods up to and including the Effective Date or to Pre-Effective Date Straddle Period shall not increase or reduce the Shares Purchase Price and shall not entitle the Sellers to any additional payments.

12.12 Section 17 shall apply to any Sellers' liability pursuant to this Section 12.

13. Purchaser's and Guarantor's Representations; Remedies

13.1 The Purchaser represents vis-à-vis the Sellers by way of independent guarantees (Sec. 311 para. (1) of the German Civil Code) that at the Signing Date and the Completion Date

a. the Purchaser is a limited liability company liability (*Gesellschaft mit beschränkter Haftung*) duly incorporated and validly existing under the laws of Germany and has all requisite corporate power and authority to own its assets and to carry out its business;

b. the execution and performance by the Purchaser of this Agreement and the consummation of the Transaction are within the Purchaser's corporate powers and have been duly authorized by all necessary corporate actions on part of the Purchaser;

c. the execution and performance by the Purchaser of this Agreement and the consummation of the Transaction neither violate the Purchaser's articles of association or bylaws nor any applicable law, regulation, judgment, injunction or order binding on the Purchaser, and there is no action, law suit, investigation or proceeding (except for merger control clearances, if any) pending against, or to the Purchaser's knowledge, threatened in writing against the Purchaser before any court, arbitration panel or governmental authority which in any manner challenges or seeks to prevent, alter or delay the Transaction; and

d. the Purchaser does not have actual knowledge of any facts or circumstances that could give rise to claims against any of the Sellers pursuant to Sections 9, 11 or 12.

13.2 In the event that any of the representations pursuant to Section 13.1 should be untrue or incorrect, the Purchaser shall fully indemnify and hold the Sellers harmless from any of the Sellers' respective damages up to a total sum of the Shares Purchase Price. All claims for any breach of guarantees pursuant to this Section 13.2 shall become time-barred (*verjähren*) six (6) months after the Completion Date.

13.3 The Guarantor represents vis-à-vis the Sellers by way of independent guarantees (Sec. 311 para. (1) of the German Civil Code) that at the Signing Date and the Completion Date

a. the Guarantor is a stock corporation duly incorporated and validly existing under the laws of the State of Delaware and has all requisite corporate power and authority to own its assets and to carry out its business;

b. the execution and performance by the Guarantor of this Agreement and the consummation of the Transaction are within the Guarantor's corporate powers and have been duly authorized by all necessary corporate actions on part of the Guarantor;

c. the execution and performance by the Guarantor of this Agreement and the consummation of the Transaction neither violate the Guarantor's articles of association or bylaws nor any applicable law, regulation, judgment, injunction or order binding on the Guarantor, and there is no action, law suit, investigation or proceeding (except for merger control clearances, if any) pending against, or to the Guarantor's knowledge, threatened in writing against the Guarantor before any court, arbitration panel or governmental authority which in any manner challenges or seeks to prevent, alter or delay the Transaction.

13.4 In the event that any of the representations pursuant to Section 13.3 should be untrue or incorrect, the Guarantor shall fully indemnify and hold the Sellers harmless from any of the Sellers' respective damages up to a total sum of the Shares Purchase Price. All claims for any breach of guarantees pursuant to this Section 13.4 shall become time-barred (*verjähren*) six (6) months after the Completion Date.

14. Anti Trust Filings

14.1 The Purchaser has (i) done a thorough analysis of the merger control filing requirements in the jurisdictions in which such filings may potentially be required, (ii) prepared respective draft filings and (iii) made such analysis as well as such draft filings available to Sellers for a plausibility (however, not in depth) review and comments. Based thereon, the Parties jointly assume that the Transaction will be authorized without any conditions or other requirements (*Bedingungen oder Auflagen*) within the initial waiting period of one (1) month.

14.2 As soon as reasonably practical after the Signing Date, the Transaction shall be notified to the competent cartel (merger) authorities specified in Section 7.1.a. The notification shall be filed by the Purchaser on behalf of the Sellers and the Purchaser. The Purchaser shall further ensure that all other filings with, or notifications to, any governmental authority required in connection with this Agreement will be made without undue delay at the pertinent time as required by law, provided that Sellers reasonably comply, and procure that the Companies reasonably comply, with the obligations in the following sentence. The Sellers shall upon request submit to the Purchaser all documents and other information, and shall provide such other assistance to the filings, in each case as necessary and reasonably practical to obtain clearance of the Transaction as soon as possible.

14.3 In order to obtain all governmental authorizations for the consummation of the Transaction under the applicable cartel (merger) control laws, Purchaser and Sellers shall (i) reasonably cooperate with each other in the preparation of any filings or notifications and in connection with any submissions, investigations or enquiries, (ii) supply to any governmental authority as soon as reasonably practical any additional information requested by such governmental authority or required pursuant to any applicable laws and take all other actions reasonably required to obtain the necessary authorizations for the consummation of the Transaction or to cause any applicable waiting periods to commence, (iii) promptly provide the other Parties with copies of any written (or written summaries of any non written) communication received or sent in connection with any proceeding referred to in this Section 14.3 and (iv) give the other Party and its respective advisors the opportunity to participate in all meetings, communications and conferences with any relevant governmental authority, to the extent legally permissible. The Purchaser is only entitled to withdraw any filings or to agree with any competent authority on an extension of the examination period for a filing if and to the extent the Sellers have granted their prior written consent, which may not be unreasonably withheld.

14.4 The Purchaser agrees and shall ensure that neither the Purchaser nor any of their Affiliates will, prior to the Completion Date take any action that could prevent, delay or otherwise infer with any cartel (merger) clearances of the Transaction.

15. Covenants

15.1 The Sellers shall between the Signing Date and the Completion Date (i) without the written consent of the Purchaser not sell, transfer or otherwise dispose of, or create any encumbrances on, the Transaction Shares and (ii) use reasonable best efforts to ensure that (A) the Companies will conduct their respective operations and affairs in the ordinary course of business and exercise commercially reasonable best efforts to preserve intact their respective business organization, personnel and goodwill, except in either case for actions taken with Purchaser's prior written consent, and to prepare for the consummation of the Transaction contemplated by this Agreement, and (B) with respect to any of the Companies none of the following shall occur without the written consent of the Purchaser:

a. any increase or decrease of the stated capital or the redemption of any shares;

b. any merger, split, dissolution, liquidation or other significant change of the corporate structure;

c. any payment or resolution of a dividend or other distribution to shareholders (*sonstige Ausschüttungen an Gesellschafter*) except for dividends or other distributions to the Companies;

d. any acquisition or disposal of a business outside ordinary course of business;

e. any incurrence or guarantee of any indebtedness for borrowed money (excluding drawings under existing loan agreements with financial institutions in the ordinary course of business necessary to carry out the business of the Companies as presently conducted) exceeding an aggregate amount of EUR 100,000.00 (in words: one hundred thousand Euro);

f. the acquisition or sale of any fixed assets with a value in excess of EUR 200,000.00 (in words: two hundred thousand Euro) in each individual case outside the ordinary course of business;

g. any investments with a value in excess of EUR 200,000.00 (in words: two hundred thousand Euro);

h. the termination by the Companies of (i) supplier contracts with an annual contract volume of more than EUR 1,000,000.00 (in words: one million Euro) or (ii) customer contracts;

i. the termination by the Companies of the employment of any of the employees listed in **Annex 15.1.i** (the "**Key Employees**");

j. any change in, or commitment to change, any compensation or benefit of any of the employees whose annual salary (including performance-related payments, bonuses and any benefits) in the previous year exceeded EUR 100,000.00 (in words: one hundred thousand Euro) other than in the ordinary course of business;

k. any increase of any off-balance sheet financing obligation;

l. any payment to any of the Sellers other than in the ordinary course of business;

m. any expenses for research and development projects or acquisition of tooling related fixed assets with a value in excess of EUR 200,000.00 (in words: two hundred thousand Euro) in each individual case unless reimbursement by respective customers is contractually guaranteed;

provided that (i) all measures documented in the Companies' budget as set forth in **Annex 15.1** shall hereby be approved, and (ii) the Purchaser's consent as required under Sections 15.1.a through 15.1.m shall be deemed granted if the Sellers have not received the Purchaser's other notification within five (5) Business Days after receipt by the Purchaser of a written (including email) notification by the Companies or the Sellers of any such measure.

15.2 The Sellers undertake to procure that the Companies and their respective business remain insured until the Completion Date in the same way as they are on the Signing Date and that all premiums due for such insurances are duly and timely paid. It is hereby acknowledged that it is in the sole discretion and responsibility of the Purchaser to arrange for the necessary or appropriate insurance for the time as from the Completion Date.

15.3 The Sellers shall procure that, to the extent legally permissible under applicable law, after the Signing Date through (and including) the Completion Date Purchaser and its representatives and advisors shall upon their respective request receive updates on important new developments relating to the Companies' business and obtain access to all books, records, data and information which are reasonably expected to be of material interest to the Purchaser. Until the Completion Day the Purchaser shall not directly contact any directors, officers or employees of the Companies. It is understood that no access granted to Purchaser hereunder shall unduly interfere with the operations of any of the Companies' business.

15.4 Section 17 shall apply to any Sellers' liability pursuant to this Section 15.

16. Guarantee

The Guarantor hereby guarantees by way of an independent guarantee (Sec. 311 para. (1) of the German Civil Code) the proper fulfilment of all of the Purchaser's obligations pursuant to this Agreement, including the due payment of the Shares Purchase Price.

17. Sellers' Liability

Any of the Sellers' liability under or in connection with this Agreement shall be several and not joint (*Teilschuldnerschaft*) and be limited to the respective Seller's own shares held in the Company's stated capital, or the individual Seller Quota in the respective claim and to each Seller's Quota in the Shares Purchase Price paid by the Purchaser. For the avoidance of doubt, in case of any claim of the Purchaser under or in connection with this Agreement, the Purchaser may request payment from the Escrow Fund in any case and irrespective of which of the Sellers, and to what extent, should be liable with respect to the individual claim.

18. Access to Documents

The Purchaser shall procure that following the Completion Date all of the Companies will maintain proper books and records of all of their business matters. The Purchaser will procure that the Companies make such information or documents relating to the period until and including the Completion Date available to any of the Sellers or their legal successors as reasonably requested by the Sellers or their legal successors in good faith and to the extent required to safeguard his/its interests in respect of his/its former position as the Company's shareholder.

19. Joint Statement

At the date to be jointly determined by the Parties, the Sellers and the Purchaser shall issue a joint statement to the employees, customers, other of the Companies' business partners and to the public announcing of the Transaction.

20. Confidentiality

The contents hereof shall be kept fully confidential by all parties hereto, except that they may be disclosed

a. to the Companies, or
b. to professional advisors of each party who are subject to professional duties of confidentiality, or
c. in the course of the Parties' disclosure to fiscal or other (in particular stock exchange) authorities as legally required, or
d. in a statement pursuant to Section 19 above or
e. in any other way as mutually agreed by the Parties.

21. Non-Compete and Non-Solicitation

21.1 For a period of two (2) years from the Completion Date, Sellers shall refrain and shall procure that the Affiliates of IRS refrain, from:

a. engaging, directly or indirectly, in the development, production, distribution and maintenance of telecommunication and radiotechnical products, equipment and systems of all kind, in particular antenna systems, high frequency plug-in connectors and high frequency cables as built-in components for cars in the automobile industry and the car parts dealership and any other activities or businesses related thereto in competition with any of the Companies' business as currently conducted or as currently actually planned (any of such business activities a "**Competing Activity**");

b. holding, directly or indirectly, any equity interest in any legal entity engaging, directly or indirectly in any Competing Activity, except for equity interests that are held as a financial investment only, i.e. do not give Sellers or the Affiliates of IRS the right, directly or indirectly, to control or exert material influence over the business of the respective legal entity; as far as Sellers or the Affiliates of IRS are not already holding such equity interest at Completion Date and as set forth in **Annex 21.1.b**;

c. serving as a representative for any individual person or legal entity engaging, directly or indirectly, in any Competing Activity; or

d. selling or otherwise making available, directly or indirectly, to any individual person or legal entity engaging, directly or indirectly, in any Competing Activity any know-how or other elements of goodwill, trade secrets or other information of a confidential nature of the Companies.

21.2 In the case of a breach by Sellers of the obligations set forth in Section 21.1, the damages of Purchaser for which Sellers shall be liable as a result thereof shall include, without limitation, any damages suffered by the Companies. In addition to any other remedies available to Purchaser under this Agreement or applicable law, Sellers shall pay to Purchaser irrespective of fault a penalty of EUR 400,000.00 (in words: four hundred thousand Euro) for each breach by Sellers of any of the obligations set out in Section 21.1 continuing after having received notice of the breach from the Seller together with a request to discontinue such breach. If a breach by Seller continues for more than thirty (30) days, such continuation shall be regarded as a new and separate breach within the meaning of this Section 21.2. By accepting payment of such penalty or seeking any other remedy available to which Purchaser may be entitled under this Agreement or applicable law, Purchaser shall not be deemed to have waived the requirement of Sellers, and Sellers shall not be deemed to be relieved of their obligation, to comply with the obligations of Section 21.1.

21.3 For a period of two (2) years from the Completion Date, Sellers shall refrain, and shall procure that the Affiliates of IRS refrain, from:

a. influencing or attempting to influence any customer, supplier, consultant or other third party maintaining a contractual or other business relationship with any of the Companies to terminate or discontinue such relationship or to reduce the volume of goods or services provided thereunder; or

b. soliciting or attempting to solicit the service or employment of any current or future director, officer or employee of any of the Companies.

21.4 Section 21.2 shall apply *mutatis mutandis* to a breach of the obligations set forth in Section 21.3, provided that the penalty shall be payable for each individual case.

21.5 The Parties understand and agree that in the case of a breach by Sellers of the obligations set forth in this Section 21, the remedies available to Purchaser under this Agreement may not be sufficient to indemnify Purchaser and the Companies fully against all damage, and that therefore Purchaser shall be entitled to enforce any claims for specific performance (*Unterlassungs- und Beseitigungsansprüche*) by injunctive relief (*einstweiliger Rechtsschutz*) without, as far as legally permissible, having to establish irreparable harm and, as far as legally permissible, without having to provide a bond or other collateral (*ohne Sicherheitsleistung*).

22. Costs

Advisors', brokers' or representatives' fees incurred in connection herewith shall be borne by the respective Party which has incurred the fees. Taxes shall be borne by the respective tax payer; the provisions of Section 12 hereof remain unaffected thereby. The costs for the notarization of this Agreement shall be borne by the Purchaser. For the avoidance of doubt: The auditor's costs, fees and expenses for the audit and review of the Statutory Annual Accounts 2011 shall be borne by the Company. The auditor's costs, fees and expenses for the audit of the Effective Date Accounts pursuant to the provisions set forth in Section 6 shall be borne by the Purchaser; the provisions of Section 6.4 last paragraph shall remain unaffected.

23. Notices

23.1 All notices and communications required or permitted hereunder or under the agreements or other documents referred to herein shall be in the English language, in writing and, unless otherwise provided for in this Agreement, shall be deemed to have been duly received when delivered in person or when received by telegram or facsimile transfer (confirmed in writing by mail) or received by registered letter with return receipt requested by the appropriate party at the address specified in the head of this Agreement or to such other address or addresses as any such party may, from time to time, designate by like notice. All notices shall be made

a. If to the Sellers:

Viktor Schicker
An der Commende 7
56588 Waldbreitbach
Facsimile: +49 2638 947 882

With a copy to:
P+P Pöllath + Partners
Attn: Otto Haberstock
Kardinal-Faulhaber-Str. 10
D-80333 Munich
Facsimile: +49 89 24 240 999

b. If to the Purchaser:

Voxx Corporation International
Attn.: Patrick M. Lavelle
Attn.: C. Michael Stoehr
180 Marcus Boulevard
Hauppauge, NY 11788
USA
Facsimile: +1 631 231 1370

With a copy to:
Levy Stopol & Camelo LLP
Attn.: Robert Levy, Esq.
1425 Rexcorp Plaza
Uniondale, NY 11556-1425,
USA
Facsimile: +1 516 802 7008

and

Norton Rose Germany LLP
Dr. Klaus von Gierke
Bleichenbrücke 10
20354 Hamburg
Germany
Facsimile +49 40 970 799 111

23.2 Whenever the Sellers execute vis-à-vis the Purchaser or the Guarantor or (after Completion) any of the Companies any right under this Agreement they are jointly entitled to execute or make any notification or request to the Purchaser or the Guarantor or (after the Completion Date) any of the Companies affecting them jointly under or in connection with this Agreement, they shall only do so jointly through a representative appointed by the Sellers and acting on behalf of and with binding effect for all Sellers (the "**Sellers' Representative**"). The Sellers hereby appoint VS as the current

23.3 Sellers' Representative. The Seller's Representative may be replaced at any time by joint notification by the Seller or their legal successors to the Purchaser. The Sellers' Representative is also authorized and entitled to receive notices and declarations of the Purchaser to the Sellers.

24. Applicable Law; Arbitration

24.1 This Agreement shall be governed by and shall be construed in accordance with the laws of the Federal Republic of Germany without giving effect to the choice of law principles thereof which would result in the application of the laws of another jurisdiction.

24.2 All disputes arising in connection with this Agreement or its validity shall be finally settled according to the Arbitration Rules of the German Institution of Arbitration e. V. (DIS) as stated in the reference deed dated 12 October 2010 of the notary public Dr. Oliver Vossius in Munich (Roll of deeds no. V 2435/2010) without recourse to the ordinary courts of law. A copy of the reference deed was available during notarization process. The copy was read out aloud. The parties are familiar with the content of the reference deed. The Parties waive their rights to have the reference deed read to add it as annex.

24.3 The place of arbitration is Stuttgart. The arbitral tribunal consists of three arbitrators. The substantive law of the Federal Republic of Germany is applicable to the dispute. The language of the arbitral proceedings is English.

25. Other Provisions

25.1 The Purchaser and the Guarantor shall be entitled to freely transfer or assign (*abtreten*) their respective rights (or any part thereof) pursuant to this Agreement to any Affiliate, without a consent of Sellers being necessary for such transfer or assignment. Otherwise, any transfer or assignment (*Abtretung*) of rights existing pursuant to this Agreement shall only be admissible with the other Parties' consent. Any rights of retention (*Zurückbehaltung*) or rights to offset (*Aufrechnung*) shall only be permissible where the respective counterclaims have been duly confirmed by final and non appealable (*rechtskräftig*) decision by a competent court or arbitration panel.

25.2 This document and the Annexes referred to herein contain all agreements among the parties in regard of the subject matter hereof and shall supersede all prior agreements including the indicative and binding offers submitted by or on behalf of the Purchaser, which has been accepted by the Sellers on 27 December 2011. No side or other agreements have been entered into among the parties with regard to the subject matter of this Agreement except as explicitly stated otherwise in this Agreement.

25.3 All agreements among the parties and any and all notices among the parties shall be made in writing unless a stricter form is required by mandatory law. This shall also be applicable with regard to the amendment of this Section.

25.4 In the event any provision hereof is for any reason held to be or become invalid or unenforceable, the validity of the remaining provisions hereof shall not be affected or impaired thereby. Instead of the invalid or enforceable provision hereof, such valid and enforceable provision shall be deemed to be agreed upon which most closely corresponds to the intended economic purpose of the invalid or unenforceable provision. The same shall apply to any supplementary interpretation of any of the terms of this Agreement.

25.5 The terms printed in *italics* in this Agreement constitute legal terms expressed in the German language describing the meaning of the terms in the English language they refer to, and shall be taken into account when interpreting this agreement.

Read aloud to the appeared persons in the notary's presence, including the Annexes Annex 2.a, 2.b, 8.2.b, 8.2.c, 10.2, 10.2.9.1, 10.2.12.2, the Schiedsordnung (arbitration rules) and Annex 21.1b which were read out aloud; the Annex 10.1, 10.2.8.2, 10.2.9.3, 15.1 and 15.1.i pursuant to Section 14 German BeurkG were undersigned by the Parties and the Guarantor on each page; they waived their right to have them read out aloud; signed by the appeared persons and the Notary as follows:

Yvonne Reichel

John Verbinnen

Katharina Riel

(L. S. not.) Möhrle, Notary

Annexes

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Annex **1.1**

Company's direct and indirect shareholdings

in the Subsidiaries

Annex 2.a

Base Net Debt Balance and Net Debt Balance

"**Base Net Debt Balance**" means the balance resulting from the following amounts shown for the balance sheet items determined pursuant to Sec. 266 of the German Commercial Code (*Handelsgesetzbuch, HGB*), each as shown in the Recent Management Accounts:

1. Notes payable (*Anleihen* pursuant to Sec. 266 para. (3) lit. C. No. 1 HGB); plus
2. loans and other liabilities due to banks (*Verbindlichkeiten gegenüber Kreditinstituten* pursuant to Sec. 266 para. (3) lit. C. No. 2 HGB) minus
3. cash and cash equivalents (*Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks* pursuant to Sec. 266 para. (2) lit. B. IV. HGB)

= Base Net Debt Balance

"**Net Debt Balance**" shall have the same meaning as Base Net Debt Balance except that the basis of the individual amounts shall be the Final Effective Date Accounts.

Annex 2.b

Working Capital

"**Working Capital**" means the balance resulting from the following balance sheet items determined pursuant to Sec. 266 of the German Commercial Code (*Handelsgesetzbuch, HGB*) for all Companies on a consolidated basis:

1. Inventories (*Vorräte* pursuant to Sec. 266 para. (2) lit. B. I. No. 1 through 4 HGB) plus
2. trade receivables (*Forderungen aus Lieferungen und Leistungen* pursuant to Sec. 266 para. (2) lit. B. II. No. 1 HGB); plus
3. other assets (*sonstige Vermögensgegenstände* pursuant to Sec. 266 para. (2) lit. B. II. No. 4 HGB) other than plan assets pension provisions; plus
4. deferred costs (*Rechnungsabgrenzungsposten* pursuant to Sec. 266 para. (2) lit. C HGB); minus
5. tax provisions (*Steuerrückstellungen* pursuant to Sec. 266 para. (3) lit. B No. 2 HGB*)*; minus
6. other provisions (*sonstige Rückstellungen* pursuant to Sec. 266 para. (3) lit. B No. 3 HGB) to the extent they become due within twelve months from the Effective Date other than provisions for old age parttime schemes (*Altersteilzeit*) or jubilees (*Jubiläen*); minus
7. prepayments on account of customers (*erhaltene Anzahlungen auf Bestellungen* pursuant to Sec. 266 para. (3) lit. C No. 3 HGB); minus
8. trade payables (*Verbindlichkeiten aus Lieferungen und Leistungen* pursuant to Sec. 266 para. (3) lit. C. No. 4 HGB); minus
9. other liabilities (*sonstige Verbindlichkeiten* pursuant to Sec. 266 para. (3) lit. C. No. 8 HBG); minus
10. deferred income (*Rechnungsabgrenzungsposten* pursuant to Sec. 266 para. (3) lit. D HGB)

= Working Capital

"**LTM Average January Working Capital"** means the average Working Capital as having existed during the period from February 2011 through (and including) January 2012 calculated by dividing the sum of such values as derived from the Management Accounts for the respective months by 12.

"**LTM Average Effective Date Working Capital**" means the average Working Capital as having existed during the period from March 2011 through (and including) February 2012 calculated by dividing the sum of such values as derived from the Management Accounts for the respective months by 12.

"**Base Working Capital**" shall have the same meaning as Working Capital provided that the basis of the individual amounts shall be the Recent Management Accounts

"**Effective Date Working Capital**" shall have the same meaning as Working Capital provided that the basis of the individual amounts shall be the Final Effective Date Accounts.

Annex 3.4

Spouses' Consent Declarations

Annex 5.3

Sample Calculation of

(Base) Net Debt Balance and

(Base) Working Capital

For illustrative purposes only the following example uses the 31 December 2010 audited balance sheet

Annex 8.2.b

Assignment Agreement

relating to the Transaction Shares

Annex 8.2c

Assignment Agreement

relating to the Shareholder Loans

Annex 10.1

Data Room Index

Annex 10.2

Sellers' Representations

1. Due Authorization

1.1 The execution, delivery and performance of this Agreement by IRS and the consummation of the Transaction are within IRS' corporate powers and have been duly authorized by all necessary corporate actions of IRS and the Agreement is legally valid, binding and enforceable against IRS at its terms.

1.2 The execution and performance by the Sellers of this Agreement and the con-summation of the Transaction neither violate IRS' articles of association or by-laws or the articles of association of the Company nor any judgment, injunction or order binding on any of the Sellers or the Company, and there is no action, lawsuit, investigation or proceeding (except for merger control clearances, if any) pending against, or to the Sellers' Knowledge, threatened in writing against any of the Sellers or the Company before any court, arbitration panel or governmental authority which in any manner challenges or seeks to prevent, alter or materially delay the Transaction.

2. The Companies

2.1 As of the Completion Date, each of the Companies is duly incorporated or formed and validly existing under the laws of its jurisdiction of incorporation or formation and has all requisite corporate power and authority to own its assets and to carry out its business.

2.2 As of the Completion Date, none of the Companies holds any material interest in any company or other entity other than any company or entity of the Companies or as set forth in **Annex 10.2.2.2.** The Company or a Subsidiary owns, beneficially and of record, all of the outstanding capital stock of each Subsidiary free and clear of all encumbrances.

2.3 As of the Completion Date, none of the Companies is a party to any agreement which would permit any third party (other than any entity of the Companies) to control such company or obligate it to transfer all its profits to any such third party.

2.4 As of the Completion Date, no bankruptcy or insolvency proceedings are pending, have been applied for by any of the Companies or to the Seller's Knowledge by any third party or have been rejected because of a lack of assets with respect to any of the Companies. To the Sellers' Knowledge there are no circumstances that would require the opening of such proceedings. To the Sellers' Knowledge none of the Companies has ceased or suspended payments, and no debt settlement arrangement with respect to any of the Companies has been proposed or approved other than in the ordinary course of business.

3. The Transaction Shares; Shares in Subsidiaries

3.1 The Transaction Shares are validly issued. As of the Completion Date, the Sellers are the sole and unrestricted legal and beneficial owners of the Transaction Shares as stated in the table set forth in Section 1.2. The Company is, directly or indirectly, the sole and unrestricted legal and beneficial owner of all of the shares in the Subsidiaries as stated in the table set forth in **Annex 1.1**, and those shares in the Subsidiaries are validly issued.

3.2 As of the Completion Date, the Transaction Shares and the shares in the Subsidiaries are free and clear of any liens or encumbrances, and there are no pre-emptive rights, rights of first refusal, options or other rights or any third party to purchase or acquire the Transaction Shares or the shares in the Subsidiaries.

3.3 As of the Completion Date, the Transaction Shares and the shares in the Subsidiaries are fully paid, not repaid and non-assessable (i.e. there is no shareholder obligation to make an additional capital contribution).

4. The Shareholder Loans

4.1 As of the Completion Date, VS and IRS are rightful claimants to the Shareholder Loans. The nominal amounts of the Shareholder Loans and the accrued interest as of the Effective Date are stated in the table set forth in Section 1.3.

4.2 As of the Completion Date, the Shareholder Loans are free and clear of any third party rights except for the subordination declared in respect of the Shareholder Loans vis-à-vis banks providing financing to the Companies, and VS and IRS have the right to transfer the Shareholder Loans.

4.3 As of the Completion Date, the nominal amounts of the Shareholder Loans have been fully paid to the Company and have not been repaid to VS or IRS.

5. Financial Statements

The Statutory Annual Accounts 2011 have been or will be (as the case may be) duly prepared consistent with past practice and otherwise in accordance with German generally accepted accounting principles and will give, on a consolidated basis, a true and fair view of the Companies' net assets, financial position and results of operations pursuant to Section 297 para. (2) of the German Commercial Code (*Handelsgesetzbuch, HGB*). The Statutory Annual Accounts 2011 will have received an unqualified audit opinion by PriceWaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft provided that the Purchaser shall post Completion take any measures necessary to support the receiving of such unqualified audit opinion.

6. No Leakage

From the Effective Date and until the Completion Date, there will not be any declaration, setting aside or payment of dividends or other distribution by any of the Companies to the Sellers or repurchase, redemption or other acquisition by any of the Companies of any outstanding shares of the capital stock or other securities of, or other ownership interest in, any of the Companies from the Sellers.

7. Permits and Compliance with Laws

7.1 To the Sellers' Knowledge, the Companies are in possession of all material governmental approvals, licenses and permits necessary to operate the business of the Companies as it is conducted on the day hereof and material for the business of the Companies as currently conducted.

7.2 To the Sellers' Knowledge, the business of the Companies has been conducted from 1 January 2011 until the date hereof in compliance with all applicable laws including anti-trust laws.

7.3 There has been no release of any hazardous material generated, used, owned, stored or controlled by any of the Companies on, at or under any property presently or formerly owned, leased or operated by any of the Companies, and there are to the Sellers' Knowledge no hazardous materials located in, at, on or under such facility or property, or at any other location that could reasonably be expected to require investigation, removal, remedial or corrective action by any of the Companies or that would reasonably be likely, individually or in the aggregate, to result in material liabilities of, or losses, damages or costs to any of the Companies under any environmental law.

8. Employees and Benefit Plans

8.1 No written notice has been received by any of the Companies for the premature termination of the employment contracts with any of the Key Employees. None of the Companies has terminated the employment contract with any such Key Employee.

8.2 Except as set forth in **Annex 10.2.8.2**, none of the Companies maintains, or contributes to, any employee pension benefit plan or other benefit plan, program, policy or individual agreement under which any of the Companies would be obliged to provide for employee benefits (with the exception of expat compensations and benefits), such as insurance coverage, pension payments, severance benefits, disability benefits, deferred compensation, bonuses or other forms of incentive compensation or pre-retirement compensation, exceeding in the individual case an amount of EUR 15,000 (in words: fifteen thousand Euro) p.a.. The aggregate liability of the Companies under such plans, programs, policies and individual agreements does not exceed the maximum amount specified in **Annex 10.2.8.2**.

8.3 The consummation of the Transaction will not (i) entitle any current or former director, officer, employee or consultant of the Company or any Subsidiary to severance pay, unemployment compensation or any bonus or other payment due from any of the Companies except for certain transaction bonus payments granted, not exceeding a total sum of EUR 750,000.00 (in words: Euro seven hundred fifty thousand) which will be fully accrued in the Statutory Annual Accounts 2011, or (ii) accelerate the time of payment or vesting or increase the amount of compensation due to any current or former director, officer or employee under an employee benefit plan or otherwise.

9. Assets and Material Agreements

9.1 To the Sellers' Knowledge, except as set forth in **Annex 10.2.9.1** or as agreed in the Companies' ordinary course of business, each of the Companies is entitled to the full and unencumbered ownership of its assets, free and clear of any third party rights, including, without limitation, security rights, rights of lien, restraints on disposal and restrictions of owner's position.

9.2 To the Sellers' Knowledge the Companies' movable assets are in a satisfactory working order in all material respects and in line with their respective terms of use, except for normal wear and tear; the assets are suitable for their respective present use.

9.3 All agreements of the following types (together the "**Material Agreements**") the main obligations of which have not been completely fulfilled as at the Signing Date are listed in **Annex 10.2..9.3**. None of the Companies is or has been in material breach of any Material Agreement that gives cause for a termination of such Material Agreement or claims for damages, penalties or other compensation exceeding (the equivalent of) EUR 100,000.00 (in words: Euro one hundred thousand). To the Sellers' Knowledge, no such breach of any Material Agreement has been asserted in writing by the other party or parties to the relevant Material Agreement:

a. agreements to acquire, sell, transfer or dispose of equity interests in any of the Companies;
b. agreements on joint ventures;
c. long-term agreements (Dauerschuldverhältnisse) with customers or suppliers which cannot be regularly terminated within 12 months as of the date hereof, providing in the agreement itself (and not by any individual orders based on the agreement), in each case, for annual payment obligations in an amount, or annual supply obligations in a volume, exceeding EUR 200,000.00 (in words: Euro two hundred thousand);

d. agreements between any of the Companies and any of the Sellers (except for the service agreements existing with LG and JB and the Shareholder Loans);
e. the agreements with the ten largest customers of the Companies (by sales for the year 2011);
f. the agreements with the ten largest suppliers of the Companies (by turnover for the year 2011); and
g. agreements (other than agreements falling under this Section 9.3) not fully performed at the Signing Date and providing, in each case, for annual payments exceeding EUR 1.000.000 (in words: Euro one million) except employment agreements.

10. Intellectual Property

10.1 The Companies own and are (or have filed to be) the registered owner or are legally entitled to use the trademarks, patents, registered designs and domains which they use in their businesses (the trademarks, patents, registered designs and domains the "**IP-Rights**"). To the Sellers' Knowledge, (i) the IP-Rights are not subject to any pending proceedings for opposition, cancellation, revocation or rectification which may materially negatively affect the operation of the business of the Companies as currently conducted nor have such proceedings been threatened in writing vis-à-vis the Companies since 1 January 2011 nor (ii) are they materially infringed by third parties. To the Sellers' Knowledge, (i) all fees necessary to maintain the IP-Rights have been paid, (ii) all necessary renewal applications have been filed and (iii) all other material steps necessary for their maintenance (other than use) have been taken. To the Sellers' Knowledge, none of the Companies does materially infringe any intellectual property rights of third parties. To the Sellers' Knowledge, none of the IP Rights material for the business of the Companies as currently conducted have been licensed to third parties.

10.2 The Statutory Annual Accounts 2011 contain sufficient and adequate provisions or accruals with respect to the use of all IP-Rights of SISVEL as well as MPEGLA (in each case including their respective Affiliates) which are necessary to operate the business of the Companies as it is conducted on the day hereof or which they have in fact used in the past, and neither the Companies nor the Purchaser or any of Purchaser's Affiliates will owe to SISVEL or MPEGLA any license fees, dues or similar amounts in excess of the sums provided for or accrued, whether based on contract, tort or any other legal basis, which are based upon the use by the Companies or any one of them in the periods through the Effective Date, of any patents which SISVEL or MPEGLA (in each case including their respective Affiliates) own or are otherwise legally entitled to.

11. Customer Relationships

No regular major customer of the Companies has terminated in writing the business relationship with one or several of the Companies except as set forth in **Annex 10.2.11.**

12. Litigation

12.1 There is no action, suit, investigation or proceeding pending against the Companies or any of the Sellers, or threatened in writing against the Companies or any of the Sellers before any court or arbitrator or governmental body, agency or official body, which in either case, challenges or seeks to prevent, enjoin, alter or materially delay the Transaction.

12.2 The Companies are not party to any court or administrative proceedings, including arbitration proceedings, either as plaintiff or defendant, having a litigation value (*Streitwert*) in each case exceeding EUR 100,000.00 (in words: Euro one hundred thousand), unless otherwise set forth in **Annex 10.2.12.2.**

Annex 10.2.2.2

Material Interest

Annex 10.2.8.2

Pension Plans

Annex 10.2.9.1

Assets

Annex 10.2.9.3

Material Agreements

Annex 10.2.11

Customer Relationship

Annex 10.2.12.2

Court or Administrative Proceedings

Annex 15.1

Budget

Annex 15.1.i

Key Employees

1. Mr. Ludwig Geis
2. Mr. Joachim Brandes
3. Mr. Dr. Dirk Wendt
4. Mr. Dr. Hendrik Tröger
5. Mr. Laurie Burns
6. Mr. Alexander Herbrich
7. Mr. Holger Bischoff
8. Mr. Thomas Adam
9. Mr. Peter Kamps
10. Mr. Christian Drees
11. Mr. Ludovic Busson (HCC France)
12. Mr. Peter Inzenhofer (HCC Hungary)
13. Mrs. Jennifer Ng (HCC China)
14. Mr. Oliver Neil (HCC USA)

Annex 21.1.b

Current Shareholdings

IRS is owner of minority share in Hirschmann Holding B.V.

Execution Copy

Published CUSIP Number: _____

$205,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

among

VOXX INTERNATIONAL CORPORATION,
as the Company,

AUDIOVOX ACCESSORIES CORPORATION,
AUDIOVOX ELECTRONICS CORPORATION,
AUDIOVOX CONSUMER ELECTRONICS, INC.,
AMERICAN RADIO CORP.,
CODE SYSTEMS, INC.,
INVISION AUTOMOTIVE SYSTEMS INC.,
BATTERIES.COM, LLC, and
KLIPSCH GROUP, INC.,
as Domestic Borrowers,

VOXX INTERNATIONAL (GERMANY) GMBH,
as the Foreign Borrower,

CERTAIN DOMESTIC AND FOREIGN SUBSIDIARIES OF THE BORROWERS
FROM TIME TO TIME PARTY HERETO,
as Guarantors,

THE LENDERS PARTY HERETO,

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

FIFTH THIRD BANK and HSBC BANK USA, N.A.,
as Co-Syndication Agents

and

CITIBANK, N.A. and RBS CITIZENS, N.A.,
as Co-Documentation Agents

Dated as of March 14, 2012

WELLS FARGO SECURITIES, LLC,
as Sole Lead Arranger and Sole Bookrunner

Prepared by:
King & Spalding

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THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of March 14, 2012, is by and among **VOXX INTERNATIONAL CORPORATION**, a Delaware corporation (the "Company"), **AUDIOVOX ACCESSORIES CORPORATION**, a Delaware corporation ("ACC"), **AUDIOVOX ELECTRONICS CORPORATION**, a Delaware corporation ("AEC"), **AUDIOVOX CONSUMER ELECTRONICS, INC.**, a Delaware corporation ("ACEI"), **AMERICAN RADIO CORP.**, a Georgia corporation ("ARC"), **CODE SYSTEMS, INC.**, a Delaware corporation ("CSI"), **INVISION AUTOMOTIVE SYSTEMS INC.**, a Delaware corporation ("IAS"), **BATTERIES.COM, LLC**, an Indiana limited liability company ("Batteries"), **KLIPSCH GROUP, INC.**, an Indiana corporation ("Klipsch", and together with the Company, ACC, AEC, ACEI, ARC, CSI, IAS and Batteries, each, a "Domestic Borrower" and collectively, the "Domestic Borrowers"), **VOXX INTERNATIONAL (GERMANY) GMBH**, a Gesellschaft mit beschränkter Haftung under the laws of the Federal Republic of Germany (the "Foreign Borrower", and together with the Domestic Borrowers, each a "Borrower" and collectively the "Borrowers"), the Guarantors (as hereinafter defined), the Lenders (as hereinafter defined) and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Domestic Borrowers entered into that certain Credit Agreement, dated as of March 1, 2011 (as amended, modified or supplemented prior to the date hereof, the "Existing Credit Agreement"), by and among the Domestic Borrowers, certain domestic and foreign subsidiaries of the Domestic Borrowers, as guarantors, the lenders from time to time party thereto, and Wells Fargo Capital Finance, LLC, a Delaware limited liability company (which is an affiliate of the Administrative Agent), as agent for the lenders thereunder, pursuant to which the lenders thereunder made loans and other financial accommodations to the Domestic Borrowers in an aggregate amount of up to $175,000,000, as more particularly described therein;

WHEREAS, the Domestic Borrowers party to the Existing Credit Agreement desire to amend and restate the Existing Credit Agreement for purposes of adding the Foreign Borrower and certain of its Subsidiaries as Credit Parties, amending certain other provisions agreed upon by the parties hereto and obtaining loans and other financial accommodations in an aggregate amount of up to $205,000,000;

WHEREAS, Wells Fargo Capital Finance, LLC has resigned as agent under the Existing Credit Agreement, and the Borrowers and the Lenders party hereto wish to appoint Wells Fargo Bank, National Association as the successor Administrative Agent; and

WHEREAS, the Lenders have agreed to amend and restate the Existing Credit Agreement and make such loans and other financial accommodations to the Credit Parties, in each case on the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree to amend and restate the Existing Credit Agreement in its entirety on the following terms and conditions:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms.

As used in this Agreement, terms defined in the preamble to this Agreement have the meanings therein indicated, and the following terms have the following meanings:

"Accessible Borrowing Availability" shall mean, as of any date of determination, the amount that the Borrower is able to borrow on such date under the Revolving Committed Amount under the terms of this Agreement.

"Account Designation Notice" shall mean the Account Designation Notice dated as of the Closing Date from the Company to the Administrative Agent in substantially the form attached hereto as Exhibit 1.1(a).

"Acquired Company" shall mean a collective reference to Car Communication Holding GmbH, a Gesellschaft mit beschränkter Haftung under the laws of the Federal Republic of Germany, and its Subsidiaries.

"Acquisition" shall mean the purchase of the outstanding Equity Interests of the Acquired Company by the Foreign Borrower pursuant to the Acquisition Documents.

"Acquisition Agreement" shall mean that certain Sale and Purchase Agreement, dated as of February 7, 2012, among Foreign Borrower, as purchaser, the Sellers, as seller, and the Company, as guarantor.

"Acquisition Documents" shall mean (a) the Acquisition Agreement, and (b) any other material agreement, document or instrument executed in connection with the foregoing, in each case as in effect on the Closing Date.

"Additional Credit Party" shall mean each Person that becomes a Guarantor by execution of a Joinder Agreement in accordance with Section 5.10.

"Additional Domestic Credit Party" shall mean any Additional Credit Party that is a Domestic Subsidiary.

"Additional Foreign Credit Party" shall mean any Additional Credit Party that is a Foreign Subsidiary.

"Administrative Agent" or "Agent" shall have the meaning set forth in the first paragraph of this Agreement and shall include any successors in such capacity.

"Administrative Questionnaire" shall mean an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" shall mean, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, the Person specified.

"Aggregate U.S. Revolving Exposure" shall mean, at any time, the sum of the U.S. Revolving Credit Exposures of all U.S. Revolving Lenders at such time.

"Agreement" or "Credit Agreement" shall mean this Amended and Restated Credit Agreement, as amended, modified, extended, restated, amended and restated, replaced, or supplemented from time to time in accordance with its terms.

"Alternate Base Rate" shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the sum of (i) LIBOR (as determined pursuant to the definition of LIBOR), for an Interest Period of one (1) month commencing on such day plus (ii) 1.00%, in each instance as of such date of determination. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) (A) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms above or (B) that the Prime Rate or LIBOR no longer accurately reflects an accurate determination of the prevailing Prime Rate or LIBOR, the Administrative Agent may select a reasonably comparable index or source to use as the basis for the Alternate Base Rate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in any of the foregoing will become effective on the effective date of such change in the Federal Funds Rate, the Prime Rate or LIBOR for an Interest Period of one (1) month. Notwithstanding anything contained herein to the contrary, to the extent that the provisions of Section 2.13 shall be in effect in determining LIBOR pursuant to clause (c) hereof, the Alternate Base Rate shall be the greater of (i) the Prime Rate in effect on such day and (ii) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%.

"Alternate Base Rate Loans" shall mean Loans that bear interest at an interest rate based on the Alternate Base Rate.

"Anti-Terrorism Order" shall mean that certain Executive Order 13224 signed into law on September 23, 2001.

"Applicable Margin" shall mean, for any day, the rate per annum set forth below opposite the applicable level then in effect (based on the Total Leverage Ratio), it being understood that the Applicable Margin for (a) Revolving Loans that are Alternate Base Rate Loans shall be the percentage set forth under the column "Base Rate Margin", (b) Revolving Loans that are LIBOR Rate Loans shall be the percentage set forth under the column "LIBOR Margin & L/C Fee", (c) that portion of the Term Loan comprised of Alternate Base Rate Loans shall be the percentage set forth under the column "Base Rate Margin", (d) that portion of the Term Loan comprised of LIBOR Rate Loans shall be the percentage set forth under the column "LIBOR Margin & L/C Fee", (e) the Letter of Credit Fee shall be the percentage set forth under the column "LIBOR Margin & L/C Fee", and (f) the Commitment Fee shall be the percentage set forth under the column "Commitment Fee":

Applicable Margin				
Level	Total Leverage Ratio	LIBOR Margin & L/C Fee	Base Rate Margin	Commitment Fee
I	Less than 1.00 to 1.00	1.25%	0.25%	0.15%
II	Greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00	1.5%	0.5%	0.2%
III	Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00	1.75%	0.75%	0.25%
IV	Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	2%	1%	0.3%
V	Greater than or equal to 2.50 to 1.00	2.25%	1.25%	0.35%

The Applicable Margin shall, in each case, be determined and adjusted quarterly on the first Business Day after the date on which the Administrative Agent has received from the Company the quarterly financial information (in the case of the first three fiscal quarters of the Company's fiscal year), the annual financial information (in the case of the fourth fiscal quarter of the Company's fiscal year) and the certifications required to be delivered to the Administrative Agent and the Lenders in accordance with the provisions of Sections 5.1(a), 5.1(b) and 5.2(b) (each an "Interest Determination Date"). Such Applicable Margin shall be effective from such Interest Determination Date until the next such Interest Determination Date. After the Closing Date, if the Credit Parties shall fail to provide the financial information or certifications in accordance with the provisions of Sections 5.1(a), 5.1(b) and 5.2(b), the Applicable Margin shall, on the date five (5) Business Days after the date by which the Credit Parties were so required to provide such financial information or certifications to the Administrative Agent and the Lenders, be based on Level V until such time as such information or certifications or corrected information or corrected certificates are provided, whereupon the Level shall be determined by the then current Total Leverage Ratio. Notwithstanding the foregoing, the initial Applicable Margins shall be set with pricing no lower than that set forth in Level IV until the financial information and certificates required to be delivered pursuant to Section 5.1 and 5.2 for the first full fiscal quarter to occur following the Closing Date have been delivered to the Administrative Agent, for distribution to the Lenders. In the event that any financial statement or certification delivered pursuant to Sections 5.1 or 5.2 is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin applied for such Applicable Period, the Company shall immediately (a) deliver to the Administrative Agent a corrected compliance certificate for such Applicable Period, (b) determine the Applicable Margin for such Applicable Period based upon the corrected compliance certificate, and (c) immediately pay, or cause the other Borrowers to pay, to the Administrative Agent for the benefit of the Lenders the accrued additional interest and other fees owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly distributed by the Administrative Agent to the Lenders entitled thereto. It is acknowledged and agreed that nothing contained herein shall limit the rights of the Administrative Agent and the Lenders under the Credit Documents, including their rights under Section 2.8 and Article VII.

"Applicable Percentage" shall mean, with respect to any U.S. Revolving Lender, the percentage of the total U.S. Revolving Commitments represented by such U.S. Revolving Lender's U.S. Revolving Commitment. If the U.S. Revolving Commitments have terminated or expired, the Applicable Percentage shall be determined based on the U.S. Revolving Commitments most recently in effect, giving effect to any assignments.

"Applicable Time" shall mean, with respect to any borrowings and payments in Foreign Currencies, the local times in the place of settlement for such Foreign Currencies as may be reasonably determined by the Administrative Agent to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

"Approved Bank" shall have the meaning set forth in the definition of "Cash Equivalents."

"Approved Fund" shall mean any Fund that is administered, managed or underwritten by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" shall mean WFS.

"Asset Disposition" shall mean the disposition of any or all of the assets (including, without limitation, the Equity Interests of a Subsidiary or any ownership interest in a joint venture) of any Credit Party or any Subsidiary whether by sale, lease, transfer or otherwise, in a single transaction or in a series of transactions. The term "Asset Disposition" shall not include (a) the sale, lease, transfer or other disposition of assets permitted by Subsections 6.4(a)(i) through (vii), or (b) any issuance by the Company of its Equity Interests.

"Assignment and Assumption" shall mean an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 9.6), and accepted by the Administrative Agent, in substantially the form of Exhibit 1.1(b) or any other form approved by the Administrative Agent.

"Authorized Officers" shall mean the Responsible Officers set forth on Schedule 3.29.

"Bank Product" shall mean any of the following products, services or facilities extended to any Credit Party or any Subsidiary by any Bank Product Provider: (a) Cash Management Services; (b) products under any Hedging Agreement; and (c) commercial credit card, purchase card and merchant card services; provided, however, that for any of the foregoing to be included as "Credit Party Obligations" for purposes of a distribution under Section 2.11(b), the applicable Bank Product Provider must have previously provided a Bank Product Provider Notice to the Administrative Agent which shall provide the following information: (i) the existence of such Bank Product and (ii) the maximum dollar amount (if reasonably capable of being determined) of obligations arising thereunder (the "Bank Product Amount"). The Bank Product Amount may be changed from time to time upon written notice to the Administrative Agent by the Bank Product Provider. Any Bank Product established from and after the time that the Lenders have received written notice from the Company or the Administrative Agent that an Event of Default exists, until such Event of Default has been waived in accordance with Section 9.1, shall not be included as "Credit Party Obligations" for purposes of a distribution under Section 2.11(b).

"Bank Product Amount" shall have the meaning set forth in the definition of Bank Product.

"Bank Product Debt" shall mean the Indebtedness and other obligations of any Credit Party or Subsidiary relating to Bank Products.

"Bank Product Provider" shall mean any Person that provides Bank Products to a Credit Party or any Subsidiary to the extent that (a) such Person is a Lender, an Affiliate of a Lender or any other Person that was a Lender (or an Affiliate of a Lender) at the time it entered into the Bank Product but has ceased to be a Lender (or whose Affiliate has ceased to be a Lender) under the Credit Agreement or (b) such Person is a Lender or an Affiliate of a Lender on the Closing Date and the Bank Product was entered into on or prior to the Closing Date (even if such Person ceases to be a Lender or such Person's Affiliate ceased to be a Lender).

"Bank Product Provider Notice" shall mean a notice substantially in the form of Exhibit 1.1(f).

"Bankruptcy Code" shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

"Bankruptcy Event" shall mean any of the events described in Section 7.1(f).

"Board of Directors" shall mean the board of directors (or comparable managers) of the Company or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

"Borrower" and "Borrowers" shall have the meaning set forth in the first paragraph of this Agreement.

"Borrowing Date" shall mean, in respect of any Loan, the date such Loan is made.

"Business" shall have the meaning set forth in Section 3.10.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in Charlotte, North Carolina or New York, New York are authorized or required by law to close; provided, however, that (a) when used in connection with a rate determination, borrowing or payment in respect of a LIBOR Rate Loan, the term "Business Day" shall also exclude any day on which banks in London, England are not open for dealings in Dollar deposits in the London interbank market, (b) with respect to any Loan denominated in a Foreign Currency, the term "Business Day" shall also exclude any day that is not a Target Settlement Day and (c) in the case of a Loan denominated in a Foreign Currency other than Euro, the term "Business Day" shall also exclude any day on which commercial banks in the home country of such Foreign Currency are authorized or required by law to close or are not open for foreign exchange dealings between banks in the exchange of the home country of the applicable Foreign Currency.

"Canadian Guarantors" shall mean, collectively, the following (together with their respective successors and assigns): (a) Audio Products International Corp., a corporation formed under the laws of the Province of Ontario and (b) Audiovox Canada Limited, a corporation formed under the laws of the Province of Ontario; each sometimes being referred to herein as a "Canadian Guarantor".

"Canadian Security Documents" shall mean, collectively, (a) the Amended and Restated General Security Agreement granted by the Canadian Guarantor and the other Credit Parties that have Collateral located in Canada (including Canadian Intellectual Property); (b) the Amended and Restated Trademark Security Agreements, the Amended and Restated Copyright Security Agreements, the Amended and Restated Patent Security Agreements and the Amended and Restated Industrial Design Agreements granted by a Canadian Guarantor or any Credit Party owning Canadian Intellectual Property (or, with respect to Audio Productions International Corp., U.S. Intellectual Property); (c) any Deposit Account Control Agreement in respect of depository accounts located in Canada and (d) all other agreements, documents and instruments relating to, arising out of, or in any way connected with any of the foregoing documents or granting to the Administrative Agent, for the benefit of the Secured Parties, Liens or security interests to secure, inter alia, all or any portion of the Credit Party Obligations or the Foreign Obligations, as applicable, whether now or hereafter executed and/or filed, each as may be amended from time to time in accordance with the terms hereof, executed and delivered in connection with the granting, attachment and perfection of the Administrative Agent's security interests and liens arising thereunder, including, without limitation, *Personal Property Security Act* financing statements.

"Capital Lease" shall mean any lease of property, real or personal, the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

"Capital Lease Obligations" shall mean the capitalized lease obligations relating to a Capital Lease determined in accordance with GAAP.

"Cash Collateralize" shall mean to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Lender or Swingline Lender (as applicable) and the Lenders, as collateral for LOC Obligations, obligations in respect of Swingline Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the Issuing Lender or Swingline Lender benefiting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the Issuing Lender or the Swingline Lender. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" shall mean (a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition ("Government Obligations"), (b) Dollar or Foreign Currency denominated time deposits, certificates of deposit, Eurodollar time deposits and Eurodollar certificates of deposit of (i) any domestic commercial bank of recognized standing having capital and surplus in excess of $500,000,000 or (ii) any bank whose short-term commercial paper rating at the time of the acquisition thereof is at least A-1 or the equivalent thereof from S&P or from Moody's is at least P-1 or the equivalent thereof from Moody's (any such bank being an "Approved Bank"), in each case with maturities of not more than 364 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within six months of the date of acquisition, (d) repurchase agreements with a term of not more than thirty (30) days with a bank or trust company (including a Lender) or a recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United States of America, (e) obligations of any state of the United States or any political subdivision thereof for the payment of the principal and redemption price of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (f) money market accounts subject to Rule 2a-7 of the Investment Company Act of 1940 ("Rule 2a-7") which consist primarily of cash and cash equivalents set forth in clauses (a) through (e) above and of which 95% shall at all times be comprised of First Tier Securities (as defined in Rule 2a-7) and any remaining amount shall at all times be comprised of Second Tier Securities (as defined in Rule 2a-7), and (g) shares of any so-called "money market fund"; provided that such fund is registered under the Investment Company Act of 1940, has net assets of at least $500,000,000 and has an investment portfolio with an average maturity of 365 days or less.

"Cash Management Services" shall mean any services provided from time to time to any Credit Party or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services and all other treasury and cash management services.

"Change in Law" shall mean the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) reflecting a change in interpretation of (a) or (b) above by any Governmental Authority; provided, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, regulations, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" shall mean (a) at any time that the Permitted Holders are not directly or indirectly the "beneficial owner" (as such term is used in Rule 13d- 3 of the Exchange Act) of at least thirty (30%) percent of the voting power of the Voting Stock of the Company then entitled to vote; (b) any "person" or "group" (as such terms are used in Rule 13d- 5 of the Exchange Act, and Sections 13(d) and 14(d) of the Exchange Act) of persons, other than the Permitted Holders, becomes, directly or indirectly, in a single transaction or in a related series of transactions, the "beneficial owner" (as such term is used in Rule 13d- 3 of the Exchange Act) of a greater percentage than is owned by the Permitted Holders of the voting power of the Voting Stock of the Company then entitled to vote; (c) the Continuing Directors shall cease for any reason to constitute a majority of the Board of Directors of the Company then in office; (d) except as otherwise expressly permitted herein, the Company shall cease to be the direct or indirect holder and owner of one hundred (100%) percent of the voting power of the Voting Stock of the other Credit Parties then entitled to vote.

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall mean a collective reference to the collateral which is identified in, and at any time will be covered by, the Security Documents and any other property or assets of a Credit Party, whether tangible or intangible and whether real or personal, that may from time to time secure the Credit Party Obligations; provided that there shall be excluded from the Collateral (a) any account, instrument, chattel paper or other obligation or property of any kind due from, owed by, or belonging to, a Sanctioned Person or Sanctioned Entity, (b) any lease in which the lessee is a Sanctioned Person or Sanctioned Entity and (c) real property subject to Liens permitted by Section 6.2(r) and 6.2(s).

"Commitment" shall mean the U.S. Revolving Commitments, the Multicurrency Revolving Commitments the LOC Commitment, the Term Loan Commitments and the Swingline Commitment, individually or collectively, as appropriate.

"Commitment Fee" shall have the meaning set forth in Section 2.5(a).

"Commitment Percentage" shall mean the U.S. Revolving Commitment Percentage, the Multicurrency Revolving Commitment Percentage and/or the Term Loan Commitment Percentage, as appropriate.

"Commitment Period" shall mean (a) with respect to Revolving Loans and Swingline Loans, the period from and including the Closing Date to but excluding the Maturity Date and (b) with respect to Letters of Credit, the period from and including the Closing Date to but excluding the date that is five (5) days prior to the Maturity Date.

"Commonly Controlled Entity" shall mean an entity, whether or not incorporated, which is under common control with any Borrower within the meaning of Section 4001(b)(1) of ERISA or is part of a group which includes any Borrower and which is treated as a single employer under Section 414(b) or 414(c) of the Code or, solely for purposes of Section 412 of the Code to the extent required by such Section, Section 414(m) or 414(o) of the Code.

"Company" shall have the meaning set forth in the first paragraph of this Agreement.

"Company Material Adverse Effect" shall mean a material adverse change of the business or operation of the Acquired Company and its Subsidiaries other than any change or effect resulting from (i) the general economic conditions, including the general developments of the capital markets or conditions affecting companies and undertakings generally in the industries in which the Acquired Company and its Subsidiaries operate (ii) any disruptions to any business of the Acquired Company and its Subsidiaries, which is attributable to the announcement of the Acquisition Agreement or the transactions contemplated thereby and (iii) any changes in the laws of any relevant jurisdictions or the interpretations thereof taken as a whole which (x) causes a financial loss to the Acquired Company and its Subsidiaries of more than €4,000,000.00 (in words: four million Euro), (y) causes a reduction of more than 20% in consolidated turnover of the Acquired Company and its Subsidiaries in the 12 month period immediately following the Signing Date (as defined in the Acquisition Agreement) or (z) will result in EBITDA (as defined in the Acquisition Agreement) of the Acquired Company and its Subsidiaries in the 12 month period immediately following the Signing Date (as defined in the Acquisition Agreement) which is at least 20% lower than it would have been, had the respective material adverse change not taken place; unless the effects of such adverse change are covered by insurance or the Sellers otherwise have compensated such adverse change.

"Consolidated" shall mean, when used with reference to financial statements or financial statement items of the Company and its Subsidiaries or any other Person, such statements or items on a consolidated basis in accordance with the consolidation principles of GAAP.

"Consolidated Assets" shall mean, as of any date of determination, the Consolidated assets of the Company and its Subsidiaries at such date, as determined in accordance with GAAP.

"Consolidated Capital Expenditures" shall mean, as of any date of determination for the four (4) consecutive fiscal quarter period ending on such date, for the Company and its Subsidiaries on a Consolidated basis, the aggregate of all expenditures by the Credit Parties and their Subsidiaries during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed; provided that Consolidated Capital Expenditures shall exclude (a) Indebtedness permitted under Section 6.1(i) or Section 6.1(j) and (b) an additional $8,000,000 in capital expenditures with respect to the Indiana Project and the Florida Project.

"Consolidated EBIT" shall mean, as of any date of determination for the four (4) consecutive fiscal quarter period ending on such date, for the Company and its Subsidiaries on a Consolidated basis and without duplication, the sum of (a) Consolidated EBITDA minus (b) depreciation minus (c) amortization, in each case, determined on a Consolidated basis in accordance with GAAP.

"Consolidated EBIT to Consolidated Interest Expense Ratio" shall mean, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis, the ratio of (a) Consolidated EBIT on such date to (b) Consolidated Interest Expense.

"Consolidated EBITDA" shall mean, as of any date of determination for the four (4) consecutive fiscal quarter period ending on such date, without duplication, the Consolidated Net Income (or loss) of the Company and its Subsidiaries on a Consolidated Basis, minus (a) non-cash extraordinary gains minus (b) interest income, plus, (c) to the extent deducted in calculating Consolidated Net Income for such period: (i) non-cash extraordinary losses, (ii) Consolidated Interest Expense, (iii) tax expense (including, without limitation, any federal, state, local and foreign income and similar taxes), (iv) non-cash charges related to goodwill impairment and impairment of non-cash intangibles, (v) closing costs incurred in connection with the Acquisition and the senior credit facilities related to this Agreement, and (vi) depreciation and amortization of the Company and its Subsidiaries for such period, in each case, determined on a Consolidated basis in accordance with GAAP.

"Consolidated Funded Debt" shall mean, as of any date of determination, Funded Debt of the Company and its Subsidiaries on a Consolidated basis.

"Consolidated Interest Expense" shall mean, as of any date of determination for the four (4) consecutive fiscal quarter period ending on such date, the aggregate of the interest expense of the Company and its Subsidiaries for such period, without duplication, determined on a Consolidated basis in accordance with GAAP. Notwithstanding the foregoing, for purposes of calculating Consolidated Interest Expense for the fiscal quarters ending May 31, 2012, August 31, 2012 and November 30, 2012, Consolidated Interest Expense shall be annualized during such fiscal quarters such that (a) for the calculation of Consolidated Interest Expense as of May 31, 2012, Consolidated Interest Expense for the fiscal quarter then ending will be multiplied by four (4), (b) for the calculation of Consolidated Interest Expense as of August 31, 2012, Consolidated Interest Expense for the two fiscal quarter period then ending will be multiplied by two (2) and (c) for the calculation of Consolidated Interest Expense as of November 30, 2012, Consolidated Interest Expense for the three fiscal quarter period then ending will be multiplied by one and one-third (1 1/3).

"Consolidated Net Income" shall mean, as of any date of determination for the four (4) consecutive fiscal quarter period ending on such date, the net income (excluding (a) gains from Dispositions not in the ordinary course of business, (b) gains from the early extinguishment of Indebtedness, (c) all non-cash income, (d) tax credits, rebates and other benefits and (e) income received from joint venture investments to the extent not received in cash by a Credit Party) of the Company and its Subsidiaries on a Consolidated basis for such period, all as determined in accordance with GAAP.

"Continuing Director" shall mean (a) any member of the Board of Directors of the Company who was a director (or comparable manager) on the Closing Date, after giving effect to the execution and delivery of this Agreement and the other transactions contemplated hereby to occur on such date, and (b) any individual who becomes a member of the Board of Directors of the Company after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either the Permitted Holders or a majority of the Continuing Directors.

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any contract, agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

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

"Copyright Licenses" shall mean any agreement, whether written or oral, providing for the grant by or to a Person of any right under any Copyright.

"Copyrights" shall mean all copyrights in all Works, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise and all renewals thereof.

"Credit Documents" shall mean this Agreement, each of the Notes, any Joinder Agreement, the Letters of Credit, LOC Documents and the Security Documents and all other agreements, documents, certificates and instruments delivered to the Administrative Agent or any Lender by any Credit Party in connection therewith (other than any agreement, document, certificate or instrument related to a Bank Product).

"Credit Party" shall mean any of the Borrowers or the Guarantors.

"Credit Party Obligations" shall mean, without duplication, (a) the Obligations and (b) for purposes of the Guaranty, the Security Documents and all provisions under the other Credit Documents relating to the Collateral, the sharing thereof and/or payments from proceeds of the Collateral, all Bank Product Debt.

"Debt Issuance" shall mean the issuance of any Indebtedness by any Credit Party or any of its Subsidiaries (excluding any issuance by any Credit Party or any of its Subsidiaries of any Equity Interests or any Indebtedness of any Credit Party or any of its Subsidiaries permitted to be incurred pursuant to Sections 6.1(a)-(m) hereof).

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

"Default" shall mean any of the events specified in Section 7.1, whether or not any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

"Default Rate" shall mean (a) when used with respect to the Obligations, other than Letter of Credit Fees, an interest rate equal to (i) for Alternate Base Rate Loans, (A) the Alternate Base Rate plus (B) the Applicable Margin applicable to Alternate Base Rate Loans plus (C) 2.00% per annum and (ii) for LIBOR Rate Loans, (A) the LIBOR Rate plus (B) the Applicable Margin applicable to LIBOR Rate Loans plus (C) 2.00% per annum, (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Margin applicable to Letter of Credit Fees plus 2.00% per annum, and (c) when used with respect to any other fee or amount due hereunder, an interest rate equal to (A) the Alternate Base Rate plus (B) the Applicable Margin applicable to Alternate Base Rate Loans plus (C) 2% per annum.

"Defaulting Lender" shall mean, subject to Section 2.21(b), any Lender that, (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder, unless such Lender notifies the Administrative Agent and the Company in writing that such failure is the result of such Lender'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 Administrative Agent, the Issuing Lender, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Company, the Administrative Agent, the Issuing Lender or the Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's 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 Business Days after written request by the Administrative Agent or the Company, to confirm in writing to the Administrative Agent and the Company that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Company), 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, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.21(b)) upon delivery of written notice of such determination to the Company, the Issuing Lender, the Swingline Lender and each Lender.

"Deposit Account Control Agreement" shall mean an agreement, among a Credit Party, a depository institution, and the Administrative Agent, which agreement is in a form reasonably acceptable to the Administrative Agent and the Company and which provides the Administrative Agent with "control" (as such term is used in Article 9 of the UCC) over the deposit account(s) described therein or any foreign equivalent thereof, as the same may be amended, modified, extended, restated, replaced, or supplemented from time to time.

"Disposition" shall have the meaning set forth in Section 6.4.

"Dollar Equivalent" shall mean, at any time, (a) with respect to any amount denominated in Dollars, such amount and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount thereof in Dollars as reasonably determined by the Administrative Agent at such time on the basis of the Spot Rate (as determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Foreign Currency.

"Dollars" and "$" shall mean dollars in lawful currency of the United States of America.

"Domestic Borrower" or "Domestic Borrowers" shall have the meaning set forth in the first paragraph of this Agreement.

"Domestic Credit Party" or "Domestic Credit Parties" shall mean any of the Domestic Borrowers or the Domestic Guarantors.

"Domestic Guarantor" shall mean (a) any of the Domestic Subsidiaries of the Domestic Borrowers identified as a "Domestic Guarantor" on the signature pages hereto, (b) following the execution of a Joinder Agreement pursuant to Section 5.14(f)(iv), the Mexican Guarantor, the Canadian Guarantor, the Venezuela Guarantor and the Dutch Guarantor and (c) any Additional Domestic Credit Party or Foreign Credit Party that executes a Joinder Agreement in order to become a Domestic Guarantor, together with their successors and permitted assigns.

"Domestic Lending Office" shall mean, initially, the office of each Lender designated as such Lender's Domestic Lending Office shown in such Lender's Administrative Questionnaire; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Company as the office of such Lender at which Alternate Base Rate Loans of such Lender are to be made.

"Domestic Obligations" shall mean all Credit Party Obligations of the Domestic Borrowers and the Domestic Guarantors.

"Domestic Revolving Loan" shall mean any Revolving Loan denominated in Dollars.

"Domestic Subsidiary" shall mean any Subsidiary that is organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia.

"Dutch Guarantor" shall mean Klipsch Group Europe, B.V., a private company with limited liability with its corporate seat in Leiden, the Netherlands, and its successors and assigns.

"Dutch Parallel Debt" shall have the meaning set forth in Section 9.31(a).

"Dutch Security Documents" shall mean, collectively, (a) a Dutch law notarial share pledge deed creating a right of pledge (with conditional transfer of voting rights) over the shares and any future shares in the share capital of Klipsch Group Europe B.V. and (b) a Dutch law pledge deed creating a right of pledge over certain of Klipsch Group Europe B.V.'s receivables and tangible assets, in favor of the Administrative Agent.

"Eligible Assignee" shall mean (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent, (ii) in the case of any assignment of a Revolving Commitment, the Swingline Lender and the Issuing Lender and (iii) unless an Event of Default has occurred and is continuing and so long as the Primary Syndication of the Loans has been completed, the Company (each such approval not to be unreasonably withheld or delayed), provided, that, the Company shall be deemed to have approved such Person unless it shall object thereto by written notice to the Administrative Agent (A) within five (5) Business Days after having received notice thereof and (B) notwithstanding the foregoing, "Eligible Assignee" shall not include (1) any Credit Party or any of the Credit Party's Affiliates or Subsidiaries, (2) any Person holding Subordinated Debt of the Credit Parties or any of such Person's Affiliates or (3) any Defaulting Lender (or any of their Affiliates).

"EMU" shall mean the economic and monetary union as contemplated in the Treaty on European Union (Official Journal C 191, July 29, 1992).

"EMU Legislation" shall mean legislative measures of the European Council (including, without limitation, European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

"Environmental Laws" shall mean any and all applicable foreign, federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time be in effect during the term of this Agreement.

"Equity Interests" shall mean (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general, preferred or limited), (d) in the case of a limited liability company, membership interests and (e) any other interest or participation that confers or could confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, without limitation, options, warrants and any other "equity security" as defined in Rule 3a11-1 of the Exchange Act.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Euro" shall mean the single currency of Participating Member States of the European Union.

"Euro Unit" shall mean the currency unit of the Euro.

"Event of Default" shall mean any of the events specified in Section 7.1; provided, however, that any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

"Existing Credit Agreement" shall have the meaning set forth in the preamble.

"Existing Letter of Credit" shall mean each of the letters of credit described by applicant, date of issuance, letter of credit number, amount, beneficiary and the date of expiry on Schedule 1.1(c) hereto.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Percentage" shall mean, as to each Lender, a fraction, expressed as a decimal, in each case determined on the date of occurrence of a Sharing Event (but before giving effect to any actions to occur on such date pursuant to Article XI) of which (a) the numerator shall be the sum of (i) the then outstanding Revolving Loans and Term Loan held by such Lender plus (ii) Participation Interests of such Lender in Letters of Credit and Swingline Loans (in each case taking the Dollar Equivalent of any amounts expressed in a Foreign Currency on the date of the occurrence of the Sharing Event) and (b) the denominator of which shall be the sum of (i) the aggregate outstanding principal amount of all Revolving Loans and Term Loans plus (ii) the aggregate of all LOC Obligations and the aggregate principal amount of all Swingline Loans (in each case taking the Dollar Equivalent of any amounts expressed in a Foreign Currency on the date of the occurrence of the Sharing Event).

"Excluded Foreign Subsidiary" shall mean, Audiovox German Holdings GmbH, Audiovox Incaar Systems GmbH, Magnat Audio Produtke GmbH, Oehlbach Kabel GmbH, Schwaiger GmbH, Audiovox Audio Produkte GmbH and any Subsidiary of the Company that is not a Borrower and is not required pursuant to the terms of Section 5.10 and Section 5.12 to become a Guarantor or pledge Collateral.

"Excluded Taxes" shall mean any of the following Taxes imposed on or with respect to a Recipient, (a) Taxes imposed on or measured by the Recipient's net income (however denominated), franchise Taxes imposed on the Recipient, and branch profits Taxes imposed on the Recipient, in each case, (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) as the result of any other present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document), (b) in the case of a Lender (other than an assignee pursuant to a request by the Company under Section 2.19(b)), U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender pursuant to a law in effect on the date on which (i) such Lender becomes a party hereto or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any Taxes imposed under FATCA (or any amended or successor version of FATCA that is substantively comparable and not materially more onerous to comply with).

"Extension of Credit" shall mean, as to any Lender, the making of a Loan by such Lender, any conversion of a Loan from one Type to another Type, any extension of any Loan or the issuance, extension or renewal of, or participation in, a Letter of Credit or Swingline Loan by such Lender.

"Extraordinary Receipt" shall mean any cash received by or paid to or for the account of any Person not in the ordinary course of business, as a result of a Recovery Event (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings).

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement, and any current or future regulations or official interpretations thereof.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" shall mean the letter agreement dated February 6, 2012, addressed to the Company from Wells Fargo and WFS, as amended, modified, extended, restated, replaced, or supplemented from time to time.

"Flood Hazard Property" shall mean any Mortgaged Property that is in an area designated by the Federal Emergency Management Agency as having special flood or mudslide hazards or any similar requirements or provisions under any foreign Requirement of Law.

"Florida Project" shall mean a project to consolidate the manufacturing facilities and operations of the Company and its Subsidiaries in the State of Florida.

"Foreign Borrower" shall have the meaning set forth in the first paragraph of this Agreement.

"Foreign Collateral" shall mean a collective reference to the collateral owned by the Foreign Credit Parties which is identified in, and at any time will be covered by, the Foreign Security Documents and any other foreign collateral that may from time to time secure the Foreign Obligations.

"Foreign Credit Party" or "Foreign Credit Parties" shall mean any Credit Party that is not a Domestic Credit Party.

"Foreign Currency" shall mean Euros.

"Foreign Currency Equivalent" shall mean, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in a Foreign Currency as reasonably determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Foreign Currency with Dollars.

"Foreign Currency Revolving Loan" shall mean any Revolving Loan denominated in a Foreign Currency.

"Foreign Currency Sublimit" shall mean the Euro equivalent of $50,000,000.

"Foreign Currency Sublimit Allocation" shall mean (i) with respect to the Foreign Borrower, the Foreign Currency Sublimit and (ii) with respect to the Domestic Borrowers, the Euro equivalent of $15,000,000.

"Foreign Guarantors" shall mean (a) following the execution of a Joinder Agreement pursuant to Section 5.14(f)(iv), the German Guarantors and the Hungarian Guarantor, (b) the Domestic Credit Parties and (c) any Additional Credit Party that executes a Joinder Agreement to guaranty Foreign Obligations, together with their successors and permitted assigns.

"Foreign Lender" shall mean (a) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, any Lender that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

"Foreign Obligations" shall mean all Credit Party Obligations of the Foreign Credit Parties.

"Foreign Pension Plan" shall mean any benefit or welfare plan that under applicable law outside of the United States is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

"Foreign Security Documents" shall mean, collectively, the German Security Documents, the Canadian Security Documents, the Dutch Security Documents, the Hungarian Security Documents, the Mexican Security Documents, the Venezuela Security Documents and any other security agreement, pledge agreement or similar document securing the Foreign Obligations.

"Foreign Subsidiary" shall mean any Subsidiary that is not a Domestic Subsidiary.

"Fronting Exposure" shall mean, at any time there is a Defaulting Lender, (a) with respect to the Issuing Lender, such Defaulting Lender's Applicable Percentage of the outstanding LOC Obligations with respect to Letters of Credit issued by such Issuing Lender other than LOC Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swingline Lender, such Defaulting Lender's Applicable Percentage of outstanding Swingline Loans made by such Swingline Lender other than Swingline Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Fund" shall mean any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Funded Debt" shall mean, with respect to any Person, without duplication, all Indebtedness of such Person (other than Indebtedness set forth in clauses (e), (i) or (m) (solely to the extent such clause (m) relates to Indebtedness under clause (e) or (i) thereof) of such definition).

"GAAP" shall mean generally accepted accounting principles in effect in the United States of America (or, in the case of Foreign Subsidiaries with significant operations outside the United States of America, generally accepted accounting principles in effect from time to time in their respective jurisdictions of organization or formation) applied on a consistent basis, subject, however, in the case of determination of compliance with the financial covenants set out in Section 5.9 to the provisions of Section 1.3; provided, further, that after an election by the Company to convert to IFRS, references in this Agreement to GAAP shall be deemed to refer to IFRS.

"German Guarantors" shall mean, collectively, the following (together with their respective successors and assigns): (a) Car Communication Holding GmbH, a Gesellschaft mit beschränkter Haftung under the laws of the Federal Republic of Germany and (b) Hirschmann Car Communication GmbH, a Gesellschaft mit beschränkter Haftung under the laws of the Federal Republic of Germany; each sometimes being referred to herein as a "German Guarantor".

"German Parallel Debt" shall have the meaning set forth in Section 9.31(b).

"German Security Documents" shall mean, collectively, (a) the pledges over the shares in the Foreign Borrower and the German Guarantors, (b) the pledges over the bank accounts of the Foreign Borrower and the German Guarantors, (c), the global security assignment of the receivables of the Foreign Borrower and the German Guarantors, (d) the security transfer of the assets of Hirschmann Car Communication GmbH and (e) the security assignment or pledge of the IP rights (including patents) of Hirschmann Car Communication GmbH and any other agreement or document governed by German law providing security for the claims of the Lenders or the Administrative Agent under the Credit Agreement and the other Credit Documents.

"Government Acts" shall have the meaning set forth in Section 2.17.

"Government Obligations" shall have the meaning set forth in the definition of "Cash Equivalents."

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

"Guarantor" shall mean the Domestic Guarantors and the Foreign Guarantors.

"Guaranty" shall mean the guaranty of the Guarantors set forth in Article X.

"Guaranty Obligations" shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including, without limitation, any obligation, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting security therefor, (b) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including, without limitation, keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (c) to lease or purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness against loss in respect thereof, or (d) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"Hedging Agreements" shall mean, with respect to any Person, any agreement entered into to protect such Person against fluctuations in interest rates, or currency or raw materials values, including, without limitation, any interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more counterparties, any foreign currency exchange agreement, currency protection agreements, commodity purchase or option agreements or other interest or exchange rate hedging agreements.

"Hungarian Guarantor" shall mean Hirschmann Car Communication Kft., a limited liability corporation (*Korlátolt Felelõsségû Társaság*) organized under the laws of Hungary.

"Hungarian Security Documents" shall mean, collectively, the documents governed by Hungarian law purporting to create, establish or grant security interest in favor of the Administrative Agent executed by the Hungarian Guarantor or any of the other Credit Parties, including any amendment, restatement, novation, confirmation of or supplement to any of such documents.

"IFRS" shall mean, as of any date of determination, the International Financial Reporting Standards adopted by the International Accounting Standards Board, as applicable on such date, consistently applied, as in effect from time to time, subject, however, in the case of determination of compliance with the financial covenants set out in Section 5.9, to the provisions of Section 1.3.

"Immaterial Subsidiary" shall mean, as of any date of determination, any Subsidiary of the Company (other than a Borrower) that, together with its Subsidiaries, (a) generates less than 2% of Consolidated EBITDA on a Pro Forma Basis for the four (4) fiscal quarter period most recently ended or (b) owns less than 2% of the Consolidated Assets as of the last day of the most recently ended fiscal quarter of the Company.

"Indebtedness" shall mean, 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 under conditional sale or other title retention agreements relating to property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations (including, without limitation, earnout obligations) of such Person incurred, issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within nine months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guaranty Obligations of such Person with respect to Indebtedness of another Person, (h) the principal portion of all Capital Lease Obligations plus any accrued interest thereon, (i) all net obligations of such Person under Hedging Agreements, (j) 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), (k) all Equity Interests issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemption or other acceleration or is convertible (at the request of the holders thereof or otherwise) into a type of Indebtedness set forth in the other classes of this definition, (l) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product plus any accrued interest thereon and (m) all obligations of the type described in (a) through (l) of this definition of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer (unless such Indebtedness is expressly made non-recourse to such Person).

"Indemnified Taxes" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" shall have the meaning set forth in Section 9.5(b).

"Indiana Project" shall mean a project to consolidate the operations of the Company and its Subsidiaries in the State of Indiana.

"Insolvency" shall mean, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of such term as used in Section 4245 of ERISA.

"Intellectual Property" shall mean, collectively, all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses of the Credit Parties and their Subsidiaries, all goodwill associated therewith and all rights to sue for infringement thereof.

"Intercompany Debt" shall have the meaning set forth in Section 9.19.

"Interest Determination Date" shall have the meaning specified in the definition of "Applicable Margin".

"Interest Payment Date" shall mean (a) as to any Alternate Base Rate Loan, the last Business Day of each February, May, August and November and on the applicable Maturity Date, (b) as to any LIBOR Rate Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any LIBOR Rate Loan having an Interest Period longer than three months, (i) each three (3) month anniversary following the first day of such Interest Period and (ii) the last day of such Interest Period and (d) as to any Loan which is the subject of a mandatory prepayment required pursuant to Section 2.7(b), the date on which such mandatory prepayment is due.

"Interest Period" shall mean, with respect to any LIBOR Rate Loan,

(a) initially, the period commencing on the Borrowing Date or conversion date, as the case may be, with respect to such LIBOR Rate Loan and ending one, two, three or six months thereafter as selected by the Company in the Notice of Borrowing or Notice of Conversion given with respect thereto; and

(b) thereafter, each period commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Rate Loan and ending one, two, three or six months thereafter, as selected by the Company by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that the foregoing provisions are subject to the following:

(i) if any Interest Period pertaining to a LIBOR Rate Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period pertaining to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(iii) if the Company shall fail to give notice as provided above, the Company shall be deemed to have selected (A) with respect to any Loan denominated in Dollars, an Alternate Base Rate Loan to replace the affected LIBOR Rate Loan and (B) with respect to any Loan denominated in a Foreign Currency a LIBOR Rate Loan with an Interest Period of one month;

(iv) no Interest Period in respect of any Loan shall extend beyond the Maturity Date and, further with regard to the Term Loan, no Interest Period shall extend beyond any principal amortization payment date with respect to such Term Loan unless the portion of such Term Loan consisting of Alternate Base Rate Loans together with the portion of such Term Loan consisting of LIBOR Rate Loans with Interest Periods expiring prior to or concurrently with the date such principal amortization payment date is due, is at least equal to the amount of such principal amortization payment due on such date; and

(v) no more than eight (8) LIBOR Rate Loans may be in effect at any time. For purposes hereof, LIBOR Rate Loans with different Interest Periods shall be considered as separate LIBOR Rate Loans, even if they shall begin on the same date and have the same duration, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new LIBOR Rate Loan with a single Interest Period.

"Investment" shall mean (a) the acquisition (whether for cash, property, services, assumption of Indebtedness, securities or otherwise) of Equity Interests, other ownership interests or other securities of any Person or bonds, notes, debentures or all or substantially all of the assets of any Person, (b) any deposit with, or advance, loan or other extension of credit to, any Person (other than deposits made in the ordinary course of business) or (c) any other capital contribution to or investment in any Person, including, without limitation, any Guaranty Obligation (including any support for a letter of credit issued on behalf of such Person) incurred for the benefit of such Person.

"IRS" shall mean the United States Internal Revenue Service.

"Issuing Lender" shall mean Wells Fargo together with any successor.

"Issuing Lender Fees" shall have the meaning set forth in Section 2.5(c).

"Joinder Agreement" shall mean a Joinder Agreement in form and substance reasonably satisfactory to the Administrative Agent, executed and delivered by an Additional Credit Party in accordance with the provisions of Section 5.10.

"Lender" shall mean any of the several banks and other financial institutions as are, or may from time to time become parties to this Agreement (including, without limitation, the Issuing Lender and the Swingline Lender); provided that notwithstanding the foregoing, "Lender" shall not include (1) any Credit Party or any of the Credit Party's Affiliates or Subsidiaries, (2) any Person holding Subordinated Debt of the Credit Parties or any of such Person's Affiliates or (3) any Defaulting Lender (or any of their Affiliates).

"Lender Commitment Letter" shall mean, with respect to any Lender, the letter (or other correspondence) to such Lender from the Administrative Agent notifying such Lender of its LOC Commitment, Revolving Commitment Percentage and/or Term Loan Commitment Percentage.

"Letter of Credit" shall mean (a) any standby or commercial letter of credit issued by the Issuing Lender pursuant to the terms hereof, as such letter of credit may be amended, modified, restated, extended, renewed, increased, replaced or supplemented from time to time in accordance with the terms of this Agreement and (b) any Existing Letter of Credit, in each case as such letter of credit may be amended, modified, extended, renewed or replaced from time to time in accordance with the terms of this Agreement.

"Letter of Credit Facing Fee" shall have the meaning set forth in Section 2.5(c).

"Letter of Credit Fee" shall have the meaning set forth in Section 2.5(b).

"LIBOR" shall mean, for any LIBOR Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBOR01 Page (or any successor page) and, in the case of a Foreign Currency, the appropriate page of the Reuters Screen which displays British Bankers Association Interest Settlement Rates for deposits in such Foreign Currency, as the London interbank offered rate for deposits in Dollars or such Foreign Currency at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, then "LIBOR" shall mean the rate per annum at which, as determined by the Administrative Agent in accordance with its customary practices, Dollars or such Foreign Currency in an amount comparable to the Loans then requested are being offered to leading banks at approximately 11:00 A.M. London time, two (2) Business Days prior to the commencement of the applicable Interest Period for settlement in immediately available funds by leading banks in the London interbank market for a period equal to the Interest Period selected. With respect to any LIBOR Rate Loan denominated in Euros, for any Interest Period, "LIBOR" shall mean the rate equal to the sum of (A) the rate determined in accordance with the foregoing terms of this definition plus (B) any Mandatory Cost for such Interest Period.

"LIBOR Lending Office" shall mean, initially, the office(s) of each Lender designated as such Lender's LIBOR Lending Office in such Lender's Administrative Questionnaire (including any office designated as its LIBOR Lending Office for Foreign Currency Revolving Loans); and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Company as the office of such Lender at which the LIBOR Rate Loans of such Lender are to be made.

"LIBOR Rate" shall mean a LIBOR rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) determined by the Administrative Agent in accordance with the definition of "LIBOR".

"LIBOR Rate Loan" shall mean Loans the rate of interest applicable to which is based on the LIBOR Rate. LIBOR Rate Loans may be denominated in Dollars or a Foreign Currency.

"LIBOR Tranche" shall mean the collective reference to LIBOR Rate Loans whose Interest Periods begin and end on the same day.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, (a) any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing and (b) the filing of, or the agreement to give, any UCC financing statement).

"Loan" shall mean a Revolving Loan, the Term Loan and/or a Swingline Loan, as appropriate.

"LOC Commitment" shall mean the commitment of the Issuing Lender to issue Letters of Credit and with respect to each Revolving Lender, the commitment of such Revolving Lender to purchase Participation Interests in the Letters of Credit up to such Lender's Revolving Commitment Percentage of the LOC Committed Amount.

"LOC Committed Amount" shall have the meaning set forth in Section 2.3(a).

"LOC Documents" shall mean, with respect to each Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any application therefor, and any agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or (b) any collateral for such obligations.

"LOC Obligations" shall mean, at any time, the sum of (a) the maximum amount which is, or at any time thereafter may become, available to be drawn under Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit plus (b) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Lender but not theretofore reimbursed.

"Mandatory Cost" shall mean, with respect to any period, the percentage rate per annum determined in accordance with Schedule 1.1(d).

"Mandatory LOC Borrowing" shall have the meaning set forth in Section 2.3(e).

"Mandatory Swingline Borrowing" shall have the meaning set forth in Section 2.4(b)(ii).

"Material Adverse Effect" shall mean a material adverse change in, or material adverse effect on (a) the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole, (b) the rights and remedies of the Administrative Agent or any Lender under this Agreement, any of the Notes or any other Credit Document or of the ability of the Credit Parties, taken as a whole, to perform their obligations, when such obligations are required to be performed, under this Agreement, any of the Notes or any other Credit Document or (c) the legality, validity or enforceability of this Agreement, any of the Notes or any of the other Credit Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Material Contract" shall mean (a) any contract, license or other agreement listed on Schedule 3.23, (b) any contract, license or other agreement, written or oral, of the Credit Parties or any of their Subsidiaries involving aggregate consideration payable to or by any Credit Party or any Subsidiary of a Credit Party of $5,000,000 per annum or more (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than sixty (60) days notice without penalty or premium) and (c) any other contract, agreement, permit or license, written or oral, of the Credit Parties or any of their Subsidiaries as to which the breach, nonperformance, cancellation or failure to renew by any party thereto, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

"Material Foreign Subsidiary" shall mean, as of any date of determination, any Foreign Subsidiary of the Company (other than Excluded Foreign Subsidiaries) that, together with its Subsidiaries, (a) generates more than 2% of Consolidated EBITDA on a Pro Forma Basis for the four (4) fiscal quarter period most recently ended or (b) owns more than 2% of the Consolidated Assets as of the last day of the most recently ended fiscal quarter of the Company; provided, however, that if at any time there are Foreign Subsidiaries which are not classified as "Material Foreign Subsidiaries" but which collectively (i) generate more than 5% of Consolidated EBITDA on a Pro Forma Basis or (ii) own more than 5% of the Consolidated Assets as of the last day of the most recently ended fiscal quarter of the Company, then the Company shall promptly designate one or more of such Foreign Subsidiaries as Material Foreign Subsidiaries and cause any such Foreign Subsidiaries to comply with the provisions of Section 5.10 such that, after such Foreign Subsidiaries become Guarantors hereunder, the Foreign Subsidiaries that are not Guarantors shall (iii) generate less than 5% of Consolidated EBITDA and (iv) own less than 5% of the Consolidated Assets.

"Materials of Environmental Concern" shall mean any gasoline or petroleum (including crude oil or any extraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, perchlorate, polychlorinated biphenyls and urea-formaldehyde insulation.

"Maturity Date" shall mean the date that is five (5) years following the Closing Date; provided, however, if such date is not a Business Day, the Maturity Date shall be the preceding Business Day.

"Mexican Guarantor" shall mean, Audiovox Mexico, S de RL de CV.

"Mexican Security Documents" shall mean, collectively (a) a Non-Possessory Pledge Agreement (*Contrato de Prenda sin Trasmisión de Posesión*) to be entered into by and between the Mexican Guarantor and Administrative Agent, which would create a first priority security interest (subject to Permitted Liens) over all the Collateral owned by the Mexican Guarantor to secure the obligations of Borrowers and Guarantors under the Credit Documents; and (b) an Equity Quota Pledge Agreement (*Contrato de Prenda Sobre Partes Sociales*) to be entered into by and between the equity-holders of the Mexican Guarantor and Administrative Agent with the appearance of the Mexican Guarantor for corporate compliance purposes, which would create a first priority pledge (subject to Permitted Liens) over the capital stock of the Mexican Guarantor to secure the obligations of Borrowers and Guarantors under the Credit Documents..

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage Instrument" shall mean any mortgage, deed of trust or deed to secure debt executed by a Credit Party in favor of the Administrative Agent, for the benefit of the Secured Parties, as the same may be amended, modified, extended, restated, replaced, or supplemented from time to time.

"Mortgage Policy" shall mean, with respect to any Mortgage Instrument, an ALTA mortgagee title insurance policy (or a foreign equivalent thereof) issued by a title insurance company (the "Title Insurance Company") reasonably selected by the Administrative Agent in an amount reasonably satisfactory to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent.

"Mortgaged Property" shall mean any owned or leased real property of a Credit Party listed on Schedule 3.16(f)(i) and any other owned or leased real property of a Credit Party that is or will become encumbered by a Mortgage Instrument in favor of the Administrative Agent in accordance with the terms of this Agreement.

"Multicurrency Revolving Commitment" shall mean, with respect to each Multicurrency Revolving Lender, the commitment of such Multicurrency Revolving Lender to make Multicurrency Revolving Loans in an aggregate principal amount at any time outstanding up to an amount equal to such Multicurrency Revolving Lender's Multicurrency Revolving Commitment Percentage of the Multicurrency Revolving Committed Amount.

"Multicurrency Revolving Commitment Percentage" shall mean, for each Multicurrency Revolving Lender, the percentage identified as its Multicurrency Revolving Commitment Percentage in its Lender Commitment Letter or in the Assignment and Assumption pursuant to which such Multicurrency Revolving Lender became a Multicurrency Revolving Lender hereunder, as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6(b).

"Multicurrency Revolving Committed Amount" shall have the meaning set forth in Section 2.1(B)(a).

"Multicurrency Revolving Facility" shall have the meaning set forth in Section 2.1(B)(a).

"Multicurrency Revolving Lender" shall mean, as of any date of determination, a Lender holding a Multicurrency Revolving Commitment or a Multicurrency Revolving Loan on such date.

"Multicurrency Revolving Loan" shall have the meaning set forth in Section 2.1(B)(a).

"Multiemployer Plan" shall mean a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds" shall mean the aggregate cash proceeds received by any Credit Party or any Subsidiary in respect of any Asset Disposition, Debt Issuance or Extraordinary Receipt, net of (a) reasonable and customary costs (including, without limitation, legal, accounting and investment banking fees, and sales commissions) associated therewith and paid to Persons who are not Credit Parties or their Affiliates and (b) taxes paid or reasonably estimated to be payable as a result thereof; it being understood that "Net Cash Proceeds" shall include, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received by any Credit Party or any Subsidiary in any Asset Disposition, Debt Issuance or Extraordinary Receipt and any cash released from escrow as part of the purchase price in connection with any Asset Disposition.

"Non-Consenting Lender" shall mean any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all affected Lenders in accordance with the terms of Section 9.1 and (b) has been approved by the Required Lenders.

"Non-Defaulting Lender' shall mean, at any time, each Lender that is not a Defaulting Lender at such time.

"Note" or "Notes" shall mean the Revolving Loan Notes, the Term Loan Notes and/or the Swingline Loan Note, collectively, separately or individually, as appropriate.

"Notice of Borrowing" shall mean a request for a U.S. Revolving Loan borrowing pursuant to Section 2.1(A)(b)(i), a request for a Multicurrency Revolving Loan borrowing pursuant to Section 2.1(B)(b)(i) or a request for a Swingline Loan borrowing pursuant to Section 2.4(b)(i), as appropriate. A Form of Notice of Borrowing is attached as Exhibit 1.1(c).

"Notice of Conversion/Extension" shall mean the written notice of conversion of a LIBOR Rate Loan to an Alternate Base Rate Loan or an Alternate Base Rate Loan to a LIBOR Rate Loan, or extension of a LIBOR Rate Loan, in each case substantially in the form of Exhibit 1.1(d).

"Obligations" shall mean, collectively, all of the obligations, Indebtedness and liabilities of the Credit Parties to the Lenders (including the Swingline Lender and the Issuing Lender) and the Administrative Agent, whenever arising, under this Agreement, the Notes or any of the other Credit Documents, including principal, interest, fees, costs, charges, expenses, professional fees, reimbursements, all sums chargeable to the Credit Parties or for which any Credit Party is liable as an indemnitor and whether or not evidenced by a note or other instrument and indemnification obligations and other amounts (including, but not limited to, any interest accruing after the occurrence of a filing of a petition of bankruptcy under the Bankruptcy Code with respect to any Credit Party, regardless of whether such interest is an allowed claim under the Bankruptcy Code).

"OFAC" shall mean the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Operating Lease" shall mean, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time) of any property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

"Other Connection Taxes" shall mean, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"Other Taxes" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

"Participating Member State" shall mean each country so described in any EMU Legislation.

"Participant" has the meaning assigned to such term in clause (d) of Section 9.6.

"Participation Interest" shall mean a participation interest purchased by a Revolving Lender in LOC Obligations as provided in Section 2.3 and in Swingline Loans as provided in Section 2.4.

"Participant Register" has the meaning specified in Section 9.6(d).

"Patent Licenses" shall mean any agreement, whether written or oral, providing for the grant by or to a Person of any right to manufacture, use or sell any invention covered by a Patent.

"Patents" shall mean (a) all letters patent of the United States or any other country, now existing or hereafter arising, and all improvement patents, reissues, reexaminations, patents of additions, renewals and extensions thereof and (b) all applications for letters patent of the United States or any other country and all provisionals, divisions, continuations and continuations-in-part and substitutes thereof.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)), as amended or modified from time to time.

"Payment Event of Default" shall mean an Event of Default specified in Section 7.1(a).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Permitted Acquisition" shall mean an acquisition or any series of related acquisitions by a Credit Party of (a) all or substantially all of the assets or a majority of the outstanding Voting Stock or economic interests of a Person, (b) a Person that is incorporated, formed or organized by a merger, amalgamation or consolidation or any other combination with such Person or (c) any division, line of business or other business unit of a Person (such Person or such division, line of business or other business unit of such Person shall be referred to herein as the "Target"), in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Credit Parties and their Subsidiaries pursuant to Section 6.3, in each case so long as:

(i) no Default or Event of Default shall then exist or would exist immediately after giving effect thereto;

(ii) the Credit Parties shall demonstrate to the reasonable satisfaction of the Administrative Agent that, after giving effect to the acquisition on a Pro Forma Basis, (A) the Credit Parties are in compliance with each of the financial covenants set forth in Section 5.9 and (B) the Total Leverage Ratio shall be 0.25 to 1.0 less than the then applicable level set forth in Section 5.9;

(iii) the Administrative Agent, on behalf of the Secured Parties, shall have received (or shall receive in connection with the closing of such acquisition) a first priority perfected security interest in all property (including, without limitation, Equity Interests) acquired with respect to the Target in accordance with the terms of Sections 5.10 and 5.12 (subject to Permitted Liens) and the Target, if a Person, shall have executed a Joinder Agreement in accordance with the terms of Section 5.10;

(iv) the Administrative Agent and the Lenders shall have received (A) a description of the material terms of such acquisition, (B) audited financial statements (or, if unavailable, management-prepared financial statements) of the Target for its two most recent fiscal years and for any fiscal quarters ended within the fiscal year to date, (C) Consolidated projected income statements of the Credit Parties and their Subsidiaries (giving effect to such acquisition), and (D) not less than five (5) Business Days prior to the consummation of any Permitted Acquisition with a purchase price in excess of $2,000,000, a certificate substantially in the form of Exhibit 1.1(e), executed by an Authorized Officer of the Company certifying that such Permitted Acquisition complies with the requirements of this Agreement;

(v) the Target shall have earnings before interest, taxes, depreciation and amortization for the four fiscal quarter period prior to the acquisition date**,** and after giving effect to any pro forma adjustments reasonably acceptable to the Administrative Agent, in an amount greater than $0;

(vi) such acquisition shall not be a "hostile" acquisition and shall have been approved by the Board of Directors (or equivalent) and/or shareholders (or equivalent) of the applicable Credit Party and the Target;

(vii) after giving effect to such acquisition, there shall be at least $25,000,000 of Accessible Borrowing Availability; and

(viii) the aggregate consideration (including, without limitation, equity consideration, earn out obligations, deferred compensation, non-competition arrangements and the amount of Indebtedness and other liabilities incurred or assumed by the Credit Parties and their Subsidiaries) paid by the Credit Parties and their Subsidiaries for all acquisitions (other than the Acquisition on the Closing Date) made during the term of this Agreement shall not exceed $25,000,000.

"Permitted Holders" shall mean, as of the date of determination, (a) John J. Shalam, his spouse, their ancestors or lineal descendants (by blood or adoption) and the spouses of such ancestors or lineal descendants (by blood or adoption) (collectively, the "Shalam Associates"), (b) the heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of John J. Shalam or any other Shalam Associates, (c) a trust or custodianship, to the extent that the beneficiaries of which, or a corporation or partnership, the stockholders or general or limited partners of which, include only John J. Shalam and any other Shalam Associates, (d) any charitable foundation a majority of whose members, trustees or directors, as the case may be, are John J. Shalam or any other Shalam Associates, and (e) any corporation, partnership or other Person controlled by, controlling or under common control with any Person controlled by any of the Persons included in clause (a) of this definition (as the term "controlled" is defined in the definition of the term "Affiliate" herein).

"Permitted Investments" shall have the meaning set forth in Section 6.5.

"Permitted Liens" shall have the meaning set forth in Section 6.2.

"Person" shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" shall mean, as of any date of determination, any employee benefit plan which is covered by Title IV of ERISA and in respect of which any Credit Party or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PPSA" means the Personal Property Security Act (Ontario), the Civil Code of Québec or any other applicable Canadian Federal or Provincial statute pertaining to the granting, perfecting, priority or ranking of security interests, liens, hypothecs on personal property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time. References to sections of the PPSA shall be construed to also refer to any successor sections.

"Primary Syndication" shall mean any assignments by the Administrative Agent in order to effectuate the initial post-closing syndication made on or prior to the earlier of (a) the date that is ninety (90) days after the Closing Date and (b) the completion of all assignments relating to the completion of a successful syndication.

"Prime Rate" shall mean, at any time, the rate of interest per annum publicly announced or otherwise identified from time to time by the Administrative Agent at its principal office in Charlotte, North Carolina 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 the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative 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.

"Pro Forma Basis" shall mean, with respect to any transaction, that such transaction shall be deemed to have occurred as of the first day of the four-quarter period (or twelve month period, as applicable) ending as of the most recent quarter end (or month end, as applicable) preceding the date of such transaction for which financial statement information is available.

"Properties" shall have the meaning set forth in Section 3.10(a).

"Recipient" shall mean (a) the Administrative Agent, (b) any Lender, (c) the Swingline Lender and (d) the Issuing Lender, as applicable.

"Recovery Event" shall mean the receipt by any Credit Party or its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

"Register" shall have the meaning set forth in Section 9.6(c).

"Reimbursement Obligation" shall mean the obligation of the Borrowers to reimburse the Issuing Lender pursuant to Section 2.3(d) for amounts drawn under Letters of Credit.

"Related Parties" shall mean, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person's Affiliates.

"Reorganization" shall mean, with respect to any Multiemployer Plan, the condition that such Plan is in reorganization within the meaning of such term as used in Section 4241 of ERISA.

"Reportable Event" shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty-day notice period is waived under PBGC Reg. §4043.

"Required Lenders" shall mean, as of any date of determination, Lenders holding at least a majority of (a) the outstanding Revolving Commitments and Term Loan or (b) if the Revolving Commitments have been terminated, the outstanding Loans and Participation Interests; provided, however, that if any Lender shall be a Defaulting Lender at such time, then there shall be excluded from the determination of Required Lenders, Obligations (including Participation Interests) owing to such Defaulting Lender and such Defaulting Lender's Commitments.

"Requirement of Law" shall mean, as to any Person, (a) the articles or certificate of incorporation, by-laws or other organizational or governing documents of such Person, and (b) all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (in each case whether or not having the force of law); in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" shall mean, for any Credit Party, the chief executive officer, the president, general counsel or chief financial officer of such Credit Party and any additional responsible officer that is designated as such to the Administrative Agent in its reasonable discretion.

"Restricted Payment" shall mean (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of any Credit Party or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interests of any Credit Party or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of any Credit Party or any of its Subsidiaries, now or hereafter outstanding, (d) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Subordinated Debt of any Credit Party or any of its Subsidiaries, (e) the payment by any Credit Party or any of its Subsidiaries of any management, advisory or consulting fee to any Affiliate of a Credit Party or any of their Subsidiaries or (f) the payment of any extraordinary salary, bonus or other form of compensation to any Person who is directly or indirectly a significant partner, shareholder, owner or executive officer of any such Person, to the extent such extraordinary salary, bonus or other form of compensation is not included in the corporate overhead of such Credit Party or such Subsidiary.

"Revaluation Date" shall mean each of the following: (a) each date a Loan is made pursuant to Section 2.1; (b) each date a Loan is converted to or continued as a LIBOR Rate Loan pursuant to the terms of this Agreement; (c) each date a Revolving Loan is made to reimburse a Swingline Loan or drawing under a Letter of Credit or a Participation Interest is required to be purchased in an outstanding Swingline Loan or outstanding LOC Obligation pursuant to the terms of this Agreement; (d) the last Business Day of each calendar month; and (e) such additional dates as the Administrative Agent or the Required Lenders shall reasonably specify.

"Revolving Availability Amount" shall mean, with respect to the U.S. Revolving Loans, (a) on the Closing Date, $40,000,000, (b) for the period from and including the day following the Closing Date to and including August 31, 2012, $60,000,000, (c) for the period from and including September 1, 2012 to and including November 30, 2012, $80,000,000, (d) for the period from and including December 1, 2012 to and including August 31, 2013, $60,000,000, (e) for the period from and including September 1, 2013 to and including November 30, 2013, $80,000,000 and (f) for the period from and including December 1, 2013 to and including the Maturity Date, $60,000,000.

"Revolving Commitment" shall mean a U.S. Revolving Commitment and/or a Multicurrency Revolving Commitment, as appropriate.

"Revolving Commitment Percentage" shall mean for each Revolving Lender, such Lender's U.S. Revolving Commitment Percentage and/or Multicurrency Commitment Percentage, as appropriate.

"Revolving Committed Amount" shall mean the U.S. Revolving Committed Amount and/or a Multicurrency Revolving Committed Amount, as appropriate.

"Revolving Facility" shall mean the U.S. Revolving Facility and/or a Multicurrency Revolving Facility, as appropriate.

"Revolving Lender" shall mean a U.S. Revolving Lender and/or a Multicurrency Revolving Lender, as appropriate.

"Revolving Loan" shall mean a U.S. Revolving Loan and/or a Multicurrency Revolving Loan, as appropriate.

"Revolving Loan Note" or "Revolving Loan Notes" shall mean the Revolving Loan Notes, individually or collectively, as appropriate, as such promissory notes may be amended, modified, extended, restated, replaced, or supplemented from time to time.

"S&P" shall mean Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"Sanctioned Entity" shall mean (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a person or entity resident in or determined to be resident in a country, that is subject to a country sanctions program administered and enforced by OFAC.

"Sanctioned Person" shall mean a person named on the list of Specially Designated Nationals maintained by OFAC.

"Sarbanes-Oxley" shall mean the Sarbanes-Oxley Act of 2002.

"SEC" shall mean the Securities and Exchange Commission or any successor Governmental Authority.

"Secured Parties" shall mean the Administrative Agent, the Lenders and the Bank Product Providers.

"Securities Account Control Agreement" shall mean an agreement, among a Credit Party, a securities intermediary, and the Administrative Agent, which agreement is in a form acceptable to the Administrative Agent and which provides the Administrative Agent with "control" (as such term is used in Articles 8 and 9 of the UCC) over the securities account(s) described therein or any foreign equivalent thereof, as the same may be as amended, modified, extended, restated, replaced, or supplemented from time to time.

"Securities Act" shall mean the Securities Act of 1933, together with any amendment thereto or replacement thereof and any rules or regulations promulgated thereunder.

"Securities Laws" shall mean the Securities Act, the Exchange Act, Sarbanes-Oxley, any foreign equivalent of the Securities Act, the Exchange Act and Sarbanes-Oxley and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

"Security Documents" shall mean the U.S. Security Agreement, the U.S. Pledge Agreement, any Deposit Account Control Agreement, any Securities Account Control Agreement, the Mortgage Instruments, the Foreign Security Documents and all other agreements, documents and instruments relating to, arising out of, or in any way connected with any of the foregoing documents or granting to the Administrative Agent, for the benefit of the Secured Parties, Liens or security interests to secure, inter alia, all or any portion of the Credit Party Obligations whether now or hereafter executed and/or filed, each as may be amended from time to time in accordance with the terms hereof, executed and delivered in connection with the granting, attachment and perfection of the Administrative Agent's security interests and liens arising thereunder, including, without limitation, UCC financing statements and any foreign equivalent thereof.

"Sellers" shall mean, collectively, Viktor Schicker, IRS Profil GmbH, Ludwig Geis and Jochim Brandes.

"Sharing Event" shall mean (a) the occurrence and continuance of any Event of Default under Section 7.1(f), (b) the declaration of the termination of any Commitment, or the acceleration of the maturity of any Loans, in each case in accordance with Section 7.2 or (c) the failure of any Borrower to pay any principal of, or interest on, any Loans or any LOC Obligations on the Maturity Date.

"Single Employer Plan" shall mean any Plan that is not a Multiemployer Plan.

"Solvent" shall mean, with respect to any Person on a particular date, that, at fair valuations, the sum of such Person's assets is greater than all of such Person's debts.

"Spot Rate" shall mean, for any currency, the rate determined by the Administrative Agent, to be the rate quoted by the Person acting in such capacity, as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Subordinated Debt" shall mean any Indebtedness incurred by any Credit Party which by its terms is specifically subordinated in right of payment to the prior payment of the Credit Party Obligations and contains subordination and other terms reasonably acceptable to the Administrative Agent.

"Subsidiary" shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, limited liability company, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

"Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount, and the commitment of the Revolving Lenders to purchase participation interests in the Swingline Loans as provided in Section 2.4(b)(ii), as such amounts may be reduced from time to time in accordance with the provisions hereof.

"Swingline Committed Amount" shall mean the amount of the Swingline Lender's Swingline Commitment as specified in Section 2.4(a).

"Swingline Exposure" shall mean, with respect to any Lender, an amount equal to the Applicable Percentage of such Lender multiplied by the principal amount of outstanding Swingline Loans.

"Swingline Lender" shall mean Wells Fargo and any successor swingline lender.

"Swingline Loan" shall have the meaning set forth in Section 2.4(a).

"Swingline Loan Note" shall mean the promissory note of the Domestic Borrowers in favor of the Swingline Lender evidencing the Swingline Loans provided pursuant to Section 2.4(d), as such promissory note may be amended, modified, extended, restated, replaced, or supplemented from time to time.

"Target" shall have the meaning set forth in the definition of "Permitted Acquisition".

"Target Settlement Day" shall mean any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"Taxes" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan" shall have the meaning set forth in Section 2.2(a).

"Term Loan Commitment" shall mean, with respect to each Term Loan Lender, the commitment of such Term Loan Lender to make its portion of the Term Loan in a principal amount equal to such Term Loan Lender's Term Loan Commitment Percentage of the Term Loan Committed Amount.

"Term Loan Commitment Percentage" shall mean, for any Term Loan Lender, the percentage identified as its Term Loan Commitment Percentage in its Lender Commitment Letter, or in the Assignment and Assumption pursuant to which such Lender became a Lender hereunder, as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6(b).

"Term Loan Committed Amount" shall have the meaning set forth in Section 2.2(a).

"Term Loan Facility" shall have the meaning set forth in Section 2.2(a).

"Term Loan Lender" shall mean a Lender holding a Term Loan Commitment or a portion of the outstanding Term Loan.

"Term Loan Note" or "Term Loan Notes" shall mean the promissory notes of the Domestic Borrowers (if any) in favor of any of the Term Loan Lenders evidencing the portion of the Term Loan provided by any such Term Loan Lender pursuant to Section 2.2(a), individually or collectively, as appropriate, as such promissory notes may be amended, modified, extended, restated, replaced, or supplemented from time to time.

"Title Insurance Company" shall have the meaning set forth in the definition of "Mortgage Policy".

"Total Leverage Ratio" shall mean, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis, the ratio of (a) Consolidated Funded Debt on such date to (b) Consolidated EBITDA for the four (4) consecutive quarters ending on such date (or, for purposes other than measuring compliance with the financial covenants set forth in Section 5.9, on the most recently ended four (4) consecutive fiscal quarters for which financial statements are available).

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to a Person of any right to use any Trademark.

"Trademarks" shall mean (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, service marks, elements of package or trade dress of goods or services, logos and other source or business identifiers, together with the goodwill associated therewith, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (b) all renewals thereof.

"Tranche" shall mean the collective reference to (a) LIBOR Rate Loans whose Interest Periods begin and end on the same day and (b) Alternate Base Rate Loans made on the same day.

"Transactions" shall mean the closing of this Agreement and the other Credit Documents and the consummation of the Acquisition and the other transactions contemplated hereby and pursuant to the other Credit Documents (including, without limitation, the initial borrowings under the Credit Documents and the payment of fees and expenses in connection with all of the foregoing).

"Transfer Effective Date" shall have the meaning set forth in each Assignment and Assumption.

"Type" shall mean, as to any Loan, its nature as an Alternate Base Rate Loan or LIBOR Rate Loan, as the case may be.

"UCC" shall mean the Uniform Commercial Code from time to time in effect in any applicable jurisdiction.

"UCP**"** means, with respect to any commercial Letter of Credit, the Uniform Customs and Practice for Documentary Credits 2007 Revision, UCP 600, published by the International Chamber of Commerce (or, if L/C Issuer will agree at the time of issuance, such later version thereof as may be in effect immediately prior to the issuance of such Letter of Credit, the extension of the expiry date thereof or any increase of the amount thereof).

"U.S. Borrower" shall mean any Borrower that is a U.S. Person.

"U.S. Person" shall mean any Person that is a "United States Person" as defined in section 7701(a)(30) of the Code.

"U.S. Pledge Agreement" shall mean the U.S. Pledge Agreement dated as of the Closing Date executed by the Credit Parties (to the extent organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia) in favor of the Administrative Agent, for the benefit of the Secured Parties, as the same may from time to time be amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with the terms hereof and thereof.

"U.S. Revolving Commitment" shall mean, with respect to each U.S. Revolving Lender, the commitment of such U.S. Revolving Lender to make U.S. Revolving Loans in an aggregate principal amount at any time outstanding up to an amount equal to such U.S. Revolving Lender's U.S. Revolving Commitment Percentage of the U.S. Revolving Committed Amount.

"U.S. Revolving Commitment Percentage" shall mean, for each U.S. Revolving Lender, the percentage identified as its U.S. Revolving Commitment Percentage in its Lender Commitment Letter or in the Assignment and Assumption pursuant to which such U.S. Revolving Lender became a U.S. Revolving Lender hereunder, as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6(b).

"U.S. Revolving Committed Amount" shall have the meaning set forth in Section 2.1(A)(a).

"U.S. Revolving Credit Exposure" shall mean, as to any U.S. Revolving Lender at any time, the sum of such U.S. Revolving Lender's (a) U.S. Revolving Commitment Percentage of outstanding U.S. Revolving Loans plus (b) Participation Interests in LOC Obligations plus (c) Participation Interests in Swingline Loans at such time.

"U.S. Revolving Facility" shall have the meaning set forth in Section 2.1(A)(a).

"U.S. Revolving Lender" shall mean, as of any date of determination, a Lender holding a U.S. Revolving Commitment, a U.S. Revolving Loan or a Participation Interest on such date.

"U.S. Revolving Loan" shall have the meaning set forth in Section 2.1(A)(a).

"U.S. Security Agreement" shall mean the U.S. Security Agreement dated as of the Closing Date executed by the Credit Parties (to the extent organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia) in favor of the Administrative Agent, for the benefit of the Secured Parties, as amended, modified, extended, restated, replaced, or supplemented from time to time in accordance with its terms.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in paragraph (g) of Section 2.16.

"Venezuela Guarantor" shall mean, Audiovox Venezuela C.A.

"Venezuela Security Documents" shall mean, collectively, the documents governed by Venezuelan law purporting to create, establish or grant security interest in favor of the Administrative Agent executed by the Venezuela Guarantor or any of the other Credit Parties, including any amendment, restatement, novation, confirmation of or supplement to any of such documents.

"Voting Stock" shall mean, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote may be or have been suspended by the happening of such a contingency.

"Wells Fargo" shall mean Wells Fargo Bank, National Association, a national banking association, together with its successors and/or assigns.

"WFS" shall mean Wells Fargo Securities, LLC, together with its successors and assigns.

"Withholding Agent" shall mean any Credit Party and the Administrative Agent.

"Works" shall mean all works which are subject to copyright protection pursuant to Title 17 of the United States Code.

Section 1.2 Other Definitional Provisions.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented, amended and restated or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (g) all terms defined in this Agreement shall have the defined meanings when used in any other Credit Document or any certificate or other document made or delivered pursuant hereto.

Section 1.3 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the most recently delivered audited Consolidated financial statements of the Company, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Company and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of the Financial Accounting Standards Board's Accounting Standards Codifications 825 and 470-20 on financial liabilities shall be disregarded.

(i) all references herein to consolidated financial statements of the Company and its Subsidiaries shall, in each case, be deemed to include each variable interest entity that the Company is required to consolidate pursuant to the Financial Accounting Standards Board's Accounting Standards Codification 810 as if such variable interest entity were a Subsidiary as defined herein. Notwithstanding the preceding sentence, the parties hereto specifically agree to exclude any impact of the variable interest entities on the Company or its Subsidiaries' financial position or results of operations in any calculation made under this Agreement (including, without limitation, the calculation of any component of the financial covenant ratios required to be calculated under the terms of this Agreement); and

(ii) 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 (A) without giving effect to any election under the Financial Accounting Standards Board's Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any Subsidiary at “fair value”, as defined therein, (B) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under the Financial Accounting Standards Board's Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof and (C) in a manner such that any obligations relating to a lease that was accounted for by a Person as an operating lease as of the Closing Date and any operating lease entered into after the Closing Date by such Person shall be accounted for as obligations relating to an operating lease and not as Capital Lease Obligations.

(b) Changes in GAAP. If at any time any change in GAAP, an election by the Company to convert to IFRS or a change in IFRS would affect the computation of any financial ratio or requirement set forth in any Credit Document, and either the Company or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP, conversion to IFRS or change in IFRS (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein (or following a conversion to IFRS, IFRS prior to such change) and (ii) the Company shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP, conversion to IFRS or change in IFRS.

(c) Financial Covenant Calculations. The parties hereto acknowledge and agree that, for purposes of all calculations made in determining compliance for any applicable period with the financial covenants set forth in Section 5.9 and for purposes of determining the Applicable Margin, (i) after consummation of any Permitted Acquisition, (A) income statement items and other balance sheet items (whether positive or negative) attributable to the Target acquired in such transaction shall be included in such calculations to the extent relating to such applicable period, subject to adjustments mutually acceptable to the Company and the Administrative Agent and (B) Indebtedness of a Target which is retired in connection with a Permitted Acquisition shall be excluded from such calculations and deemed to have been retired as of the first day of such applicable period and (ii) after any Disposition permitted by Section 6.4(a)(viii) or Section 6.4(a)(ix), (A) income statement items, cash flow statement items and balance sheet items (whether positive or negative) attributable to the property or assets disposed of shall be excluded in such calculations to the extent relating to such applicable period, subject to adjustments mutually acceptable to the Company and the Administrative Agent and (B) Indebtedness that is repaid with the proceeds of such Disposition shall be excluded from such calculations and deemed to have been repaid as of the first day of such applicable period.

Section 1.4 Time References.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.5 Execution of Documents.

Unless otherwise specified, all Credit Documents and all other certificates executed in connection therewith must be signed by an Authorized Officer.

Section 1.6 Computation of Dollar Amounts; Exchange Rates; Currency Equivalents.

(a) The Administrative Agent shall determine the Spot Rate as of each Revaluation Date to be used for calculating the Dollar Equivalents of Loans outstanding hereunder denominated in a Foreign Currency. Such Spot Rate shall become effective as of such Revaluation Date and shall be the Spot Rate employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur.

(b) Wherever in this Agreement, in connection with the making of any Loan, any conversion, continuation or prepayment of a Loan, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Loan is denominated in a Foreign Currency, such amount shall be the relevant Foreign Currency Equivalent, as reasonably determined by the Administrative Agent.

(c) Wherever in this Agreement an amount is expressed in Dollars, it shall be deemed to refer to the Dollar Equivalent or Foreign Currency Equivalent thereof, as applicable.

(d) Determinations by the Administrative Agent pursuant to this Section shall be conclusive absent demonstrable error.

(e) Subject to the provisions of Section 9.27, each provision in this Agreement relating to payments to be made by the Borrowers on account of principal, interest and fees which requires payment in Dollars, shall be deemed to mean (i) in the case of Loans or other amounts denominated in Dollars, payment in Dollars and (ii) in the case of Loans or other amounts denominated in a Foreign Currency, payment in such Foreign Currency.

ARTICLE II

THE LOANS; AMOUNT AND TERMS

Section 2.1 Revolving Loans.

Section 2.1(A) U.S. Revolving Loans.

(a) Revolving Commitment. During the Commitment Period, subject to the terms and conditions hereof, each U.S. Revolving Lender severally, but not jointly, agrees to make revolving credit loans ("U.S. Revolving Loans") in Dollars to the Domestic Borrowers from time to time in an aggregate principal amount of up to **EIGHTY Million DOLLARS ($80,000,000)** (as such aggregate maximum amount may be reduced from time to time as provided in Section 2.6, the "U.S. Revolving Committed Amount") for the purposes hereinafter set forth (such facility, the "U.S. Revolving

Facility"); provided, however, that after giving effect to such U.S. Revolving Loans, (A) with regard to each U.S. Revolving Lender individually, such U.S. Lender's U.S. Revolving Credit Exposure shall not exceed such U.S. Revolving Lender's U.S. Revolving Commitment, (B) with regard to the U.S. Revolving Lenders collectively, the aggregate U.S. Revolving Credit Exposure outstanding shall not exceed the U.S. Revolving Committed Amount then in effect and (C) the Aggregate U.S. Revolving Credit Exposure shall not exceed the Revolving Availability Amount. U.S. Revolving Loans may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Company may request. U.S. Revolving Loans made on the Closing Date or any of the three (3) Business Days following the Closing Date, may only consist of Alternate Base Rate Loans unless the Domestic Borrowers deliver a funding indemnity letter, substantially in the form of Exhibit 2.1(a), reasonably acceptable to the Administrative Agent not less than three (3) Business Days prior to the Closing Date. LIBOR Rate Loans shall be made by each U.S. Revolving Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office.

(b) Revolving Loan Borrowings.

(i) Notice of Borrowing. The Company, for itself or another Domestic Borrower, shall request a U.S. Revolving Loan borrowing by delivering a written Notice of Borrowing (or telephone notice promptly confirmed in writing by delivery of a written Notice of Borrowing, which delivery may be by fax) to the Administrative Agent not later than 11:00 A.M. (x) on the Business Day of the requested borrowing in the case of Alternate Base Rate Loans and (y) on the third Business Day prior to the date of the requested borrowing in the case of LIBOR Rate Loans. Each such Notice of Borrowing shall be irrevocable and shall specify (A) that a U.S. Revolving Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed, (E) whether the borrowing shall be comprised of Alternate Base Rate Loans, LIBOR Rate Loans or a combination thereof, (F) if LIBOR Rate Loans are requested, the Interest Period(s) therefor and (G) the applicable Borrower. If the Company shall fail to specify in any such Notice of Borrowing (1) an applicable Interest Period in the case of a LIBOR Rate Loan, then such notice shall be deemed to be a request for an Interest Period of one month, (2) the Type of Revolving Loan requested, then such notice shall be deemed to be a request for an Alternate Base Rate Loan hereunder, or (3) the applicable Borrower(s), then such notice shall be deemed to be a request for a Loan to the Company. The Administrative Agent shall give notice to each U.S. Revolving Lender promptly upon receipt of each Notice of Borrowing, the contents thereof and each such U.S. Revolving Lender's share thereof.

(ii) Minimum Amounts. Each U.S. Revolving Loan that is made as an Alternate Base Rate Loan shall be in a minimum aggregate amount of $1,000,000 and in integral multiples of $1,000,000 in excess thereof (or the remaining amount of the U.S. Revolving Committed Amount, if less). Each U.S. Revolving Loan that is made as a LIBOR Rate Loan shall be in a minimum aggregate amount of $1,000,000 and in integral multiples of $1,000,000 in excess thereof (or the remaining amount of the U.S. Revolving Committed Amount, if less).

(iii) Advances. Each U.S. Revolving Lender will make its U.S. Revolving Commitment Percentage of each U.S. Revolving Loan borrowing available to the Administrative Agent for the account of the applicable Borrower, in Dollars and in funds immediately available to the Administrative Agent, at the office of the Administrative Agent specified in Section 9.2, or at such other office as the Administrative Agent may designate in writing, by 2:00 P.M. on the date specified in the applicable Notice of Borrowing. Such borrowing will then be made available to the applicable Borrower by the Administrative Agent by crediting the account of the applicable Borrower on the books of such office (or such other account that the Company may designate in writing to the Administrative Agent) with the aggregate of the amounts made available to the Administrative Agent by the U.S. Revolving Lenders and in like funds as received by the Administrative Agent.

(c) Repayment. Subject to the terms of this Agreement, U.S. Revolving Loans may be borrowed, repaid and reborrowed during the Commitment Period, subject to Section 2.7(a). The principal amount of all U.S. Revolving Loans shall be due and payable in full on the Maturity Date, unless accelerated sooner pursuant to Section 7.2.

(d) Interest. Subject to the provisions of Section 2.8, U.S. Revolving Loans shall bear interest as follows:

(i) Alternate Base Rate Loans. During such periods as any U.S. Revolving Loans shall be comprised of Alternate Base Rate Loans, each such Alternate Base Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate plus the Applicable Margin; and

(ii) LIBOR Rate Loans. During such periods as U.S. Revolving Loans shall be comprised of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate plus the Applicable Margin.

Interest on U.S. Revolving Loans shall be payable in arrears on each Interest Payment Date.

(e) Revolving Loan Notes; Covenant to Pay. The Borrowers' obligation to pay each U.S. Revolving Lender shall be evidenced by this Agreement and, upon such U.S. Revolving Lender's request, by a duly executed promissory note substantially the form of Exhibit 2.1(e).

Section 2.1(B) Multicurrency Revolving Loans.

(a) Multicurrency Revolving Commitment. During the Commitment Period, subject to the terms and conditions hereof, each Multicurrency Revolving Lender severally, but not jointly, agrees to make revolving credit loans ("Multicurrency Revolving Loans") in Dollars or Foreign Currencies to the Borrowers from time to time in an aggregate principal amount of up to **FIFTY Million DOLLARS ($50,000,000)** (as such aggregate maximum amount may be reduced from time to time as provided in Section 2.6, the "Multicurrency Revolving Committed Amount") for the purposes hereinafter set forth (such facility, the "Multicurrency Revolving Facility"); provided, however, that after giving effect to such Multicurrency Revolving Loans, (A) with regard to the Multicurrency Revolving Lenders collectively, the aggregate principal Dollar Amount (determined as of the most recent Revaluation Date) of outstanding Multicurrency Revolving Loans shall not exceed the Multicurrency Revolving Committed Amount, (B) with regard to each Multicurrency Revolving Lender individually, the aggregate principal Dollar Amount (determined as of the most recent Revaluation Date) of such Multicurrency Revolving Lender's Multicurrency Commitment Percentage of outstanding Multicurrency Revolving Loans shall not exceed such Multicurrency Revolving Lender's Multicurrency Revolving Commitment and (C) the Dollar Equivalent of the aggregate principal amount of outstanding Foreign Currency Revolving Loans made to any Borrower shall not exceed the Foreign Currency Sublimit Allocation available to such Borrower. Multicurrency Revolving Loans may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Company may request; provided, however, that Foreign Currency Revolving Loans may consist of only LIBOR Rate Loans. Multicurrency Revolving Loans made on the Closing Date or any of the three (3) Business Days (or four (4) Business Days with respect to Foreign Currency Revolving Loans) following the Closing Date, may only consist of Alternate Base Rate Loans unless the Borrowers deliver a funding indemnity letter, substantially in the form of Exhibit 2.1(a), reasonably acceptable to the Administrative Agent not less than three (3) Business Days (or four (4) Business Days with respect to Foreign Currency Revolving Loans) prior to the Closing Date. LIBOR Rate Loans shall be made by each Multicurrency Revolving Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office.

(b) Revolving Loan Borrowings.

(i) Notice of Borrowing. The Company, for itself or another Borrower, shall request a Multicurrency Revolving Loan borrowing by delivering a written Notice of Borrowing (or telephone notice promptly confirmed in writing by delivery of a written Notice of Borrowing, which delivery may be by fax) to the Administrative Agent not later than 11:00 A.M. (x) on the Business Day of the requested borrowing in the case of Alternate Base Rate Loans, (y) on the third Business Day prior to the date of the requested borrowing in the case of LIBOR Rate Loans denominated in Dollars and (z) on the fourth Business Day prior to the date of the requested borrowing in the case of a Foreign Currency Revolving Loan. Each such Notice of Borrowing shall be irrevocable and shall specify (A) that a Multicurrency Revolving Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed, (D) whether the borrowing

shall consist of Domestic Revolving Loans or Foreign Currency Revolving Loans, (E) for borrowings denominated in Dollars, whether the borrowing shall be comprised of Alternate Base Rate Loans, LIBOR Rate Loans or a combination thereof, (F) if LIBOR Rate Loans are requested, the Interest Period(s) therefor and (G) the applicable Borrower. If the Company shall fail to specify in any such Notice of Borrowing (1) an applicable Interest Period in the case of a LIBOR Rate Loan, then such notice shall be deemed to be a request for an Interest Period of one month, (2) the Type of Multicurrency Revolving Loan requested, then (x) with respect to a Multicurrency Revolving Loan to a Domestic Borrower, such notice shall be deemed to be a request for an Alternate Base Rate Loan hereunder and (y) with respect to a Multicurrency Revolving Loan to the Foreign Borrower, such notice shall be deemed to be a request for a LIBOR Rate Loan hereunder, (3) the currency of such borrowing, then (x) with respect to a Multicurrency Revolving Loan to a Domestic Borrower, such notice shall be deemed to be a request for Domestic Revolving Loan and (y) with respect to a Multicurrency Revolving Loan to the Foreign Borrower, such notice shall be deemed to be a request for a Foreign Currency Revolving Loan, or (4) the applicable Borrower(s), then such notice shall be deemed to be a request for a Loan to the Company. The Administrative Agent shall give notice to each Multicurrency Revolving Lender promptly upon receipt of each Notice of Borrowing, the contents thereof and each such Multicurrency Revolving Lender's share thereof.

(ii) Minimum Amounts. Each Multicurrency Revolving Loan that is made as an Alternate Base Rate Loan shall be in a minimum aggregate amount of $1,000,000 and in integral multiples of $1,000,000 in excess thereof (or the remaining amount of the Multicurrency Revolving Committed Amount, if less). Each Multicurrency Revolving Loan that is made as a LIBOR Rate Loan shall be in a minimum aggregate amount of $1,000,000 and in integral multiples of $1,000,000 in excess thereof (or the remaining amount of the Multicurrency Revolving Committed Amount, if less).

(iii) Advances. Each Multicurrency Revolving Lender will make its Multicurrency Revolving Commitment Percentage of each Multicurrency Revolving Loan borrowing available to the Administrative Agent for the account of the applicable Borrower, in Dollars or the applicable Foreign Currency and in funds immediately available to the Administrative Agent, at the office of the Administrative Agent specified in Section 9.2, or at such other office as the Administrative Agent may designate in writing, by (A) 2:00 P.M. on the date specified in the applicable Notice of Borrowing in the case of any Domestic Revolving Loan and (B) the Applicable Time specified by the Administrative Agent in the case of any Foreign Currency Revolving Loan. Such borrowing will then be made available to the applicable Borrower by the Administrative Agent by crediting the account of the applicable Borrower on the books of such office (or such other account that the Company may designate in writing to the Administrative Agent) with the aggregate of the amounts made available to the Administrative Agent by the Multicurrency Revolving Lenders and in like funds as received by the Administrative Agent.

(c) Repayment. Subject to the terms of this Agreement, Multicurrency Revolving Loans may be borrowed, repaid and reborrowed during the Commitment Period, subject to Section 2.7(a). The principal amount of all Multicurrency Revolving Loans shall be due and payable in full on the Maturity Date, unless accelerated sooner pursuant to Section 7.2.

(d) Interest. Subject to the provisions of Section 2.8, Multicurrency Revolving Loans shall bear interest as follows:

(i) Alternate Base Rate Loans. During such periods as any Multicurrency Revolving Loans shall be comprised of Alternate Base Rate Loans, each such Alternate Base Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate plus the Applicable Margin; and

(ii) LIBOR Rate Loans. During such periods as Multicurrency Revolving Loans shall be comprised of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate plus the Applicable Margin.

Interest on Multicurrency Revolving Loans shall be payable in arrears on each Interest Payment Date.

(e) Revolving Loan Notes; Covenant to Pay. The Borrowers' obligation to pay each Multicurrency Revolving Lender shall be evidenced by this Agreement and, upon such Multicurrency Revolving Lender's request, by a duly executed promissory note substantially the form of Exhibit 2.1(e).

(f) Availability by Foreign Borrower. Notwithstanding anything to the contrary contained herein, the Multicurrency Revolving Facility shall be unavailable to the Foreign Borrower unless and until the requirements set forth in Section 5.14(f)(iv) of this Agreement have been satisfied in their entirety.

Section 2.2 Term Loan.

(a) Term Loan. Subject to the terms and conditions hereof and in reliance upon the representations and warranties set forth herein, each Term Loan Lender severally, but not jointly, agrees to make available to the Domestic Borrowers (through the Administrative Agent) on the Closing Date such Term Loan Lender's Term Loan Commitment Percentage of a term loan in Dollars (the "Term Loan") in the aggregate principal amount of **SEVENTY-FIVE MILLION DOLLARS ($75,000,000)** (the "Term Loan Committed Amount") for the purposes hereinafter set forth (such facility, the "Term Loan Facility"). Upon receipt by the Administrative Agent of the proceeds of the Term Loan, such proceeds will then be made available to the Domestic Borrowers by the Administrative Agent by crediting the account of the Domestic Borrowers on the books of the office of the Administrative Agent specified in Section 9.2, or at such other office as the Administrative Agent may designate in writing, with the aggregate of such proceeds made available to the Administrative Agent by the Term Loan Lenders and in like funds as received by the Administrative Agent (or by crediting such other account(s) as directed by the Company). The Term Loan may

consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Company may request in the Notice of Borrowing delivered to the Administrative Agent prior to the Closing Date; provided, however, that the Term Loan made on the Closing Date may only consist of Alternate Base Rate Loans unless the Domestic Borrowers deliver a funding indemnity letter, substantially in the form of Exhibit 2.1(a), reasonably acceptable to the Administrative Agent not less than three (3) Business Days prior to the Closing Date. LIBOR Rate Loans shall be made by each Term Loan Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office. Amounts repaid or prepaid on the Term Loan may not be reborrowed.

(b) Repayment of Term Loan. The principal amount of the Term Loan shall be repaid in consecutive quarterly installments on the dates set forth below, starting with the fiscal quarter ending on May 31, 2012, in the amounts set forth opposite the applicable fiscal quarter on the table below (provided, however, if such payment date is not a Business Day, such payment shall be due on the preceding Business Day), unless accelerated sooner pursuant to Section 7.2:

Quarterly Amortization Payment Dates	**Amortization**
May 31, 2012	$3,750,000
August 31, 2012	$3,750,000
November 30, 2012	$3,750,000
February 28, 2013	$3,750,000
May 31, 2013	$3,750,000
August 31, 2013	$3,750,000
November 30, 2013	$3,750,000
February 28, 2014	$3,750,000
May 31, 2014	$3,750,000
August 31, 2014	$3,750,000
November 30, 2014	$3,750,000
February 28, 2015	$3,750,000
May 31, 2015	$3,750,000
August 31, 2015	$3,750,000
November 30, 2015	$3,750,000
February 29, 2016	$3,750,000
May 31, 2016	$3,750,000
August 31, 2016	$3,750,000
November 30, 2016	$3,750,000
February 28, 2017	$3,750,000
Maturity Date	The remaining outstanding principal amount of the Term Loan

The outstanding principal amount of the Term Loan and all accrued but unpaid interest and other amounts payable with respect to the Term Loan shall be repaid on the Maturity Date.

(c) Interest on the Term Loan. Subject to the provisions of Section 2.8, the Term Loan shall bear interest as follows:

(i) Alternate Base Rate Loans. During such periods as the Term Loan shall be comprised of Alternate Base Rate Loans, each such Alternate Base Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate plus the Applicable Margin; and

(ii) LIBOR Rate Loans. During such periods as the Term Loan shall be comprised of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate plus the Applicable Margin.

Interest on the Term Loan shall be payable in arrears on each Interest Payment Date.

(d) Term Loan Notes; Covenant to Pay. The Domestic Borrowers' obligation to pay each Term Loan Lender shall be evidenced by this Agreement and, upon such Term Loan Lender's request, by a duly executed promissory note of the Domestic Borrowers to such Term Loan Lender in substantially the form of Exhibit 2.2(d).

Section 2.3 Letter of Credit Subfacility.

(a) Issuance. Subject to the terms and conditions hereof and of the LOC Documents, if any, and any other terms and conditions which the Issuing Lender may reasonably require, during the Commitment Period the Issuing Lender shall issue, and the U.S. Revolving Lenders shall participate in, standby or commercial Letters of Credit denominated in Dollars for the account of the Domestic Borrowers from time to time upon request in a form acceptable to the Issuing Lender; provided, however, that (i) the aggregate amount of LOC Obligations shall not at any time exceed TWENTY-FIVE MILLION DOLLARS ($25,000,000) (the "LOC Committed Amount"), (ii) the Aggregate U.S. Revolving Exposure shall not exceed the Revolving Availability Amount and (iii) Letters of Credit shall be issued for any lawful corporate purposes and shall be issued as standby or commercial letters of credit. Except as otherwise expressly agreed in writing by all the U.S. Revolving Lenders, no Letter of Credit shall have an original expiry date more than twelve (12) months from the date of issuance; provided, however, so long as no Default or Event of Default has occurred and is continuing and subject to the other terms and conditions to the issuance of Letters of Credit hereunder, the expiry dates of Letters of Credit may be extended annually or periodically from time to time on the request of the Company or by operation of the terms of the applicable Letter of Credit to a date not more than twelve (12) months from the date of extension; provided, further, that no Letter of Credit, as originally issued or as extended, shall have an expiry date extending beyond the date that is five (5) Business Days prior to the Maturity Date. Each Letter of Credit shall comply with the related LOC Documents. The issuance and expiry date of each Letter of Credit shall be a Business Day. Each standby Letter of Credit issued hereunder shall be in a minimum original face

amount of $100,000 and each commercial letter of credit issued hereunder shall be in a minimum original face of amount of $100,000, in each case, or such lesser amount as approved by the Issuing Lender. The Domestic Borrowers' Reimbursement Obligations in respect of each Existing Letter of Credit, and each U.S. Revolving Lender's participation obligations in connection therewith, shall be governed by the terms of this Credit Agreement. Wells Fargo shall be the Issuing Lender on all Letters of Credit issued after the Closing Date. The Existing Letters of Credit shall, as of the Closing Date, be deemed to have been issued as Letters of Credit hereunder and subject to and governed by the terms of this Agreement.

(b) Notice and Reports. The request for the issuance of a Letter of Credit shall be submitted to the Issuing Lender at least five (5) Business Days prior to the requested date of issuance. The Issuing Lender will promptly upon request provide to the Administrative Agent for dissemination to the U.S. Revolving Lenders a detailed report specifying the Letters of Credit which are then issued and outstanding and any activity with respect thereto which may have occurred since the date of any prior report, and including therein, among other things, the account party, the beneficiary, the face amount, expiry date as well as any payments or expirations which may have occurred. The Issuing Lender will further provide to the Administrative Agent promptly upon request copies of the Letters of Credit. The Issuing Lender will provide to the Administrative Agent promptly upon request a summary report of the nature and extent of LOC Obligations then outstanding.

(c) Participations. Each U.S. Revolving Lender, (i) on the Closing Date with respect to each Existing Letter of Credit and (ii) upon issuance of a Letter of Credit, shall be deemed to have purchased without recourse a risk participation from the Issuing Lender in such Letter of Credit and the obligations arising thereunder and any Collateral relating thereto, in each case in an amount equal to its U.S. Revolving Commitment Percentage of the obligations under such Letter of Credit and shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the Issuing Lender therefor and discharge when due, its U.S. Revolving Commitment Percentage of the obligations arising under such Letter of Credit; provided that any Person that becomes a U.S. Revolving Lender after the Closing Date shall be deemed to have purchased a Participation Interest in all outstanding Letters of Credit on the date it becomes a Lender hereunder and any Letter of Credit issued on or after such date, in each case in accordance with the foregoing terms. Without limiting the scope and nature of each U.S. Revolving Lender's participation in any Letter of Credit, to the extent that the Issuing Lender has not been reimbursed as required hereunder or under any LOC Document, each such U.S. Revolving Lender shall pay to the Issuing Lender its U.S. Revolving Commitment Percentage of such unreimbursed drawing in same day funds pursuant to and in accordance with the provisions of subsection (d) hereof. The obligation of each U.S. Revolving Lender to so reimburse the Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Domestic Borrowers to reimburse the Issuing Lender under any Letter of Credit, together with interest as hereinafter provided.

(d) Reimbursement. In the event of any drawing under any Letter of Credit, the Issuing Lender will promptly notify the Company and the Administrative Agent. The Domestic Borrowers, on a joint and several basis, shall reimburse the Issuing Lender on the day of drawing under any Letter of Credit if notified prior to 3:00 P.M. on a Business Day or, if after 3:00 P.M., on the following Business Day (either with the proceeds of a U.S. Revolving Loan obtained hereunder or otherwise) in same day funds as provided herein or in the LOC Documents. If the Domestic Borrowers shall fail to reimburse the Issuing Lender as provided herein, the unreimbursed amount of such drawing shall automatically bear interest at a per annum rate equal to the Default Rate. Unless the Company shall immediately notify the Issuing Lender and the Administrative Agent of the Domestic Borrowers' intent to otherwise reimburse the Issuing Lender, the Domestic Borrowers shall be deemed to have requested a Mandatory LOC Borrowing in the amount of the drawing as provided in subsection (e) hereof, the proceeds of which will be used to satisfy the Reimbursement Obligations. The Domestic Borrowers' Reimbursement Obligations hereunder shall be absolute and unconditional under all circumstances irrespective of any rights of set-off, counterclaim or defense to payment the Domestic Borrowers may claim or have against the Issuing Lender, the Administrative Agent, the Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including, without limitation, any defense based on any failure of the Domestic Borrowers to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit. The Administrative Agent will promptly notify the other U.S. Revolving Lenders of the amount of any unreimbursed drawing and each U.S. Revolving Lender shall promptly pay to the Administrative Agent for the account of the Issuing Lender, in Dollars and in immediately available funds, the amount of such U.S. Revolving Lender's U.S. Revolving Commitment Percentage of such unreimbursed drawing. Such payment shall be made on the Business Day such notice is received by such U.S. Revolving Lender from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before 12:00 P.M. on the Business Day next succeeding the Business Day such notice is received. If such U.S. Revolving Lender does not pay such amount to the Administrative Agent for the account of the Issuing Lender in full upon such request, such U.S. Revolving Lender shall, on demand, pay to the Administrative Agent for the account of the Issuing Lender interest on the unpaid amount during the period from the date of such drawing until such U.S. Revolving Lender pays such amount to the Administrative Agent for the account of the Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Effective Rate and thereafter at a rate equal to the Alternate Base Rate. Each U.S. Revolving Lender's obligation to make such payment to the Issuing Lender, and the right of the Issuing Lender to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the Obligations hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Repayment with Revolving Loans. On any day on which the Domestic Borrowers shall have requested, or been deemed to have requested, a U.S. Revolving Loan to reimburse a drawing under a Letter of Credit, the Administrative Agent shall give notice to the U.S. Revolving Lenders that a U.S. Revolving Loan has been requested or deemed requested in connection with a drawing under a Letter of Credit, in which case a U.S. Revolving Loan borrowing comprised entirely of Alternate Base Rate Loans (each such borrowing, a "Mandatory LOC Borrowing") shall be made (without giving effect to any termination of the Commitments pursuant to Section 7.2) pro rata based on each U.S. Revolving Lender's respective U.S. Revolving Commitment Percentage (determined before giving effect to any termination of the Commitments pursuant to Section 7.2) and the proceeds thereof shall be paid directly to the Administrative Agent for the account of the Issuing Lender for application to the respective LOC Obligations. Each U.S. Revolving Lender hereby irrevocably agrees to make such U.S. Revolving Loans on the day such notice is received by the U.S. Revolving Lenders from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before 12:00 P.M. on the Business Day next succeeding the day such notice is received, in each case notwithstanding (i) the amount of Mandatory LOC Borrowing may not comply with the minimum amount for borrowings of U.S. Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 4.2 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) failure for any such request or deemed request for U.S. Revolving Loan to be made by the time otherwise required in Section 2.1(b), (v) the date of such Mandatory LOC Borrowing, or (vi) any reduction in the U.S. Revolving Committed Amount after any such Letter of Credit may have been drawn upon. In the event that any Mandatory LOC Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the occurrence of a Bankruptcy Event), then each such U.S. Revolving Lender hereby agrees that it shall forthwith fund its Participation Interests in the outstanding LOC Obligations on the Business Day such notice to fund is received by such U.S. Revolving Lender from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before 12:00 Noon on the Business Day next succeeding the Business Day such notice is received; provided, further, that in the event any Lender shall fail to fund its Participation Interest as required herein, then the amount of such U.S. Revolving Lender's unfunded Participation Interest therein shall automatically bear interest payable by such U.S. Revolving Lender to the Administrative Agent for the account of the Issuing Lender upon demand, at the rate equal to, if paid within two (2) Business Days of such date, the Federal Funds Effective Rate, and thereafter at a rate equal to the Alternate Base Rate.

(f) Modification, Extension. The issuance of any supplement, modification, amendment, renewal, or extension to any Letter of Credit shall, for purposes hereof, be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(g) ISP98 and UCP. Unless otherwise expressly agreed by the Issuing Lender and the Borrower, when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998," published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each standby Letter of Credit, and (ii) the rules of The Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each documentary Letter of Credit.

(h) Conflict with LOC Documents. In the event of any conflict between this Agreement and any LOC Document (including any letter of credit application and any LOC Documents relating to the Existing Letters of Credit), this Agreement shall control.

(i) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, including, without limitation, Section 2.3(a), a Letter of Credit issued hereunder may contain a statement to the effect that such Letter of Credit is issued for the account of a Domestic Subsidiary of any Domestic Borrower; provided that, notwithstanding such statement, the Domestic Borrowers shall be the actual account party for all purposes of this Agreement for such Letter of Credit and such statement shall not affect the Domestic Borrowers' Reimbursement Obligations hereunder with respect to such Letter of Credit.

(j) Cash Collateral. At any point in time in which there is a Defaulting Lender, the Issuing Lender may require the Domestic Borrowers to Cash Collateralize the LOC Obligations pursuant to Section 2.20.

Section 2.4 Swingline Loan Subfacility.

(a) Swingline Commitment. During the Commitment Period, subject to the terms and conditions hereof, the Swingline Lender, in its individual capacity, may, in its discretion and in reliance upon the agreements of the other Lenders set forth in this Section, make certain revolving credit loans in Dollars to the Domestic Borrowers (each a "Swingline Loan" and, collectively, the "Swingline Loans") for the purposes hereinafter set forth; provided, however, (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed TEN MILLION DOLLARS ($10,000,000) (the "Swingline Committed Amount"), and (ii) the Aggregate U.S. Revolving Exposure shall not exceed the Revolving Availability Amount. Swingline Loans hereunder may be repaid and reborrowed in accordance with the provisions hereof; provided that the proceeds of Swingline Loans may not be used to repay other Swingline Loans.

(b) Swingline Loan Borrowings.

(i) Notice of Borrowing and Disbursement. Upon receiving a Notice of Borrowing from the Company not later than 2:00 P.M. on any Business Day requesting that a Swingline Loan be made, the Swingline Lender will make Swingline Loans available to the Domestic Borrowers on the same Business Day such request is received by the Administrative Agent. Swingline Loan borrowings hereunder shall be made in minimum amounts of $100,000 (or the remaining available amount of the Swingline Committed Amount if less) and in integral amounts of $100,000 in excess thereof.

(ii) Repayment of Swingline Loans. Each Swingline Loan borrowing shall be due and payable on the earlier of (A) the Maturity Date and (B) fifteen (15) days following such borrowing. The Swingline Lender may, at any time, in its sole discretion, by written notice to the Company and the Administrative Agent, demand repayment of its Swingline Loans by way of a U.S. Revolving Loan borrowing, in which case the Company shall be deemed to have requested a U.S. Revolving Loan borrowing comprised entirely of Alternate Base Rate Loans in the amount of such Swingline Loans; provided, however, that, in the following circumstances, any such demand shall also be deemed to have been given one Business Day prior to each of (A) the Maturity Date, (B) the occurrence of any Bankruptcy Event, (C) upon acceleration of the Obligations hereunder, whether on account of a Bankruptcy Event or any other Event of Default, and (D) the exercise of remedies in accordance with the provisions of Section 7.2 hereof (each such U.S. Revolving Loan borrowing made on account of any such deemed request therefor as provided herein being hereinafter referred to as "Mandatory Swingline Borrowing"). Each U.S. Revolving Lender hereby irrevocably agrees to make such U.S. Revolving Loans promptly upon any such request or deemed request on account of each Mandatory Swingline Borrowing in the amount and in the manner specified in the preceding sentence on the date such notice is received by the U.S. Revolving Lenders from the Administrative Agent if such notice is received at or before 2:00 P.M., otherwise such payment shall be made at or before 12:00 P.M. on the Business Day next succeeding the date such notice is received notwithstanding (1) the amount of Mandatory Swingline Borrowing may not comply with the minimum amount for borrowings of U.S. Revolving Loans otherwise required hereunder, (2) whether any conditions specified in Section 4.2 are then satisfied, (3) whether a Default or an Event of Default then exists, (4) failure of any such request or deemed request for U.S. Revolving Loans to be made by the time otherwise required in Section 2.1(b)(i), (5) the date of such Mandatory Swingline Borrowing, or (6) any reduction in the U.S. Revolving Committed Amount or termination of the U.S. Revolving Commitments immediately prior to such Mandatory Swingline Borrowing or contemporaneously therewith. In the event that any Mandatory Swingline Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code), then each U.S. Revolving Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Swingline Borrowing would otherwise have occurred, but adjusted for any payments received from the Domestic Borrowers on or after such date and prior to such purchase) from the Swingline Lender such Participation Interest in the outstanding Swingline Loans as shall be necessary to cause each such U.S. Revolving Lender to share in such Swingline Loans ratably based upon its respective U.S. Revolving Commitment Percentage (determined before giving effect to any termination of the Commitments pursuant to Section 7.2); provided that (x) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective Participation Interest is purchased, and (y) at the time any purchase of a Participation Interest pursuant to this sentence is actually made, the purchasing U.S. Revolving Lender shall be required to pay to the Swingline Lender interest on the principal amount of such Participation Interest purchased for each day from and including the day upon which the Mandatory Swingline Borrowing would otherwise have occurred to but excluding the date of payment for such Participation Interest, at the rate equal to, if paid within two (2) Business Days of the date of the Mandatory Swingline Borrowing, the Federal Funds Effective Rate, and thereafter at a rate equal to the Alternate Base Rate. The Domestic Borrowers shall have the right to repay the Swingline Loan in whole or in part from time to time in accordance with Section 2.7(a).

(c) Interest on Swingline Loans. Subject to the provisions of Section 2.8, Swingline Loans shall bear interest at a per annum rate equal to the Alternate Base Rate plus the Applicable Margin for U.S. Revolving Loans that are Alternate Base Rate Loans. Interest on Swingline Loans shall be payable in arrears on each Interest Payment Date.

(d) Swingline Loan Note; Covenant to Pay. The Swingline Loans shall be evidenced by this Agreement and, upon request of the Swingline Lender, by a duly executed promissory note of the Domestic Borrowers in favor of the Swingline Lender in the original amount of the Swingline Committed Amount and substantially in the form of Exhibit 2.4(d). The Domestic Borrowers jointly and severally covenant and agree to pay the Swingline Loans in accordance with the terms of this Agreement.

(e) Cash Collateral. At any point in time in which there is a Defaulting Lender, the Swingline Lender may require the Domestic Borrowers to Cash Collateralize the outstanding Swingline Loans pursuant to Section 2.20.

Section 2.5 Fees.

(a) Commitment Fee. Subject to Section 2.21, in consideration of the Revolving Commitments, the Borrowers jointly and severally agree to pay to the Administrative Agent, (i) for the benefit of the U.S. Revolving Lenders (on a ratable basis after giving effect to any step-up or step-down of availability under the U.S. Revolving Facility), a commitment fee (the "U.S. Commitment Fee") in an amount equal to the Applicable Margin per annum on the average daily unused amount of the Revolving Availability Amount and (ii) for the ratable benefit of the Multicurrency Revolving Lenders, a commitment fee (the "Multicurrency Commitment Fee" and, together with the U.S. Commitment Fee, collectively the "Commitment Fee") in an amount equal to the Applicable Margin per annum on the average daily unused amount of the Multicurrency Revolving Committed Amount. The Commitment Fee shall be calculated quarterly in arrears. For purposes of computation of the Commitment Fee, LOC Obligations shall be considered usage of the Revolving Availability Amount but Swingline Loans shall not be considered usage of the Revolving Availability Amount. The Commitment Fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter.

(b) Letter of Credit Fees. Subject to Section 2.21, in consideration of the LOC Commitments, the Domestic Borrowers jointly and severally agree to pay to the Administrative Agent, for the ratable benefit of the U.S. Revolving Lenders, a fee (i) with respect to each standby letter of credit (the "Standby Letter of Credit Fee"), equal to the Applicable Margin for Revolving Loans that are LIBOR Rate Loans per annum on the average daily maximum amount available to be drawn under each standby Letter of Credit from the date of issuance to the date of expiration and (ii) with respect to each commercial letter of credit (the "Commercial Letter of Credit Fee"; and together with the Standby Letter of Credit Fee, the "Letter of Credit Fee"), equal to the Applicable Margin for Revolving Loans that are LIBOR Rate Loans per annum on the average daily maximum amount available to be drawn under each commercial Letter of Credit from the date of issuance to the date of expiration. The Letter of Credit Fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter.

(c) Issuing Lender Fees. In addition to the Letter of Credit Fees payable pursuant to subsection (b) hereof, the Domestic Borrowers jointly and severally agree to pay to the Issuing Lender for its own account without sharing by the other Lenders the reasonable and customary charges (excluding the Letter of Credit Facing Fee) from time to time of the Issuing Lender with respect to the amendment, transfer, administration, cancellation and conversion of, and drawings under, such Letters of Credit (collectively, the "Issuing Lender Fees"). The Issuing Lender may charge, and retain for its own account without sharing by the other Lenders, an additional facing fee (the "Letter of Credit Facing Fee") of 0.25% per annum on the average daily maximum amount available to be drawn under each such Letter of Credit issued by it. The Issuing Lender Fees and the Letter of Credit Facing Fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter.

(d) Administrative Fee. The Domestic Borrowers jointly and severally agree to pay to the Administrative Agent the annual administrative fee as described in the Fee Letter.

Section 2.6 Commitment Reductions.

(a) Voluntary Reductions. The Borrowers shall have the right to terminate or permanently reduce the unused portion of the U.S. Revolving Committed Amount or the Multicurrency Revolving Committed Amount at any time or from time to time upon not less than five (5) Business Days' prior written notice to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable) of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction which shall be in a minimum amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof and shall be irrevocable and effective upon receipt by the Administrative Agent; provided that no such reduction or termination shall be permitted if after giving effect thereto, and to any prepayments of the Revolving Loans made on the effective date thereof, (i) the Aggregate U.S. Revolving Exposure would exceed the Revolving Availability Amount or (ii) the aggregate principal outstanding Dollar Amount of Multicurrency Revolving Loans would exceed the aggregate Multicurrency Revolving Committed Amount, as reduced. Any reduction in the Revolving Committed Amount shall be applied to the Commitment of each Revolving Lender in accordance with its Revolving Commitment Percentage.

(b) Mandatory Reductions. The Borrowers acknowledge and agree that the U.S. Revolving Committed Amount shall be permanently reduced to $60,000,000 on December 1, 2013.

(c) LOC Committed Amount. If the U.S. Revolving Committed Amount is reduced below the then current LOC Committed Amount, the LOC Committed Amount shall automatically be reduced by an amount such that the LOC Committed Amount equals the U.S. Revolving Committed Amount.

(d) Swingline Committed Amount. If the U.S. Revolving Committed Amount is reduced below the then current Swingline Committed Amount, the Swingline Committed Amount shall automatically be reduced by an amount such that the Swingline Committed Amount equals the U.S. Revolving Committed Amount.

(e) Maturity Date. The Revolving Commitments, the Swingline Commitment and the LOC Commitment shall automatically terminate on the Maturity Date.

Section 2.7 Prepayments.

(a) Optional Prepayments and Repayments. The Borrowers shall have the right to prepay the Term Loans and repay the Revolving Loans and Swingline Loans in whole or in part from time to time; provided, however, that each partial prepayment or repayment of (i) Revolving Loans or Term Loans that are Alternate Base Rate Loans shall be in a minimum principal amount of $1,000,000 and integral multiples of $1,000,000 in excess thereof (or the remaining outstanding principal amount), (ii) Revolving Loans or Term Loans that LIBOR Rate Loans shall be in a minimum principal amount of $1,000,000 and integral multiples of $1,000,000 in excess thereof (or the remaining outstanding principal amount), (iii) Swingline Loans shall be in a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof (or the remaining outstanding principal amount) and (iv) each Revolving Loan shall be repaid in the currency in which it was made. The Company shall give three Business Days' irrevocable notice of prepayment in the case of LIBOR Rate Loans and same-day irrevocable notice on any Business Day in the case of Alternate Base Rate Loans, to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable). To the extent that the Borrowers elect to prepay the Term Loans, amounts prepaid under this Section shall be (i) applied ratably to the remaining principal installments thereof and (ii) applied to the Term Loans of the Term Loan Lenders in accordance with their respective Term Loan Commitment Percentages. To the extent the Borrowers elect to repay the Revolving Loans and/or Swingline Loans, amounts prepaid under this Section shall be applied to the Revolving Loans and/or Swingline Loans, as applicable of the Revolving Lenders in accordance with their respective U.S. Revolving Commitment Percentages or Multicurrency Commitment Percentages, as applicable. Within the foregoing parameters, prepayments under this Section shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All prepayments under this Section shall be subject to Section 2.15, but otherwise without premium or penalty. Interest on the principal amount prepaid shall be payable on the next occurring Interest Payment Date that would have occurred had such loan not been prepaid or, at the request of the Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a prepayment is made hereunder through the date of prepayment.

(b) Mandatory Prepayments.

(i) Revolving Committed Amount. If (A) at any time, the Aggregate U.S. Revolving Exposure shall exceed the Revolving Availability Amount, the Borrowers shall immediately repay the U.S. Revolving Loans and Swingline Loans and (after all U.S. Revolving Loans and Swingline Loans have been repaid) Cash Collateralize the LOC Obligations in an amount sufficient to eliminate such excess (such repayment to be applied as set forth in clause (v) below) and (B) on any Revaluation Date, the aggregate principal amount of outstanding Multicurrency Revolving Loans shall exceed an amount equal to 105% of the Multicurrency Revolving Committed Amount, the Borrowers shall immediately repay such Multicurrency Revolving Loans in an amount sufficient to reduce such aggregate principal amount as of such date of payment to an amount not to exceed 100% of the Multicurrency Revolving Committed Amount (such repayment to be applied as set forth in clause (v) below).

(ii) Asset Dispositions. Promptly following any Asset Disposition (or related series of Asset Dispositions), the Borrowers shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds derived from such Asset Disposition (or related series of Asset Dispositions) (such prepayment to be applied as set forth in clause (v) below); provided, however, that, (A) no prepayment shall be required until such time as the Net Cash Proceeds exceed $1,000,000 in any fiscal year and (2) so long as no Default or Event of Default has occurred and is continuing, such Net Cash Proceeds shall not be required to be so applied to the extent that such Net Cash Proceeds are reinvested in capital assets (other than raw materials and inventory) useful to the business of the Credit Parties within 270 days of the receipt of such Net Cash Proceeds (or, if the Company delivers to the Administrative Agent a certificate stating that the Credit Parties have committed to use such Net Cash Proceeds to acquire capital assets (other than raw materials and inventory) useful to the business of the Credit Parties within 270 days of the receipt of such Net Cash Proceeds, then such reinvestment shall occur within 365 days of the receipt of the Net Cash Proceeds), it being expressly agreed that Net Cash Proceeds not so reinvested shall be applied to prepay the Loans immediately thereafter (such prepayment to be applied as set forth in clause (v) below).

(iii) Debt Issuances. Immediately upon receipt by any Credit Party or any of its Subsidiaries of proceeds from any Debt Issuance, the Borrowers shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Debt Issuance (such prepayment to be applied as set forth in clause (v) below).

(iv) Extraordinary Receipts. Promptly upon receipt by any Credit Party or any of its Subsidiaries of proceeds from any Extraordinary Receipt, the Borrowers shall prepay the Loans and/or Cash Collateralize LOC Obligations in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Extraordinary Receipt (such prepayment to be applied as set forth in clause (v) below); provided, however, that, (A) no prepayment shall be required until such time as the Net Cash Proceeds exceed $1,000,000 in any fiscal year and (2) so long as no Default or Event of Default has occurred and is continuing, Net Cash Proceeds from insurance or condemnation proceeds shall not be required to be so applied to the extent that such Net Cash Proceeds are reinvested in capital assets (other than raw materials and inventory) useful to the business of the Credit Parties within 270 days of the receipt of such Net Cash Proceeds (or, if the Company delivers to the Administrative Agent a certificate stating that the Credit Parties have committed to use such Net Cash Proceeds to acquire capital assets (other than raw materials and inventory) useful to the business of the Credit Parties within 270 days of the receipt of such Net Cash Proceeds, then such reinvestment shall occur within 365 days of the receipt of the Net Cash Proceeds), it being expressly agreed that any Net Cash Proceeds not so reinvested shall be applied to prepay the Loans immediately thereafter (such prepayment to be applied as set forth in clause (v) below).

(v) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this Section shall be applied as follows:

(A) with respect to all amounts prepaid pursuant to Section 2.7(b)(i)(A), (1) first to the outstanding Swingline Loans, (2) second to the outstanding Revolving Loans and (3) third to Cash Collateralize the LOC Obligations;

(B) with respect to all amounts prepaid pursuant to Section 2.7(b)(i)(B), to the outstanding Foreign Currency Revolving Loans; and

(C) with respect to all amounts prepaid pursuant to Sections 2.7(b)(ii) through (iv), (1) first to the Term Loan (ratably to the remaining amortization payments thereof), (2) second to the Swingline Loans, (3) third to the Revolving Loans (ratably to the U.S. Revolving Loans and the Multicurrency Revolving Loans) and (4) fourth to a cash collateral account in respect of LOC Obligations; provided that any Net Cash Proceeds received from the Borrowers as a result of an Asset Disposition, Debt Issuance or Extraordinary Receipt by a Foreign Credit Party shall only be required to prepay Foreign Obligations. Within the parameters of the applications set forth above, prepayments shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All prepayments under this Section shall be subject to Section 2.15 and be accompanied by interest on the principal amount prepaid through the date of prepayment, but otherwise without premium or penalty.

(c) Bank Product Obligations Unaffected. Any repayment or prepayment made pursuant to this Section shall not affect the Borrowers' joint and several obligation to continue to make payments under any Bank Product, which shall remain in full force and effect notwithstanding such repayment or prepayment, subject to the terms of such Bank Product.

Section 2.8 Default Rate and Payment Dates.

(a) If all or a portion of the principal amount of any Domestic Revolving Loan which is a LIBOR Rate Loan shall not be paid when due or continued as a LIBOR Rate Loan in accordance with the provisions of Section 2.9 (whether at the stated maturity, by acceleration or otherwise), such overdue principal amount of such Loan shall be converted to an Alternate Base Rate Loan at the end of the Interest Period applicable thereto.

(b) Upon the occurrence and during the continuance of a (i) Bankruptcy Event or a Payment Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall automatically bear interest at a rate per annum which is equal to the Default Rate and (ii) any other Event of Default hereunder, at the option of the Required Lenders, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall automatically bear interest, at a per annum rate which is equal to the Default Rate, in each case from the date of occurrence of such Event of Default until such Event of Default is waived in accordance with Section 9.1. Any default interest owing under this Section 2.8(b) shall be due and payable on the earlier to occur of (x) demand by the Administrative Agent (which demand the Administrative Agent shall make if directed by the Required Lenders) and (y) the Maturity Date.

(c) Interest on each Loan shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (b) of this Section shall be payable from time to time on demand.

Section 2.9 Conversion Options.

(a) The Company may, in the case of Domestic Revolving Loans and the Term Loan, elect from time to time to convert Alternate Base Rate Loans to LIBOR Rate Loans or to continue LIBOR Rate Loans, by delivering a Notice of Conversion/Extension to the Administrative Agent at least three Business Days prior to the proposed date of conversion or continuation. In addition, the Company may elect from time to time to convert all or any portion of a LIBOR Rate Loan denominated in Dollars to an Alternate Base Rate Loan by giving the Administrative Agent irrevocable written notice thereof by 11:00 A.M. one (1) Business Day prior to the proposed date of conversion. If the date upon which an Alternate Base Rate Loan is to be converted to a LIBOR Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such Loan shall bear interest as if it were an Alternate Base Rate Loan. LIBOR Rate Loans may only be converted to Alternate Base Rate Loans on the last day of the applicable Interest Period. If the date upon which a LIBOR Rate Loan is to be converted to an Alternate Base Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such Loan shall bear interest as if it were an Alternate Base Rate Loan. All or any part of outstanding Alternate Base Rate Loans may be converted as provided herein; provided that (i) no Domestic Revolving Loan may be converted into a LIBOR Rate Loan when any Default or Event of Default has occurred and is continuing and (ii) partial conversions shall be in an aggregate principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof. All or any part of outstanding LIBOR Rate Loans may be converted as provided herein; provided that partial conversions shall be in an aggregate principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof.

(b) Any LIBOR Rate Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Company with the notice provisions contained in Section 2.9(a); provided, that no LIBOR Rate Loan that is a Domestic Revolving Loan may be continued as such when any Default or Event of Default has occurred and is continuing, in which case such Loan shall be automatically converted to an Alternate Base Rate Loan at the end of the applicable Interest Period with respect thereto. At any time any Default or Event of Default has occurred and is continuing, Foreign Currency Revolving Loans shall be automatically continued as LIBOR Rate Loans with a one month Interest Period at the end of the applicable Interest Period with respect thereto. If the Company shall fail to give timely notice of an election to continue a LIBOR Rate Loan, or the continuation of LIBOR Rate Loans is not permitted hereunder, such LIBOR Rate Loans (A) to the extent denominated in Dollars, shall be automatically converted to Alternate Base Rate Loans at the end of the applicable Interest Period with respect thereto and (B) to the extent denominated in Foreign Currencies, shall be automatically continued as LIBOR Rate Loans with a one month Interest Period at the end of the applicable Interest Period with respect thereto.

(c) At the election of the Required Lenders, upon the occurrence and during the continuance of any Event of Default, all Foreign Currency Revolving Loans then outstanding shall be redenominated into Dollars on the last day of the then current Interest Periods of such Foreign Currency Revolving Loans, and such Dollar denominated Loans shall be Alternate Base Rate Loans; provided that in each case the Borrower shall be liable for any currency exchange loss related to such payments and shall promptly pay to each Lender upon receipt of notice thereof by the Borrower from such Lender the amount of any such loss incurred by such Lender.

Section 2.10 Computation of Interest and Fees; Usury.

(a) Interest payable hereunder with respect to any Alternate Base Rate Loan based on the Prime Rate shall be calculated on the basis of a year of 365 days (or 366 days, as applicable) for the actual days elapsed. All other fees, interest and all other amounts payable hereunder shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Company and the Lenders of each determination of a LIBOR Rate on the Business Day of the determination thereof. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate shall become effective. The Administrative Agent shall as soon as practicable notify the Company and the Lenders of the effective date and the amount of each such change.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrowers and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Company, deliver to the Company a statement showing the computations used by the Administrative Agent in determining any interest rate.

(c) It is the intent of the Lenders and the Credit Parties to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between the Lenders and the Credit Parties are hereby limited by the provisions of this subsection which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including, but not limited to, prepayment or acceleration of the maturity of any Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Agreement, under the Notes or otherwise, exceed the maximum nonusurious amount permissible under applicable law. If, from any possible construction of any of the Credit Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this paragraph and such interest shall be automatically reduced to the maximum nonusurious amount permitted under applicable law, without the necessity of execution of any amendment or new document. If any Lender shall ever receive anything of value which is characterized as interest on the Loans under applicable law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loans

and not to the payment of interest, or refunded to the Borrowers or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loans. The right to demand payment of the Loans or any other Indebtedness evidenced by any of the Credit Documents does not include the right to receive any interest which has not otherwise accrued on the date of such demand, and the Lenders do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders with respect to the Loans shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loans so that the amount of interest on account of such Indebtedness does not exceed the maximum nonusurious amount permitted by applicable law.

Section 2.11 Pro Rata Treatment and Payments.

(a) Allocation of Payments Prior to Exercise of Remedies. Each borrowing of Revolving Loans and any reduction of the Revolving Commitments shall be made pro rata according to the respective Revolving Commitment Percentages of the Revolving Lenders. Unless otherwise required by the terms of this Agreement, each payment under this Agreement shall be applied, first, to any fees then due and owing by the Borrowers pursuant to Section 2.5, second, to interest then due and owing hereunder of the Borrowers and, third, to principal then due and owing hereunder and under this Agreement of the Borrowers. Each payment on account of any fees pursuant to Section 2.5 shall be made pro rata in accordance with the respective amounts due and owing (except as to the Letter of Credit Facing Fees and the Issuing Lender Fees which shall be paid to the Issuing Lender). Each optional repayment and prepayment by the Borrowers on account of principal of and interest on the Revolving Loans and on the Term Loan, as applicable, shall be applied to such Loans, as applicable, on a pro rata basis and in accordance with the terms of Section 2.7(a) hereof. Each mandatory prepayment on account of principal of the Loans shall be applied to such Loans, as applicable, on a pro rata basis and, to the extent applicable, in accordance with Section 2.7(b). All payments (including prepayments) to be made by the Borrowers on account of principal, interest and fees shall be made without defense, set-off or counterclaim and shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent's office specified on Section 9.2 in immediately available funds and (i) in the case of Loans or other amounts denominated in Dollars, shall be made in Dollars not later than 2:00 P.M. on the date when due and (ii) in the case of Loans or other amounts denominated in a Foreign Currency, unless otherwise specified herein, shall be made in such Foreign Currency not later than the Applicable Time specified by the Administrative Agent on the date when due. The Administrative Agent shall distribute such payments to the Lenders entitled thereto promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the LIBOR Rate Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a LIBOR Rate Loan becomes due and payable on a day other than a Business Day, such payment date shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Allocation of Payments After Exercise of Remedies. Notwithstanding any other provisions of this Agreement to the contrary, after the exercise of remedies (other than the application of default interest pursuant to Section 2.8) by the Administrative Agent or the Lenders pursuant to Section 7.2 (or after the Commitments shall automatically terminate and the Loans (with accrued interest thereon) and all other amounts under the Credit Documents (including, without limitation, the maximum amount of all contingent liabilities under Letters of Credit) shall automatically become due and payable in accordance with the terms of such Section), all amounts collected or received by the Administrative Agent or any Lender on account of the Credit Party Obligations or any other amounts outstanding under any of the Credit Documents or in respect of the Collateral shall be paid over or delivered as follows (irrespective of whether the following costs, expenses, fees, interest, premiums, scheduled periodic payments or Credit Party Obligations are allowed, permitted or recognized as a claim in any proceeding resulting from the occurrence of a Bankruptcy Event):

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Credit Documents and any protective advances made by the Administrative Agent with respect to the Collateral under or pursuant to the terms of the Security Documents;

SECOND, to the payment of any fees owed to the Administrative Agent and the Issuing Lender;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Credit Party Obligations owing to such Lender;

FOURTH, to the payment of all of the Credit Party Obligations consisting of accrued fees and interest, and including, with respect to any Bank Product, any fees, premiums and scheduled periodic payments due under such Bank Product and any interest accrued thereon;

FIFTH, to the payment of the outstanding principal amount of the Credit Party Obligations and the payment or cash collateralization of the outstanding LOC Obligations, and including with respect to any Bank Product, any breakage, termination or other payments due under such Bank Product and any interest accrued thereon;

SIXTH, to all other Credit Party Obligations and other obligations which shall have become due and payable under the Credit Documents or otherwise and not repaid pursuant to clauses “FIRST” through “FIFTH” above; and

SEVENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (b) each of the Lenders and any Bank Product Provider shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Loans and LOC Obligations held by such Lender or the outstanding obligations payable to such Bank Product Provider bears to the aggregate then outstanding Loans and LOC Obligations and obligations payable under all Bank Products) of amounts available to be applied pursuant to clauses “THIRD”, “FOURTH”, “FIFTH” and “SIXTH” above; and (c) to the extent that any amounts available for distribution pursuant to clause “FIFTH” above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent in a cash collateral account and applied (i) first, to reimburse the Issuing Lender from time to time for any drawings under such Letters of Credit and (ii) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses “FIFTH” and “SIXTH” above in the manner provided in this Section. Notwithstanding the foregoing terms of this Section, only Collateral proceeds of the Domestic Credit Parties and payments under the Guaranty (as opposed to ordinary course principal, interest and fee payments hereunder) shall be applied to obligations under any Bank Product. Amounts distributed with respect to any Bank Product Debt shall be the last Bank Product Amount reported to the Administrative Agent; provided that any such Bank Product Provider may provide an updated Bank Product Amount to the Administrative Agent prior to payments made pursuant to this Section. The Administrative Agent shall have no obligation to calculate the amount to be distributed with respect to any Bank Product Debt, but may rely upon written notice of the amount (setting forth a reasonably detailed calculation) from the applicable Bank Product Provider. In the absence of such notice, the Administrative Agent may assume the amount to be distributed is the Bank Product Amount last reported to the Administrative Agent.

Section 2.12 Non-Receipt of Funds by the Administrative Agent.

(a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received written notice from a Lender prior to the proposed date of any Extension of Credit that such Lender will not make available to the Administrative Agent such Lender's share of such Extension of Credit, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with this Agreement and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Extension of Credit available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding

the date of payment to the Administrative Agent, at the interest rate applicable to the Loans funded to the Borrowers. If the Borrowers and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Extension of Credit to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Extension of Credit. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrowers with respect to any amount owing under subsections (a) and (b) of this Section shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Administrative Agent because the conditions to the applicable Extension of Credit set forth in Article IV are not satisfied or waived in accordance with the terms thereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender on the date that the Administrative Agent determines such conditions are not satisfied or waived, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Term Loans and Revolving Loans, to fund participations in Letters of Credit and Swingline Loans and to make payments pursuant to Section 9.5(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any such payment under Section 9.5(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 9.5(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Section 2.13 Inability to Determine Interest Rate.

Notwithstanding any other provision of this Agreement, if (a) the Administrative Agent shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that, by reason of circumstances affecting the relevant market, reasonable and adequate means do not exist for ascertaining the LIBOR Rate for such Interest Period, or (b) the Required Lenders shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate does not adequately and fairly reflect the cost to such Lenders of funding LIBOR Rate Loans that the Company has requested be outstanding as a LIBOR Tranche during such Interest Period, the Administrative Agent shall forthwith give telephone notice of such determination, confirmed in writing, to the Company, and the Lenders at least two (2) Business Days prior to the first day of such Interest Period. If such notice is given (i) any affected Loans denominated in Foreign Currencies requested to be made on the first day of such Interest Period shall be made, at the sole option of the Company, in Dollars as Alternate Base Rate Loans or such request shall be cancelled, (ii) any affected LIBOR Rate Loans requested to be made on the first day of such Interest Period shall be made in Dollars as Alternate Base Rate Loans and (iii) any affected Loans that were to have been converted on the first day of such Interest Period to or continued as LIBOR Rate Loans shall be converted to or continued in Dollars as Alternate Base Rate Loans. Until any such notice has been withdrawn by the Administrative Agent or the Required Lenders, as applicable, no further Loans shall be made as, continued as, or converted into, LIBOR Rate Loans for the Interest Periods so affected. Any such notice shall be effective until such time as the Administrative Agent or the Required Lenders, as applicable, reasonably determine that the conditions described above no longer exist.

Section 2.14 Yield Protection.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate) or the Issuing Lender;

(ii) subject any Recipient to any Taxes (other than Indemnified Taxes and Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the Issuing Lender or the London interbank market any other condition, cost or expense affecting this Agreement or LIBOR Rate Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any LIBOR Rate Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, Issuing Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, Issuing Lender or other Recipient, the Borrowers will pay to such Lender, Issuing Lender or other Recipient, as the case may be, such additional amount or amounts to the extent necessary to compensate such Lender, Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or the Issuing Lender reasonably determines that any Change in Law affecting such Lender or the Issuing Lender or any lending office of such Lender or such Lender's or the Issuing Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Lender's capital or on the capital of such Lender's or the Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Lender's policies and the policies of such Lender's or the Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts to the extent necessary to compensate such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or the Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Company shall be conclusive absent manifest error. The Borrowers shall pay such Lender or the Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Lender's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender or the Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date such Lender or Issuing Lender, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or Issuing Lender's intention to claim compensation therefore (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 2.15 Compensation for Losses; Eurocurrency Liabilities.

(a) Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any actual loss, cost or expense incurred by it as a result of:

(i) any continuation, conversion, payment or prepayment (other than a prepayment under Section 2.12(a)) of any Loan other than an Alternate Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise) ;

(ii) any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than an Alternate Base Rate Loan on the date or in the amount notified by the Borrowers; or

(iii) any assignment of a LIBOR Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Company pursuant to Section 2.19;

The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section, each Lender shall be deemed to have funded each LIBOR Rate Loan made by it at the LIBOR Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan was in fact so funded.

(b) Regulation D Reserves. The Borrowers shall pay to each Lender, as long as such Lender shall be required to maintain reserves under Regulation D with respect to "eurocurrency liabilities" within the meaning of Regulation D, or under any similar or successor regulation with respect to Eurocurrency liabilities or Eurocurrency funding, additional interest on the unpaid principal amount of each LIBOR Rate Loan equal to the actual costs of such reserves allocated to such LIBOR Rate Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such LIBOR Rate Loan, provided the Borrowers shall have received at least fifteen (15) days prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice fifteen (15) days prior to the relevant interest payment date, such additional interest shall be due and payable fifteen (15) days from receipt of such notice.

Section 2.16 Taxes.

(a) Issuing Lender. For purposes of this Section 2.16, the term "Lender" includes the Issuing Lender.

(b) Payments Free of Taxes. (i) Any and all payments by or on account of any obligation of any Domestic Credit Party under any Credit Document shall be made free and clear of and without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall make such deduction and timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Domestic Credit Party shall be increased as necessary so that after making such deductions (including such deductions applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deductions been made.

(ii) Any and all payments by or on account of any obligation of any Foreign Credit Party under any Credit Document shall be made free and clear of and without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall make such deduction and timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Foreign Credit Party shall be increased as necessary so that after making such deductions (including such deductions applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deductions been made. The obligations of the Foreign Borrower under this Section shall not apply with regard to parties who become Lenders after the Primary Syndication if and to the extent such Lender is subject to taxation in Germany either (A) due to having its seat or a permanent establishment or permanent representative in Germany or (B) due to the fact that the Obligations under this Agreement are secured by an encumbrance over real estate (*grundpfandrechtlich gesichert*) located in Germany and interest owed to such Lender is not exempted from German taxation under a double taxation treaty.

(c) Payment of Other Taxes by the Credit Parties. The Credit Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Credit Parties. The Credit Parties shall jointly and severally indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that no such indemnification payment shall be required to the extent resulting from the gross negligence or willful misconduct of such Recipient and no consequential or special damages shall be required to be paid. A certificate as to the amount of such payment or liability delivered to the Company by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.6(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Credit Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Credit Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority pursuant to this Section 2.16, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Company or the Administrative Agent

as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.16(g) (ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to the Company and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that (A) such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code and (B) the interest payments in question are not effectively connected with a U.S. trade or business conducted by such Foreign Lender or are effectively connected but are not includible in the Foreign Lender's gross income for U.S. federal income tax purposes under an income tax treaty (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), executed originals of IRS Form W-8IMY, accompanied by a Form W-8ECI, W-8BEN, U.S. Tax Compliance Certificate, Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership (and not a participating Lender) and one or more beneficial owners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such beneficial owner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Company and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its reasonable discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.16 (including additional amounts pursuant to this Section 2.16), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 2.16 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

Section 2.17 Indemnification; Nature of Issuing Lender's Duties.

(a) In addition to its other obligations under Section 2.3, the Credit Parties hereby agree to protect, indemnify, pay and save the Issuing Lender and each Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender or such Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit or (ii) the failure of the Issuing Lender to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority (all such acts or omissions, herein called "Government Acts"); provided that no such indemnification payment shall be required to the extent resulting from the gross negligence or willful misconduct of the Issuing Lender or such Lender and no consequential or special damages shall be required to be paid.

(b) As between the Credit Parties, the Issuing Lender and each Lender, the Credit Parties shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. Neither the Issuing Lender nor any Lender shall be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply fully with conditions required in order to draw upon a Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) for errors in interpretation of technical terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (vii) for any consequences arising from causes beyond the control of the Issuing Lender or any Lender, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lender's rights or powers hereunder.

(c) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuing Lender or any Lender, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in the absence of gross negligence or willful misconduct, shall not put such Issuing Lender or such Lender under any resulting liability to the Credit Parties. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify the Issuing Lender and each Lender against any and all risks involved in the issuance of the Letters of Credit, all of which risks are hereby assumed by the Credit Parties, including, without limitation, any and all risks of the acts or omissions, whether rightful or wrongful, of any Government Authority. The Issuing Lender and the Lenders shall not, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lender and the Lenders.

(d) Nothing in this Section is intended to limit the Reimbursement Obligation of the Borrowers contained in Section 2.3(d) hereof. The obligations of the Credit Parties under this Section shall survive the termination of this Agreement. No act or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Issuing Lender and the Lenders to enforce any right, power or benefit under this Agreement.

(e) Notwithstanding anything to the contrary contained in this Section, the Credit Parties shall have no obligation to indemnify the Issuing Lender or any Lender in respect of any liability incurred by the Issuing Lender or such Lender arising out of the gross negligence or willful misconduct of the Issuing Lender (including action not taken by the Issuing Lender or such Lender), as determined by a court of competent jurisdiction or pursuant to arbitration.

Section 2.18 Illegality.

Notwithstanding any other provision of this Credit Agreement, if any Change in Law shall make it unlawful for a Lender or its LIBOR Lending Office to make or maintain LIBOR Rate Loans as contemplated by this Credit Agreement or to obtain in the interbank eurodollar market through its LIBOR Lending Office the funds with which to make such Loans, (a) such Lender shall promptly notify the Administrative Agent and the Company thereof, (b) the commitment of such Lender hereunder to make LIBOR Rate Loans or continue LIBOR Rate Loans as such shall forthwith be suspended until the Administrative Agent shall forthwith give telephone notice of such determination, confirmed in writing, to the Company and the Lenders that the condition or situation which gave rise to the suspension shall no longer exist within two (2) Business Days thereof, and (c) such Lender's Loans then outstanding as LIBOR Rate Loans, shall be converted on the last day of the Interest Period for such Loans or within such earlier period as required by law into Alternate Base Rate Loans denominated in Dollars. The Borrowers hereby agree to promptly pay any Lender, upon its demand, any additional amounts necessary to compensate such Lender for actual and direct costs (but not including anticipated profits) reasonably incurred by such Lender in making any repayment in accordance with this Section including, but not limited to, any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. A certificate (which certificate shall include a description of the basis for the computation) as to any additional amounts payable pursuant to this Section submitted by such Lender, through the Administrative Agent, to the Company shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office) to avoid or to minimize any amounts which may otherwise be payable pursuant to this Section; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender in its sole discretion to be material.

Section 2.19 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.14, or requires the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall (at the request of the Company) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or Section 2.16, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.14 or is unable to make LIBOR Loans, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 2.19(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate at par, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 9.6), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.14 or Section 2.16) and obligations under this Agreement and the related Credit Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrowers shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 9.6;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Credit Documents (including any amounts under Section 2.15) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.14 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

Section 2.20 Cash Collateral.

(a) Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent, the Issuing Lender (with a copy to the Administrative Agent) or the Swingline Lender (with a copy to the Administrative Agent), the U.S. Borrower shall Cash Collateralize all Fronting Exposure of the Issuing Lender and the Swingline Lender with respect to such Defaulting Lender (determined after giving effect to Section 2.21(b) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. The Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grant to the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Lenders and the Lenders (including the Swingline Lender), and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligations to which such Cash Collateral may be applied pursuant to clause (c) below. If at any time the Administrative Agent, Issuing Lender or Swingline Lender determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure, the Borrowers will, promptly upon demand by the Administrative Agent, Issuing Lender or Swingline Lender pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section or Section 2.21 in respect of Letters of Credit or Swingline Loans, shall be held and applied to the satisfaction of the specific LOC Obligations, Swingline Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

(d) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall no longer be required to be held as Cash Collateral pursuant to this Section 2.20 following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent, the Issuing Lender and the Swingline Lender that there exists excess Cash Collateral (which determination shall not be unreasonably withheld or delayed); provided that, Subject to Section 2.21, the Person providing Cash Collateral and the Issuing Lender and Swingline Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

Section 2.21 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 9.1.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.7 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lender or Swingline Lender hereunder; *third*, to Cash Collateralize the Issuing Lender's or Swingline Lender's Fronting Exposure in accordance with Section 2.20; *fourth*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrowers, to be held in a non-interest bearing deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Lender's and the Swingline Lender's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement in accordance with Section 2.20; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders or Swingline Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lenders or Swingline Lenders against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (A) such payment is a payment of the principal amount of any Loans or LOC Obligations in respect of which such Defaulting Lender has not fully funded its appropriate share and (B) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LOC Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LOC Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in LOC Obligations and Swingline Loans are held by the Lenders pro rata in accordance with the Commitments under the applicable facility without giving effect to Section 2.21(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.21(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) Commitment Fees. No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Letter of Credit Fees. Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant Section 2.20.

(C) Reallocation of Fees. With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in LOC Obligations or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to the Issuing Lender and Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LOC Obligations and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's U.S. Revolving Commitment) but only to the extent that (x) the conditions set forth in Sections 4.2(a) and (b) are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) such reallocation does not cause the aggregate principal amount of the outstanding Loans and Participation Interests of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's U.S. Revolving Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, (x) *first*, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure and (y) *second*, Cash Collateralize the Issuing Lender's Fronting Exposure in accordance with the procedures set forth in Section 2.20.

(b) Defaulting Lender Cure. If the Borrowers, the Administrative Agent, the Swingline Lender and the Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.21(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the Lenders to enter into this Agreement and to make the Extensions of Credit herein provided for, the Credit Parties hereby represent and warrant to the Administrative Agent and to each Lender that:

Section 3.1 Financial Condition.

(a) (i) The audited Consolidated financial statements of the Company and its Subsidiaries for the fiscal years ended 2009, 2010 and 2011 and of the Acquired Company and its Subsidiaries for the fiscal years ended 2009, 2010 and 2011, together with the related Consolidated statements of income or operations, equity and cash flows for the fiscal years ended on such dates (and, with respect to the Acquired Company, together with a quality of earnings report prepared by Grant Thornton LLP), (ii) the unaudited Consolidated financial statements of the Company and its Subsidiaries and of the Acquired Company and its Subsidiaries for the year-to-date period ending on the last day of the quarter that ended at least twenty (20) days prior to the Closing Date, together with the related Consolidated of income or operations, equity and cash flows for the year-to-date period ending on such date and (iii) pro forma consolidated financial statements for the Company and its Subsidiaries for the four-quarter period most recently ended prior to the Closing Date for which financial statements are available giving pro forma effect to the Transactions (it being understood that the Company will endeavor to prepare such financial statements in accordance with Regulation S-X under the Securities Act of 1933, as amended, and all other rules and regulations of the SEC under such Securities Act) (iv) a pro forma balance sheet of the Company and its Subsidiaries as of the last day of the quarter that ended at least twenty (20) days prior to the Closing Date giving pro forma effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other financial statements):

(A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(B) fairly present the financial condition of the Company and its Subsidiaries, as applicable, as of the date thereof (subject, in the case of the unaudited financial statements, to normal year-end adjustments) and results of operations for the period covered thereby; and

(C) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries, as applicable, as of the date thereof, including liabilities for taxes, material commitments and contingent obligations.

(b) The five-year projections of the Credit Parties and their Subsidiaries (prepared quarterly for the first year following the Closing Date and annually thereafter for the term of this Agreement) delivered to the Lenders on or prior to the Closing Date have been prepared in good faith based upon reasonable assumptions.

Section 3.2 No Material Adverse Effect.

Since February 28, 2011 (and, in addition, after delivery of annual audited financial statements in accordance with Section 5.1(a), from the date of the most recently delivered annual audited financial statements), there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

Section 3.3 Corporate Existence; Compliance with Law; Patriot Act Information.

Each of the Credit Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, (b) has the requisite power and authority and the legal right to own and operate all its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and has taken all actions necessary to maintain all rights, privileges, licenses and franchises necessary or required in the normal conduct of its business, (c) is duly qualified to conduct business and in good standing under the laws of (i) the jurisdiction of its organization or formation and (ii) each other jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except to the extent that the failure to so qualify or be in good standing in any such other jurisdiction could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Requirements of Law, organizational documents, government permits and government licenses except to the extent such non-compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Set forth on Schedule 3.3 as of the Closing Date, or as of the last date such Schedule was required to be updated in accordance with Section 5.2, is the following information for each Credit Party: the exact legal name and any former legal names of such Credit Party in the four (4) months prior to the Closing Date, the state of incorporation or organization, the type of organization, the jurisdictions in which such Credit Party is qualified to do business, the chief executive office, the principal place of business, the business phone number, the organization identification number, the federal tax identification number and ownership information (e.g. publicly held, if private or partnership, the owners and partners of each of the Credit Parties).

Section 3.4 Corporate Power; Authorization; Enforceable Obligations.

Each of the Credit Parties has full power and authority and the legal right to make, deliver and perform the Credit Documents to which it is party and has taken all necessary limited liability company, partnership or corporate action to authorize the execution, delivery and performance by it of the Credit Documents to which it is party. Each Credit Document to which it is a party has been duly executed and delivered on behalf of each Credit Party. Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of each Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 3.5 No Legal Bar; No Default.

The execution, delivery and performance by each Credit Party of the Credit Documents to which such Credit Party is a party, the borrowings thereunder and the use of the proceeds of the Loans (a) will not violate any material Requirement of Law or any material Contractual Obligation of any Credit Party (except those as to which waivers or consents have been obtained); provided, however, solely with respect to any Immaterial Subsidiary, where such violation could not reasonably be expected to result in a Material Adverse Effect, (b) will not conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws, articles of organization, operating agreement or other organization documents of the Credit Parties or any material Contractual Obligation to which such Person is a party or by which any of its properties may be bound or any material approval or material consent from any Governmental Authority relating to such Person; provided, however, solely with respect to any Immaterial Subsidiary, where such breach could not reasonably be expected to result in a Material Adverse Effect, and (c) will not result in, or require, the creation or imposition of any Lien on any Credit Party's properties or revenues pursuant to any material Requirement of Law or material Contractual Obligation other than the Liens arising under or contemplated in connection with the Credit Documents or Permitted Liens. No Credit Party is in default under or with respect to any of its Contractual Obligations except to the extent such default could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

Section 3.6 No Material Litigation.

Both immediately before and immediately after giving effect to the Acquisition, no litigation, investigation, claim, criminal prosecution, civil investigative demand, imposition of criminal or civil fines and penalties, or any other proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Credit Parties after due inquiry, threatened in writing by or against any Credit Party or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to the Credit Documents or any Extension of Credit or any of the Transactions, or (b) which could reasonably be expected to have a Material Adverse Effect. Both immediately before and immediately after giving effect to the Acquisition, no permanent injunction, temporary restraining order or similar decree has been issued against any Credit Party or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

Section 3.7 Investment Company Act; etc.

No Credit Party is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended. No Credit Party is subject to regulation under the Federal Power Act, the Interstate Commerce Act, the Public Utility Holding Company Act of 2005 or any federal or state statute or regulation limiting its ability to incur the Credit Party Obligations.

Section 3.8 Margin Regulations.

No part of the proceeds of any Extension of Credit hereunder will be used directly or indirectly for any purpose that violates, or that would require any Lender to make any filings in accordance with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. The Credit Parties and their Subsidiaries (a) are not engaged, principally or as one of their important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" "margin stock" within the respective meanings of each of such terms under Regulation U and (b) taken as a group do not own "margin stock" except as identified in the financial statements referred to in Section 3.1 or delivered pursuant to Section 5.1 and the aggregate value of all "margin stock" owned by the Credit Parties and their Subsidiaries taken as a group does not exceed 25% of the value of their assets.

Section 3.9 ERISA.

(a) Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied with the applicable provisions of ERISA and the Code, except where, in respect of any of the foregoing, individually or in the aggregate, no such event, circumstance or failure to comply has had or could reasonably be expected to have a Material Adverse Effect. No termination of a Single Employer Plan has occurred resulting in any liability that has remained underfunded, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits, except to the extent that any such shortfall(s), individually or in the aggregate, has not had or could not reasonably be expected to have a Material Adverse Effect. Neither any Credit Party nor any Commonly Controlled Entity is currently subject to any liability for a complete or partial withdrawal from a Multiemployer Plan that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(b) Each Foreign Pension Plan is in compliance with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan, except as could not reasonably be expected to result in a Material Adverse Effect. With respect to each Foreign Pension Plan, neither any Borrower nor any Subsidiary or any of their respective directors, officers, employees or agents has engaged in a transaction which would subject any Borrower or any Subsidiary, directly or indirectly, to a tax or civil penalty which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. With respect to each Foreign Pension Plan, reserves have been established in the financial statements in respect of any unfunded liabilities in accordance with applicable law and prudent business practice or, where required, in accordance with ordinary accounting practices in the jurisdiction in which such Foreign Pension Plan is maintained, except (a) where the failure to establish any such reserves could not could not reasonably be expected to have a Material Adverse Effect or (b) where the aggregate unfunded liabilities with respect to such Foreign Pension Plans could not reasonably be expected to result in a Material Adverse Effect. The present value of the aggregate accumulated benefit liabilities of all such Foreign Pension Plans (based on those assumptions used to fund each such Foreign Pension Plan) did not, as of the last annual valuation date applicable thereto, exceed the fair market value of the assets of all such Foreign Pension Plans except in such case where the underfunding could not reasonably be expected to have a Material Adverse Effect.

Section 3.10 Environmental Matters.

Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect:

(a) The facilities and properties owned, leased or operated by the Credit Parties or any of their Subsidiaries (the "Properties") do not contain any Materials of Environmental Concern in amounts or concentrations which (i) constitute a violation of, or (ii) could give rise to liability on behalf of any Credit Party under, any Environmental Law.

(b) The Properties and all operations of the Credit Parties and/or their Subsidiaries at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Credit Parties or any of their Subsidiaries (the "Business").

(c) Neither the Credit Parties nor their Subsidiaries have received any written or actual notice of violation, alleged violation, non-compliance, liability or potential liability on behalf of any Credit Party with respect to environmental matters or Environmental Laws regarding any of the Properties or the Business, nor do the Credit Parties or their Subsidiaries have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability on behalf of any Credit Party under any Environmental Law, and no Materials of Environmental Concern have been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability on behalf of any Credit Party under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Credit Parties and their Subsidiaries, threatened, under any Environmental Law to which any Credit Party or any Subsidiary is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business.

(f) There has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of any Credit Party or any Subsidiary in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability on behalf of any Credit Party under Environmental Laws.

Section 3.11 Use of Proceeds.

The proceeds of the Extensions of Credit shall be used by the Borrowers solely (a) to finance in whole or in part the Acquisition, (b) to refinance certain existing Indebtedness of the Credit Parties and their Subsidiaries and/or the Acquired Company, (c) to pay any costs, fees and expenses associated with this Agreement on the Closing Date, (d) to pay any costs, fees and expenses incurred in connection with the Acquisition and (e) for working capital and other general corporate purposes of the Credit Parties and their Subsidiaries.

Section 3.12 Subsidiaries; Joint Ventures; Partnerships.

Set forth on Schedule 3.12 is a complete and accurate list of all Subsidiaries, joint ventures and partnerships of the Credit Parties as of the Closing Date. Information on the attached Schedule includes the following: (a) the number of shares of each class of Equity Interests of each Subsidiary outstanding and (b) the number and percentage of outstanding shares of each class of Equity Interests owned by the Credit Parties and their Subsidiaries. The outstanding Equity Interests of all such Subsidiaries are validly issued, fully paid and non-assessable and are owned free and clear of all Liens (other than those arising under or contemplated in connection with the Credit Documents). There are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares and warrants granted to consultants) of any nature relating to any Equity Interests of any Credit Party or any Subsidiary thereof, except as contemplated in connection with the Credit Documents or otherwise are not materially adverse to the Lenders.

Section 3.13 Ownership.

Except as could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, each of the Credit Parties and its Subsidiaries is the owner of, and has good and marketable title to or a valid leasehold interest in, all of its respective assets, which, together with assets leased or licensed by the Credit Parties and their Subsidiaries, represents all assets material to the conduct of the business of the Credit Parties and their Subsidiaries, and (after giving effect to the Transactions) none of such assets is subject to any Lien other than Permitted Liens. Except as could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, each Credit Party and its Subsidiaries enjoys peaceful and undisturbed possession under all of its leases and all such leases are valid and subsisting and in full force and effect.

Section 3.14 Consent; Governmental Authorizations.

No material approval, consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with acceptance of Extensions of Credit by the Borrowers or the making of the Guaranty hereunder or with the execution, delivery or performance of any Credit Document by the Credit Parties (other than those which have been obtained) or with the validity or enforceability of any Credit Document against the Credit Parties (except such filings as are necessary in connection with the perfection of the Liens created by such Credit Documents).

Section 3.15 Taxes.

Each of the Credit Parties and its Subsidiaries has filed, or caused to be filed, all income tax returns and all other material tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of taxes shown thereon to be due (including interest and penalties) and (b) all other material taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes (i) that are not yet delinquent, or (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP or (iii) solely with respect to any Immaterial Subsidiary, to the extent such failure could not reasonably be expected to have a Material Adverse Effect. None of the Credit Parties or their Subsidiaries is aware as of the Closing Date of any proposed tax assessments against it or any of its Subsidiaries.

Section 3.16 Collateral Representations.

(a) Intellectual Property. Set forth on Schedule 3.16(a), as of the Closing Date, is a list of all registered or issued Intellectual Property (including all applications for registration and issuance) owned by each of the Credit Parties or that each of the Credit Parties has the right to (including the name/title, current owner, registration or application number, and registration or application date and such other information as reasonably requested by the Administrative Agent).

(b) Documents, Instruments, and Tangible Chattel Paper. Set forth on Schedule 3.16(b), as of the Closing Date, is a description of all Documents (as defined in the UCC), Instruments (as defined in the UCC), and Tangible Chattel Paper (as defined in the UCC) of the Credit Parties (including the Credit Party owning such Document, Instrument and Tangible Chattel Paper and such other information as reasonably requested by the Administrative Agent).

(c) Deposit Accounts, Electronic Chattel Paper, Letter-of-Credit Rights, Securities Accounts and Uncertificated Investment Property. Set forth on Schedule 3.16(c), as of the Closing Date, is a description of all Deposit Accounts (as defined in the UCC), Electronic Chattel Paper (as defined in the UCC), Letter-of-Credit Rights (as defined in the UCC), Securities Accounts (as defined in the UCC) and uncertificated Investment Property (as defined in the UCC) of the Credit Parties, including the name of (i) the applicable Credit Party, (ii) in the case of a Deposit Account, the depository institution and average amount held in such Deposit Account, (iii) in the case of Electronic Chattel Paper, the account debtor, (iv) in the case of Letter-of-Credit Rights, the issuer or nominated person, as applicable, and (v) in the case of a Securities Account or other uncertificated Investment Property, the Securities Intermediary or issuer and the average amount held in such Securities Account, as applicable.

(d) Commercial Tort Claims. Set forth on Schedule 3.16(d), as of the Closing Date, is a description of all Commercial Tort Claims (as defined in the UCC) of the Credit Parties (detailing such Commercial Tort Claim in such detail as reasonably requested by the Administrative Agent).

(e) Pledged Equity Interests. Set forth on Schedule 3.16(e), as of the Closing Date, is a list of (i) 100% (or, if less, the full amount owned by such Credit Party) of the issued and outstanding Equity Interests owned by such Credit Party of each Domestic Subsidiary, (ii) 65% (or, if less, the full amount owned by such Credit Party) of each class of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% (or, if less, the full amount owned by such Credit Party) of each class of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) owned by such Credit Party of each first-tier Foreign Subsidiary and (iii) all other Equity Interests required to be pledged to the Administrative Agent pursuant to the Security Documents.

(f) Properties. Set forth on Schedule 3.16(f)(i), as of the Closing Date, is a list of all Mortgaged Properties (including the Credit Party owning such Mortgaged Property). Set forth on Schedule 3.16(f)(ii) is a list of (i) each headquarter location of the Credit Parties (and an indication if such location is leased or owned), (ii) each other location where any significant administrative or governmental functions are performed (and an indication if such location is leased or owned), (iii) each other location where the Credit Parties maintain any books or records (electronic or otherwise) (and an indication if such location is leased or owned) and (iv) each location where any personal property Collateral is located at any premises owned or leased by a Credit Party with a Collateral value in excess of $1,000,000 (and an indication whether such location is leased or owned).

(g) Foreign Collateral. Set forth on Schedule 3.16(g), as of the Closing Date, is a description of all foreign equivalents of the types of Collateral described in clauses (a) through (f) of this Section 3.16.

Section 3.17 Solvency.

Each Borrower is Solvent and is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business. The Company and its Subsidiaries, taken as a whole, are Solvent and are able to pay their debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business. None of the Credit Parties (other than Immaterial Subsidiaries) has unreasonably small capital in relation to the business in which it is or proposes to be engaged. None of the Credit Parties (other than Immaterial Subsidiaries) has incurred, or believes that it will incur debts beyond its ability to pay such debts as they become due. In executing the Credit Documents and consummating the Transactions, none of the Credit Parties intends to hinder, delay or defraud either present or future creditors or other Persons to which one or more of the Credit Parties is or will become indebted. On the Closing Date, the foregoing representations and warranties shall be made both before and after giving effect to the Transactions.

Section 3.18 Compliance with FCPA.

Each of the Credit Parties and their Subsidiaries is in compliance with the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, *et seq.*, and any foreign counterpart thereto. None of the Credit Parties or their Subsidiaries has made a payment, offering, or promise to pay, or authorized the payment of, money or anything of value (a) in order to assist in obtaining or retaining business for or with, or directing business to, any foreign official, foreign political party, party official or candidate for foreign political office, (b) to a foreign official, foreign political party or party official or any candidate for foreign political office, and (c) with the intent to induce the recipient to misuse his or her official position to direct business wrongfully to such Credit Party or its Subsidiary or to any other Person, in violation of the Foreign Corrupt Practices Act, 15 U.S.C. §§ 78dd-1, *et seq.*

Section 3.19 No Burdensome Restrictions.

None of the Credit Parties or their Subsidiaries is a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.20 Brokers' Fees.

None of the Credit Parties or their Subsidiaries has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the Transactions other than the closing and other fees payable pursuant to this Agreement and as set forth in the Fee Letter.

Section 3.21 Labor Matters.

Except as disclosed on Schedule 3.21 hereto, there are no collective bargaining agreements or Multiemployer Plans covering the employees of the Credit Parties or any of their Subsidiaries as of the Closing Date. None of the Credit Parties or their Subsidiaries (a) has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years or (b) has knowledge of any potential or pending strike, walkout or work stoppage; no unfair labor practice complaint is pending against any Credit Party or any of its Subsidiaries; and there are no strikes, walkouts, work stoppages or other material labor difficulty pending or threatened against any Credit Party.

Section 3.22 Accuracy and Completeness of Information.

All factual information heretofore, contemporaneously or hereafter furnished by or on behalf of any Credit Party or any of its Subsidiaries to the Administrative Agent, the Arranger or any Lender for purposes of or in connection with this Agreement or any other Credit Document, or any Transaction, is, or when furnished, will be, to the knowledge of the Company, true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information not misleading. There is no fact now known to any Credit Party or any of its Subsidiaries which, individually or in the aggregate, has, or could reasonably be expected to have, a Material Adverse Effect, which fact has not been set forth herein, in the financial statements of the Credit Parties and their Subsidiaries furnished to the Administrative Agent and the Lenders, or in any certificate, opinion or other written statement made or furnished by any Credit Party to the Administrative Agent and the Lenders.

Section 3.23 Material Contracts.

Schedule 3.23 sets forth a complete and accurate list of all Material Contracts of the Credit Parties and their Subsidiaries in effect as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 5.2. Except for matters which, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, each Material Contract is, and immediately after giving effect to the Transactions will be, in full force and effect in accordance with the terms thereof. The Credit Parties have delivered to the Administrative Agent a true and complete copy of each Material Contract.

Section 3.24 Insurance.

The insurance coverage of the Credit Parties and their Subsidiaries is outlined as to carrier, policy number, expiration date, type and amount on Schedule 3.24 as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 5.2 and such insurance coverage complies with the requirements set forth in Section 5.5(b).

Section 3.25 Security Documents.

The Security Documents create valid and enforceable security interests in, and Liens on, the Collateral purported to be covered thereby (other than any such Collateral with respect to which a Lien would be perfected by possession or control and with respect to which the Administrative Agent shall not have determined to effect such possession or control). Except as set forth in the Security Documents, such security interests and Liens are currently perfected security interests and Liens (other than any such Collateral with respect to which a Lien would be perfected by possession or control and with respect to which the Administrative Agent shall not have determined to effect such possession or control) in favor of the Administrative Agent, for the benefit of the Secured Parties, prior to all other Liens (other than any such Collateral with respect to which a Lien would be perfected by possession or control and with respect to which the Administrative Agent shall not have determined to effect such possession or control) other than Permitted Liens.

Section 3.26 Classification of Senior Indebtedness.

The Credit Party Obligations constitute "Senior Indebtedness", "Designated Senior Indebtedness" or any similar designation under and as defined in any agreement governing any Subordinated Debt and the subordination provisions set forth in each such agreement are legally valid and enforceable against the parties thereto.

Section 3.27 Anti-Terrorism Laws.

Neither any Credit Party nor any of its Subsidiaries is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 *et seq*.) (the "Trading with the Enemy Act"), as amended. Neither any Credit Party nor any of its Subsidiaries is in violation of (a) the Trading with the Enemy Act, as amended, (b) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (c) the Patriot Act. None of the Credit Parties (i) is a blocked person described in Section 1 of the Anti-Terrorism Order or (ii) to the best of its knowledge, engages in any dealings or transactions, or is otherwise associated, with any such blocked person.

Section 3.28 Compliance with OFAC Rules and Regulations.

(a) None of the Credit Parties or their Subsidiaries or their respective Affiliates is in violation of and shall not violate any of the country or list based economic and trade sanctions administered and enforced by OFAC that are described or referenced at http://www.ustreas.gov/offices/enforcement/ofac/ or as otherwise published from time to time.

(b) None of the Credit Parties or their Subsidiaries or their respective Affiliates (i) is a Sanctioned Person or a Sanctioned Entity, (ii) has a more than 10% of its assets located in Sanctioned Entities, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. No proceeds of any Loan will be used nor have any been used to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Entity.

Section 3.29 Authorized Officer.

Set forth on Schedule 3.29 are Responsible Officers that are permitted to sign Credit Documents on behalf of the Credit Parties, holding the offices indicated next to their respective names, as of the Closing Date and as of the last date such Schedule was required to be updated in accordance with Section 5.2. Such Authorized Officers are the duly elected and qualified officers of such Credit Party and are duly authorized to execute and deliver, on behalf of the respective Credit Party, the Credit Agreement, the Notes and the other Credit Documents.

Section 3.30 Regulation H.

No Mortgaged Property is a Flood Hazard Property unless the Administrative Agent shall have received the following: (a) the applicable Credit Party's written acknowledgment of receipt of written notification from the Administrative Agent (i) as to the fact that such Mortgaged Property is a Flood Hazard Property and (ii) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program and (b) copies of insurance policies or certificates of insurance of the applicable Credit Party evidencing flood insurance reasonably satisfactory to the Administrative Agent and naming the Administrative Agent as loss payee on behalf of the Lenders.

Section 3.31 Consummation of Acquisition.

The Acquisition and related transactions have been consummated substantially in accordance with the terms of the Acquisition Documents as of the Closing Date. As of the Closing Date, the Acquisition Documents have not been altered, amended or otherwise modified or supplemented in any respect that is materially adverse to the Lenders or any material condition thereof waived without the prior written consent of the Administrative Agent. Each of the representations and warranties made in the Acquisition Documents by the Credit Parties and their Subsidiaries is true and correct in all material respects.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.1 Conditions to Closing Date.

This Agreement shall become effective upon, and the obligation of each Lender to make the initial Extensions of Credit on the Closing Date is subject to, the satisfaction of the following conditions precedent:

(a) Execution of Credit Agreement; Credit Documents. The Administrative Agent shall have received (i) counterparts of this Agreement, executed by a duly authorized officer of each party hereto, (ii) for the account of each Revolving Lender requesting a promissory note, a duly executed Revolving Loan Note, (iii) for the account of each Term Loan Lender requesting a promissory note, a duly executed Term Loan Note, (iv) for the account of the Swingline Lender requesting a promissory note, the Swingline Loan Note, (v) counterparts of the U.S. Security Agreement, the U.S. Pledge Agreement and each Mortgage Instrument, in each case conforming to the requirements of this Agreement and executed by duly authorized officers of the Credit Parties or other Person, as applicable, and (vi) counterparts of any other Credit Document, executed by the duly authorized officers of the parties thereto.

(b) Authority Documents. The Administrative Agent shall have received the following:

(i) Articles of Incorporation/Charter Documents. Original certified articles of incorporation or other charter documents (or foreign equivalent thereof), as applicable, of each Credit Party certified (A) by an officer of such Credit Party (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) as of the Closing Date to be true and correct and in force and effect as of such date, and (B) to be true and complete as of a recent date by the appropriate Governmental Authority of the state of its incorporation or organization, as applicable.

(ii) Resolutions. Copies of resolutions (or foreign equivalent thereof) of the board of directors or comparable managing body of each Credit Party approving and adopting the Credit Documents, the Transactions and authorizing execution and delivery thereof, certified by an officer of such Credit Party (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) as of the Closing Date to be true and correct and in force and effect as of such date.

(iii) Bylaws/Operating Agreement. A copy of the bylaws (or foreign equivalent thereof) or comparable operating agreement of each Credit Party certified by an officer of such Credit Party (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) as of the Closing Date to be true and correct and in force and effect as of such date.

(iv) Good Standing. Original certificates of good standing (or foreign equivalent thereof), existence or its equivalent with respect to each Credit Party certified as of a recent date by the appropriate Governmental Authorities of the state of incorporation or organization and each other state in which the failure to so qualify and be in good standing could reasonably be expected to have a Material Adverse Effect.

(v) Incumbency. An incumbency certificate of each Authorized Officer of each Credit Party certified by an officer (pursuant to an officer's certificate in substantially the form of Exhibit 4.1(b) attached hereto) to be true and correct as of the Closing Date.

(c) Legal Opinion of Counsel. The Administrative Agent shall have received an opinion or opinions (including, if requested by the Administrative Agent, local counsel opinions) of counsel for the Credit Parties (including the Acquired Company and the Foreign Guarantors), dated the Closing Date and addressed to the Administrative Agent and the Lenders, in form and substance reasonably acceptable to the Administrative Agent (which shall include, without limitation, opinions with respect to the due organization and valid existence of each Credit Party (including the Acquired Company and the Foreign Guarantors), opinions as to perfection of the Liens granted to the Administrative Agent pursuant to the Security Documents and opinions as to the non-contravention of the Credit Parties' (including the Acquired Company's and the Foreign Guarantors') organizational documents and Material Contracts). The Administrative Agent shall have received evidence that the Administrative Agent and the Lenders have been permitted to rely on each opinion delivered by the Borrowers and the seller in connection with the Acquisition, in form and substance reasonably acceptable to the Administrative Agent.

(d) Personal Property Collateral. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) (A) searches of UCC filings or the equivalent records in the jurisdiction of incorporation or formation, as applicable, of each Credit Party and each jurisdiction where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens and (B) tax lien and judgment searches;

(ii) searches of ownership of Intellectual Property in the appropriate governmental offices and such patent/trademark/copyright filings as requested by the Administrative Agent in order to perfect the Administrative Agent's security interest in the Intellectual Property;

(iii) completed UCC financing statements or the foreign equivalent for each appropriate jurisdiction as is necessary, in the Administrative Agent's sole discretion, to perfect the Administrative Agent's security interest in the Collateral;

(iv) stock or membership certificates (or foreign equivalent thereof), if any, evidencing the Equity Interests pledged to the Administrative Agent pursuant to the Security Documents and undated stock or transfer powers duly executed in blank;

(v) duly executed consents as are necessary, in the Administrative Agent's sole discretion, to perfect the Lenders' security interest in the Collateral;

(vi) in the case of any personal property Collateral located at premises leased by a Credit Party and set forth on Schedule 3.16(f)(ii) such estoppel letters, consents and waivers from the landlords of such real property to the extent required to be delivered in connection with Section 5.13 (such letters, consents and waivers shall be in form and substance reasonably satisfactory to the Administrative Agent); and

(vii) to the extent required to be delivered pursuant to the terms of the Security Documents, all instruments, documents and chattel paper in the possession of any of the Credit Parties, together with allonges or assignments as may be necessary or reasonably appropriate to perfect the Administrative Agent's and the Lenders' security interest in the Collateral.

(e) Real Property Collateral. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent and the Lenders:

(i) fully executed and notarized Mortgage Instruments encumbering the Mortgaged Properties as to properties owned by the Credit Parties and, to the extent reasonably required by the Administrative Agent, the leasehold interest in the Mortgaged Properties as to properties that are warehouses, plants or other real properties material to the conduct of the Credit Parties' business and are leased by the Credit Parties; and

(ii) a title report in respect of each of the Mortgaged Properties.

(f) Liability, Casualty, Property and Business Interruption Insurance. The Administrative Agent shall have received copies of insurance policies or certificates and endorsements of insurance evidencing liability, casualty, property and business interruption insurance meeting the requirements set forth herein or in the Security Documents. The Administrative Agent shall be named (i) as lenders' loss payee, as its interest may appear, with respect to any such insurance providing coverage in respect of any Collateral and (ii) as additional insured, as its interest may appear, with respect to any such insurance providing liability coverage, and the Credit Parties will use their commercially reasonable efforts to have each provider of any such insurance agree, by endorsement upon the policy or policies issued by it or by independent instruments to be furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be altered or cancelled.

(g) Solvency Certificate. The Administrative Agent shall have received an officer's certificate prepared by the chief financial officer or other Authorized Officer reasonably approved by the Administrative Agent of the Company as to the financial condition, solvency and related matters of the Credit Parties and their Subsidiaries, after giving effect to the Transactions and the initial borrowings under the Credit Documents, in substantially the form of Exhibit 4.1(g) hereto.

(h) Account Designation Notice. The Administrative Agent shall have received the executed Account Designation Notice in the form of Exhibit 1.1(a) hereto.

(i) Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing with respect to the Loans to be made on the Closing Date.

(j) Consents. The Administrative Agent shall have received evidence that all boards of directors (including, without limitation, the board of directors of the Acquired Company), governmental, shareholder and material third party consents and approvals necessary in connection with the Transactions have been obtained and all applicable waiting periods have expired without any action being taken by any authority that could restrain, prevent or impose any material adverse conditions on such Transactions or that could seek or threaten any of the foregoing.

(k) Compliance with Laws. The financings and other Transactions contemplated hereby shall be in compliance in all material respects with all applicable laws and regulations (including all applicable securities and banking laws, rules and regulations), except where such failure to so comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect.

(l) Bankruptcy. There shall be no bankruptcy or insolvency proceedings pending with respect to any Credit Party or any Subsidiary where such Person is the debtor in such bankruptcy or insolvency proceeding thereof.

(m) Existing Indebtedness of the Credit Parties. All of the existing Indebtedness for borrowed money of the Credit Parties and their Subsidiaries (including the Acquired Company), other than Indebtedness permitted to exist pursuant to Section 6.1, shall be repaid in full and all security interests related thereto shall be terminated on or prior to the Closing Date.

(n) Financial Statements. The Administrative Agent and the Lenders shall have received copies of the financial statements referred to in Section 3.1, each in form and substance reasonably satisfactory to each of them.

(o) No Material Adverse Change. Since February 28, 2011, there shall not have occurred any event or condition that has had or could be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect and (ii) since December 31, 2011, there shall not have occurred a Company Material Adverse Effect.

(p) Financial Condition Certificate. The Administrative Agent shall have received a certificate or certificates executed by an Authorized Officer of the Company as of the Closing Date, substantially in the form of Exhibit 4.1(p) stating that (i) there does not exist any pending or ongoing, action, suit, investigation, litigation or proceeding in any court or before any other Governmental Authority (A) affecting this Agreement or the other Credit Documents, that has not been settled, dismissed, vacated, discharged or terminated prior to the Closing Date or (B) that purports to affect any Credit Party or any of its Subsidiaries, or any Transaction, which action, suit, investigation, litigation or proceeding could reasonably be expected to have a Material Adverse Effect, that has not been settled, dismissed, vacated, discharged or terminated prior to the Closing Date, (ii) immediately after giving effect to this Agreement, the other Credit Documents, and all the Transactions contemplated to occur on such date, (A) no Default or Event of Default exists, (B) all representations and warranties contained herein and in the other Credit Documents are true and correct, and (C) the Credit Parties are in pro forma compliance with the financial tests set forth in Section 4.1(s) (as evidenced through detailed calculations of such financial covenants on a schedule to such certificate) as of January 31, 2012 and (iii) each of the other conditions precedent in Section 4.1 have been satisfied, except to the extent the satisfaction of any such condition is subject to the judgment or discretion of the Administrative Agent or any Lender.

(q) Material Contracts. The Administrative Agent shall have received true and complete copies, certified by an officer of the Company as true and complete, of all Material Contracts, together with all exhibits and schedules.

(r) Acquisition Documents. The Administrative Agent shall have reviewed and approved in its reasonable discretion all of the Acquisition Documents and there shall not have been any modification, amendment, supplement or waiver to the Acquisition Documents that is materially adverse to the Lenders (as determined by the Administrative Agent in its reasonable discretion) without the prior written consent of the Administrative Agent, and the Acquisition shall have been consummated in accordance with the terms of the Acquisition Documents (without waiver of any conditions precedent to the obligations of any party thereto). The Administrative Agent shall have received a copy, certified by an officer of the Company as true and complete, of each Acquisition Document as originally executed and delivered, together with all exhibits and schedules thereto.

(s) Consolidated EBITDA and Total Leverage Ratio. The Administrative Agent shall have received evidence that (i) Consolidated EBITDA is no less than $68,000,000 and (ii) the Total Leverage Ratio of the Credit Parties and their Subsidiaries is not greater than 2.70 to 1.0, in each case, calculated on a Pro Forma Basis after giving effect to the Transactions, for the twelve-month period ending as of the most recent month prior to the Closing Date for which financial statements are available, such calculations to be reasonably satisfactory to the Administrative Agent.

(t) Structure. The pro forma capital, ownership and management structure and shareholding arrangement of the Credit Parties and their Subsidiaries (and all agreements relating thereto) shall be reasonably satisfactory to the Administrative Agent. The Administrative Agent shall be reasonably satisfied that there are no material restrictions on the ability of any Subsidiary of the Company to pay dividends or distributions to, or otherwise advance, directly or indirectly, funds to the Borrowers. Set forth on Schedule 4.1(t) is the total capitalization of the Company after giving effect to the Transactions. The Administrative Agent shall be reasonably satisfied with the terms and amounts of any intercompany loans among the Credit Parties and the flow of funds in connection with the closing hereof.

(u) "Know Your Customer" Requirements. The Administrative Agent and the Lenders shall have received, at least five (5) Business Days prior to the Closing Date, all documentation and other information required by any regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(v) Fees and Expenses. The Administrative Agent and the Lenders shall have received all fees and expenses, if any, owing pursuant to the Fee Letter and Section 2.5.

(w) Additional Matters. All other documents and legal matters in connection with the Transactions shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

Without limiting the generality of the provisions of Section 8.4, for purposes of determining compliance with the conditions specified in this Section 4.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 4.2 Conditions to All Extensions of Credit.

The obligation of each Lender to make any Extension of Credit hereunder is subject to the satisfaction of the following conditions precedent on the date of making such Extension of Credit:

(a) Representations and Warranties. The representations and warranties made by the Credit Parties herein, in the other Credit Documents and which are contained in any certificate furnished at any time under or in connection herewith shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects, in each case on and as of the date of such Extension of Credit as if made on and as of such date except for any representation or warranty made as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date.

(b) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Extension of Credit to be made on such date unless such Default or Event of Default shall have been waived in accordance with this Agreement.

(c) Compliance with Commitments. Immediately after giving effect to the making of any such Extension of Credit (and the application of the proceeds thereof), (i) the sum of the aggregate principal amount of outstanding U.S. Revolving Loans plus outstanding Swingline Loans plus outstanding LOC Obligations shall not exceed the lesser of (A) the U.S. Revolving Committed Amount then in effect and (B) the Revolving Availability Amount, (ii) the aggregate principal amount of outstanding Multicurrency Revolving Loans shall not exceed the Multicurrency Revolving Committed Amount, (iii) the outstanding LOC Obligations shall not exceed the LOC Committed Amount, and (iv) the outstanding Swingline Loans shall not exceed the Swingline Committed Amount.

(d) Additional Conditions to Revolving Loans. If (i) a U.S. Revolving Loan is requested, all conditions set forth in Section 2.1(a)(A) shall have been satisfied and (ii) a Multicurrency Revolving Loan is requested, all conditions set forth in Section 2.1(a)(B) shall have been satisfied.

(e) Additional Conditions to Letters of Credit. If the issuance of a Letter of Credit is requested, (i) all conditions set forth in Section 2.3 shall have been satisfied and (ii) there shall exist no Lender that is a Defaulting Lender unless the Issuing Lender has entered into satisfactory arrangements with the Borrowers or such Defaulting Lender to eliminate the Issuing Lender's risk with respect to such Defaulting Lender's LOC Obligations.

(f) Additional Conditions to Swingline Loans. If a Swingline Loan is requested, (i) all conditions set forth in Section 2.4 shall have been satisfied and (ii) there shall exist no Lender that is a Defaulting Lender unless the Swingline Lender has entered into satisfactory arrangements with the Borrowers or such Defaulting Lender to eliminate the Swingline Lender's risk with respect to such Defaulting Lender's in respect of its Swingline Commitment.

Each request for an Extension of Credit and each acceptance by the Borrowers of any such Extension of Credit shall be deemed to constitute representations and warranties by the Credit Parties as of the date of such Extension of Credit that the conditions set forth above in paragraphs (a) through (f), as applicable, have been satisfied.

ARTICLE V

AFFIRMATIVE COVENANTS

Each of the Credit Parties hereby covenants and agrees that on the Closing Date, and thereafter (a) for so long as this Agreement is in effect, (b) until the Commitments have terminated, and (c) the Credit Party Obligations are paid in full in cash, such Credit Party shall, and shall cause each of their Subsidiaries, to:

Section 5.1 Financial Statements.

Furnish to the Administrative Agent and each of the Lenders:

(a) Annual Financial Statements. As soon as available and in any event no later than the earlier of (i) to the extent applicable, the date the Company is required by the SEC to deliver its Form 10-K for each fiscal year of the Company (including the fiscal year ending February 29, 2012) and (ii) one hundred (100) days after the end of each fiscal year of the Company (including the fiscal year ending February 29, 2012), a copy of the Consolidated and consolidating balance sheet of the Company and its Subsidiaries as of the end of such fiscal year (including the fiscal year ending February 29, 2012) and the related Consolidated and consolidating statements of income and retained earnings and of cash flows of the Company and its Subsidiaries for such year, which shall be audited by a firm of independent certified public accountants of nationally recognized standing reasonably acceptable to the Administrative Agent, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such independent certified public accountants to certify such financial statements without such qualification;

(b) Quarterly Financial Statements. As soon as available and in any event no later than the earlier of (i) to the extent applicable, the date the Company is required by the SEC to deliver its Form 10-Q for any fiscal quarter of the Company (including the fiscal quarter ended November 30, 2011) and (ii) fifty-five (55) days after the end of each of the first three (3) fiscal quarters of the Company (including the fiscal quarter ended November 30, 2011), a copy of the Consolidated and consolidating balance sheet of the Company and its Subsidiaries as of the end of such period and related Consolidated and consolidating statements of income and retained earnings and of cash flows for the Company and its Subsidiaries for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form Consolidated figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments) and including management discussion and analysis of operating results inclusive of operating metrics in comparative form; and

(c) Annual Operating Budget and Cash Flow. As soon as available, but in any event within forty five (45) days after the end of each fiscal year (including the fiscal year ended February 29, 2011), a copy of the detailed annual operating budget or plan including cash flow projections of the Company and its Subsidiaries for the next four fiscal quarter period prepared on a monthly basis, in form and detail reasonably acceptable to the Administrative Agent and the Lenders, together with a summary of the material assumptions made in the preparation of such annual budget or plan;

all such financial statements shall be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments) and to be prepared in reasonable detail and, in the case of the annual, quarterly and monthly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change, if any, in GAAP as provided in Section 1.3(b).

Notwithstanding the foregoing, financial statements and reports required to be delivered pursuant to the foregoing provisions of this Section may be delivered electronically and if so, shall be deemed to have been delivered on the date on which the Administrative Agent receives such reports from the Company through electronic mail; provided that, upon the Administrative Agent's request, the Company shall provide paper copies of any documents required hereby to the Administrative Agent.

Section 5.2 Certificates; Other Information.

Furnish to the Administrative Agent and each of the Lenders:

(a) Accountants' Certificate. Concurrently with the delivery of the financial statements referred to in Section 5.1(a) above, any document or other correspondence from the Company's independent certified public accountants reporting on the financial statements of the Company and including any information relating to such accountants knowledge of any Default or Event of Default.

(b) Officer's Certificate. Concurrently with the delivery of the financial statements referred to in Sections 5.1(a) and 5.1(b) above, a certificate of an Authorized Officer substantially in the form of Exhibit 5.2(b) stating that (i) such financial statements present fairly the financial position of the Credit Parties and their Subsidiaries for the periods indicated in conformity with GAAP applied on a consistent basis, (ii) each of the Credit Parties during such period observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement to be observed, performed or satisfied by it, and (iii) such Authorized Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and such certificate shall include the calculations in reasonable detail required to indicate compliance with Section 5.9 as of the last day of such period.

(c) Updated Schedules. Concurrently with or prior to the delivery of the financial statements referred to in Sections 5.1(a) and 5.1(b) above, updated Schedules, if necessary, with respect to any new or altered Collateral items where action is required by the Administrative Agent to perfect in such Collateral, including any changes to insurance policies.

(d) Reports; SEC Filings; Regulatory Reports; Press Releases; Etc. Promptly upon their becoming available, (i) copies of all reports (other than those provided pursuant to Section 5.1 and those which are of a promotional nature) and other financial information which any Credit Party sends to its shareholders, (ii) copies of all reports and all registration statements and prospectuses, if any, which any Credit Party makes to, or files with, the SEC (or any successor or analogous Governmental Authority) or any securities exchange or other private regulatory authority, (iii) all material regulatory reports and (iv) all press releases and other statements made available by any of the Credit Parties to the public concerning material developments in the business of any of the Credit Parties.

(e) Management Letters; Etc. Promptly upon receipt thereof, a copy or summary of any other report, or “management letter” or similar report submitted by independent accountants to any Credit Party or any of their Subsidiaries in connection with any annual, interim or special audit of the books of such Person.

(f) Changes in Corporate Structure. Within ten days prior to any merger, consolidation, dissolution or other change in corporate structure of any Credit Party or any of its Subsidiaries permitted pursuant to the terms hereof, provide notice of such change in corporate structure to the Administrative Agent.

(g) General Information. Promptly, such additional financial and other information as the Administrative Agent, on behalf of any Lender, may from time to time reasonably request.

Section 5.3 Payment of Taxes and Other Obligations.

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, subject, where applicable, to specified grace periods, (a) all Federal, state or other material taxes and (b) all of its other obligations and liabilities of whatever nature in accordance with industry practice, except where such failure to pay, discharge or otherwise satisfy could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect and (c) any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such taxes, obligations and liabilities, except when the amount or validity of any such taxes, obligations and liabilities is currently being contested in good faith by appropriate proceedings and reserves, if applicable, in conformity with GAAP with respect thereto have been provided on the books of the Credit Parties.

Section 5.4 Conduct of Business and Maintenance of Existence.

Except as expressly permitted under Section 6.4, continue to engage in business of the same general type as now conducted by it on the Closing Date and preserve, renew and keep in full force and effect its corporate or other formative existence and good standing. Take all reasonable action to maintain all material rights, privileges and franchises necessary in the normal conduct of its business and to maintain its goodwill and comply with all material Contractual Obligations and Requirements of Law, except to the extent that failure to take such action could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect.

Section 5.5 Maintenance of Property; Material Contracts; Insurance.

(a) Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, maintain all material property necessary in the operation of its business in good working order and condition (ordinary wear and tear and obsolescence excepted).

(b) Comply in all material respects with the terms and provisions of the Material Contracts and cause the Material Contracts, to remain in full force and effect other than (i) to the extent such Material Contracts terminate or lapse in accordance with their respective terms in the ordinary course of business if noncompliance, termination or lapse with respect to any such Material Contract could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (ii) as a result of a breach by the opposite party subject to such Material Contract.

(c) Maintain with financially sound and reputable insurance companies liability, casualty, property and business interruption insurance (including, without limitation, insurance with respect to its tangible Collateral) in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to the Administrative Agent, upon the reasonable request of the Administrative Agent, full information as to the insurance carried. The Administrative Agent shall be named (i) as lenders' loss payee, as its interest may appear with respect to any property insurance, and (ii) as additional insured, as its interest may appear, with respect to any such liability insurance, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments to be furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be altered or canceled.

(d) In case of any material loss, damage to or destruction of the Collateral of any Credit Party or any part thereof, such Credit Party shall promptly give written notice thereof to the Administrative Agent generally describing the nature and extent of such damage or destruction. In case of any such material loss, damage to or destruction of the Collateral of any Credit Party or any part thereof, if reasonably required by the Administrative Agent or the Required Lenders, such Credit Party (whether or not the insurance proceeds, if any, received on account of such damage or destruction shall be sufficient for that purpose), at such Credit Party's cost and expense, will promptly repair or replace the Collateral of such Credit Party so lost, damaged or destroyed.

(e) Obtain and maintain all material government permits, government licenses and consents necessary for the operation and maintenance of the business of the Credit Parties.

Section 5.6 Maintenance of Books and Records.

Keep proper books, records and accounts in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its businesses and activities.

Section 5.7 Notices.

Give notice in writing to the Administrative Agent after any Responsible Officer of any Credit Party has knowledge thereof (which shall promptly transmit such notice to each Lender):

(a) promptly, but in any event within two (2) Business Days, the occurrence of any Default or Event of Default;

(b) promptly, any default or event of default under any Contractual Obligation of any Credit Party or any of its Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $1,000,000;

(c) promptly, any litigation, or any investigation or proceeding known or threatened to any Credit Party (i) affecting any Credit Party or any of its Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of $1,000,000 or involving injunctions or requesting injunctive relief by or against any Credit Party or any Subsidiary of any Credit Party, (ii) affecting or with respect to this Agreement, any other Credit Document or any security interest or Lien created thereunder, (iii) involving an environmental claim or potential liability under Environmental Laws which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iv) by any Governmental Authority relating to any Credit Party or any Subsidiary thereof and alleging fraud, deception or willful misconduct by such Person;

(d) of any labor controversy that has resulted in, or threatens to result in, a strike or other work action against any Credit Party which could reasonably be expected to have a Material Adverse Effect;

(e) of any attachment, judgment, lien, levy or order exceeding $1,000,000 that may be assessed against or threatened against any Credit Party other than Permitted Liens;

(f) as soon as possible and in any event within thirty (30) days: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC (other than a Permitted Lien) or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or any Credit Party, any Commonly Controlled Entity or any Multiemployer Plan, with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan;

(g) promptly of the occurrence of any material weakness in, or fraud that involves management or other employees who have a significant role in, any Credit Party's internal controls over financial reporting, in each case as described in the Securities Laws;

(h) as soon as possible and in any event within ten (10) days prior to creating a Domestic Subsidiary or a Foreign Subsidiary, notice of the creation of such Domestic Subsidiary or Foreign Subsidiary;

(i) promptly, any other development or event which could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of an Authorized Officer setting forth details of the occurrence referred to therein and stating what action the Credit Parties propose to take with respect thereto. In the case of any notice of a Default or Event of Default, the Borrowers shall specify that such notice is a Default or Event of Default notice on the face thereof.

Section 5.8 Environmental Laws.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, comply with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings; and

(c) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors and affiliates, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Credit Parties or any of their Subsidiaries or the Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of the Credit Party Obligations and all other amounts payable hereunder and termination of the Commitments and the Credit Documents.

Section 5.9 Financial Covenants.

Comply with the following financial covenants:

(a) Total Leverage Ratio. The Total Leverage Ratio, calculated as of the last day of each fiscal quarter occurring during the periods set forth below, shall be less than or equal to the following:

Period	Ratio
Closing Date through and including February 28, 2013	3.25 to 1.00
March 1, 2013 through and including February 28, 2014	3.00 to 1.00
March 1, 2014 and thereafter	2.75 to 1.00

(b) Consolidated EBIT to Consolidated Interest Expense Ratio. The Consolidated EBIT to Consolidated Interest Expense Ratio, calculated as of the last day of each fiscal quarter, shall be greater than or equal to 3.00 to 1.00.

Section 5.10 Additional Guarantors.

(a) The Domestic Credit Parties will cause each of their Domestic Subsidiaries, whether newly formed, after acquired or otherwise existing to promptly (and in any event within thirty (30) days after such Domestic Subsidiary is formed or acquired (or such longer period of time as agreed to by the Administrative Agent in its reasonable discretion)) become a Domestic Guarantor hereunder by way of execution of a Joinder Agreement; provided that any Domestic Subsidiary formed in connection with the Indiana Project or the Florida Project shall not be required to become a Guarantor to the extent doing so would violate applicable law or such Subsidiary's organizational documents or the relevant financing documentation (to the extent otherwise permitted hereunder). In connection therewith, the Domestic Credit Parties shall give notice to the Administrative Agent not less than ten (10) days prior to creating a Domestic Subsidiary (or such shorter period of time as agreed to by the Administrative Agent in its reasonable discretion), or acquiring the Equity Interests of any other Person. The Domestic Credit Party Obligations shall be secured by, among other things, a first priority perfected security interest in the Collateral (subject to Permitted Liens) of such new Domestic Guarantor and a pledge of 100% of the Equity Interests of such new Domestic Guarantor and its Domestic Subsidiaries and 65% (or such higher percentage that would not result in material adverse tax consequences for such new Domestic Guarantor) of the voting Equity Interests and 100% of the non-voting Equity Interests of its first-tier Foreign Subsidiaries. In connection with the foregoing, the Domestic Credit Parties shall deliver to the Administrative Agent, with respect to each Domestic Guarantor to the extent applicable, substantially the same documentation required pursuant to Sections 4.1 and 5.12 and such other documents or agreements as the Administrative Agent may reasonably request.

(b) The Credit Parties will cause each of their direct and indirect Material Foreign Subsidiaries (other than the Excluded Foreign Subsidiaries), whether newly formed, after acquired or otherwise existing to promptly (and in any event within thirty (30) days after such Subsidiary is formed or acquired (or such longer period of time as agreed to by the Administrative Agent in its reasonable discretion)) become a Foreign Guarantor to the extent legally permissible and subject to requirements and limitations arising under applicable corporate or tax laws (that would have a material adverse tax consequence), unless waived by the Administrative Agent in its reasonable discretion. In connection therewith, the Company shall give notice to the Administrative Agent not less than twenty (20) days prior to any Borrower creating a Material Foreign Subsidiary, or acquiring the Equity Interests of any other Person organized under the laws of a foreign country. The Foreign Obligations shall be secured by, among other things, a first priority security interest in the Foreign Collateral of such new Foreign Guarantor (subject to Permitted Liens) and a pledge of 100% of the Equity Interests of such new Foreign Guarantor and its Subsidiaries to the extent legally permissible and subject to requirements and limitations arising under applicable corporate or tax laws (that would have a material adverse tax consequence), unless waived by the Administrative Agent in its reasonable discretion. In connection with the foregoing, the Company shall deliver to the Administrative Agent, with respect to each new Material Foreign Guarantor to the extent applicable, substantially the same documentation required pursuant to Sections 4.1 and 5.12 and such other documents or agreements as the Administrative Agent may reasonably request.

Section 5.11 Compliance with Law.

Comply with all Requirements of Law and orders (including Environmental Laws, ERISA and the Patriot Act), and all applicable restrictions imposed by all Governmental Authorities, applicable to it and the Collateral if noncompliance with any such Requirements of Law, order or restriction could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.12 Pledged Assets.

(a) Equity Interests. Each Domestic Credit Party will cause 100% of the Equity Interests in each of its direct or indirect Domestic Subsidiaries and 65% (to the extent the pledge of a greater percentage would be unlawful or would cause any materially adverse tax consequences to the Borrowers or any Guarantor) of the voting Equity Interests and 100% of the non-voting Equity Interests of its first-tier Foreign Subsidiaries (provided that any first-tier Foreign Subsidiary that is treated as a disregarded entity for tax purposes shall be deemed to be a Domestic Subsidiary), in each case to the extent owned by such Credit Party, to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request. To the extent legally permissible and subject to limitations arising under applicable corporate or tax laws, unless such requirement is waived by the Administrative Agent in its reasonable discretion, the Foreign Credit Parties will cause 100% of the Equity Interests in each of their direct Subsidiaries to be subject at all times to a first priority Lien in favor of the Administrative Agent (on behalf of the Lenders) pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request, which pledge of Equity Interests shall secure the Foreign Obligations.

(b) Personal Property. Subject to the terms of subsection (c) below, each Domestic Credit Party will cause all of its tangible and intangible personal property now owned or hereafter acquired by it to be subject at all times to a first priority, perfected Lien (subject in each case to Permitted Liens) in favor of the Administrative Agent for the benefit of the Secured Parties to secure the Credit Party Obligations pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request. Subject to the terms of subsection (c) below, each Foreign Credit Party will cause all of its tangible and intangible personal property now owned or hereafter acquired by it to be subject at all times to a first priority, perfected Lien (subject in each case to Permitted Liens) in favor of the Administrative Agent for the benefit of the Secured Parties to secure the Credit Party Obligations of the Foreign Credit Parties pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request. Each Credit Party shall, and shall cause each of its Subsidiaries to, adhere to the covenants set forth in the Security Documents.

(c) Real Property. To the extent otherwise permitted hereunder, if any Domestic Credit Party intends to acquire a fee or leasehold ownership interest in any real property (other than the real property related to (i) the Indiana Project and the Florida Project so long as there is mortgage Indebtedness provided by a third party associated therewith and (ii) the real property located in Hope, Alabama; provided, that such property shall, to the extent deemed reasonably necessary by the Administrative Agent, be included as Real Estate for purposes of this clause (c) to the extent the mortgage Indebtedness provided by a third party associated therewith has been paid in full and terminated) ("Real Estate") after the Closing Date and such Real Estate has a fair market value in excess of $2,500,000, it shall use commercially reasonable efforts (the requirement to use such commercially reasonable efforts to include, to the extent applicable, the period in which the applicable Domestic Credit Party is negotiating any lease with a prospective landlord) to provide to the Administrative Agent within sixty (60) days of such acquisition (or such extended period of time as agreed to by the Administrative Agent) such security documentation as the Administrative Agent may request to cause such fee or leasehold ownership interest in Real Estate to be subject at all times to a first priority, perfected Lien (subject in each case to Permitted Liens) in favor of the Administrative Agent and such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, title reports, title insurance policies, surveys, appraisals, zoning letters, environmental reports and opinions of counsel, all in form and substance reasonably satisfactory to the Administrative Agent. If, subsequent to the Closing Date, any Foreign Credit Party shall acquire any real property or any property that would constitute Foreign Collateral having a value exceeding $100,000 and that is required for perfection to be registered with the German land register (*Grundbuchamt*) or other applicable recording office, the Foreign Borrower shall promptly (and in any event within three (3) Business Days) after any Responsible Officer of the Foreign Borrower acquires knowledge of such acquisition notify the Administrative Agent of such acquisition. Subject to the terms of Section 9.28, the Foreign Borrower shall, and shall cause each Foreign Guarantor to, take such action (to the extent legally permissible and subject to limitations arising under applicable corporate or tax laws) at its own expense as reasonably requested by the Administrative Agent (including, without limitation, any of the actions described in Section 4.1(d) or (e) hereof) to ensure that the Administrative Agent has a first priority perfected Lien (subject to Permitted Liens) to secure the Foreign Obligations in all plant, property, equipment and accounts receivable of the Foreign Borrower (if applicable) or such Foreign Guarantor.

(d) Leases and other Agreements. Each Credit Party shall timely and fully pay and perform its material obligations under all material leases and other material agreements with respect to each leased location or public warehouse where any Collateral is or may be located.

Section 5.13 Landlord Waivers.

In the case of (a) each headquarter location of the Credit Parties, each other location where any significant administrative or governmental functions are performed and each other location where the Credit Parties maintain any books or records (electronic or otherwise) and (b) any personal property Collateral located at any other premises leased by a Credit Party containing personal property Collateral with a value in excess of $1,000,000, the Credit Parties will provide the Administrative Agent with such estoppel letters, consents and waivers from the landlords on such real property to the extent (i) requested by the Administrative Agent and (ii) the Credit Parties are able to secure such letters, consents and waivers after using commercially reasonable efforts (such letters, consents and waivers shall be in form and substance reasonably satisfactory to the Administrative Agent, it being acknowledged and agreed that any landlord waiver in the form of Exhibit 4.1(d) is reasonably satisfactory to the Administrative Agent).

Section 5.14 Further Assurances and Post-Closing Covenants.

(a) Public/Private Designation. The Credit Parties will cooperate with the Administrative Agent in connection with the publication of certain materials and/or information provided by or on behalf of the Credit Parties to the Administrative Agent and Lenders (collectively, "Information Materials") and will designate Information Materials (i) that are either available to the public or not material with respect to the Credit Parties and their Subsidiaries or any of their respective securities for purposes of United States federal and state securities laws, as "Public Information" and (ii) that are not Public Information as "Private Information".

(b) Additional Information. The Credit Parties shall provide such information regarding the operations, business affairs and financial condition of the Credit Parties and their Subsidiaries as the Administrative Agent or any Lender may reasonably request.

(c) Visits and Inspections. The Credit Parties shall permit representatives of the Administrative Agent or any Lender, from time to time upon prior reasonable notice and at such times during normal business hours, to visit and inspect its properties (including the Collateral); inspect, audit and make extracts from its books, records and files, including, but not limited to, management letters prepared by independent accountants; and discuss with its principal officers, and its independent accountants, its business, assets, liabilities, financial condition, results of operations and business prospects. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent or any Lender may do any of the foregoing at any time without advance notice.

(d) Conference Call. To the extent requested by the Administrative Agent, within thirty (30) days of the delivery of any financial statements referred to in subsections 5.1(a), the management of the Company shall host a conference call for the Lenders to discuss such financial statements. No fewer than three days prior to each conference call, the Company shall notify the Lenders of the time and date of such conference call and shall provide each Lender with access instructions to the conference call.

(e) Further Assurances. Upon the reasonable request of the Administrative Agent, promptly perform or cause to be performed any and all acts and execute or cause to be executed any and all documents for filing under the provisions of the UCC or any other Requirement of Law which are necessary or advisable to maintain in favor of the Administrative Agent, for the benefit of the Secured Parties, Liens on the Collateral that are duly perfected in accordance with the requirements of, or the obligations of the Credit Parties under, the Credit Documents and all applicable Requirements of Law.

(f) Post-Closing Items.

(i) Deposit Account Control Agreements. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall deliver Deposit Account Control Agreements reasonably satisfactory to the Administrative Agent to the extent required to be delivered pursuant to Section 6.14.

(ii) Securities Account Control Agreements. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall deliver Securities Account Control Agreements reasonably satisfactory to the Administrative Agent to the extent required to be delivered pursuant to Section 6.14.

(iii) Real Property Collateral. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall deliver:

(A) evidence as to (A) whether any Mortgaged Property is a Flood Hazard Property and (B) if any Mortgaged Property is a Flood Hazard Property, (x) whether the community in which such Mortgaged Property is located is participating in the National Flood Insurance Program, (y) the applicable Credit Party's written acknowledgment of receipt of written notification from the Administrative Agent (I) as to the fact that such Mortgaged Property is a Flood Hazard Property and (II) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program and (z) copies of insurance policies or certificates of insurance of the Credit Parties and their Subsidiaries evidencing flood insurance reasonably satisfactory to the Administrative Agent and naming the Administrative Agent as loss payee on behalf of the Lenders; and

(B) at the request of the Administrative Agent, an appraisal of each owned Mortgaged Property, in form and substance reasonably satisfactory to the Administrative Agent.

(iv) Foreign Guarantors and Foreign Collateral. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall cause the Canadian Guarantors, the Mexican Guarantors, the Dutch Guarantors, the Venezuelan Guarantors, the German Guarantors and the Hungarian Guarantors and the Foreign Borrower to enter into Joinder Agreements (other than with respect to the Foreign Borrower) and collateral security documents, in each case, reasonably acceptable to the Administrative Agent whereby (A) each Foreign Guarantor shall guaranty the Domestic Obligations and/or the Foreign Obligations as applicable, (B) each Foreign Guarantor shall provide collateral security in support of such guaranty and (C) the Foreign Borrower shall provide collateral security in support of its obligations hereunder. In connection with the foregoing, the Foreign Borrower and such Foreign Guarantors shall deliver to the Administrative Agent, with respect to the Foreign Borrower and each such Foreign Guarantor to the extent applicable, substantially the same documentation required pursuant to Sections 4.1 and 5.12 and such other documents or agreements as the Administrative Agent may reasonably request.

(v) Insurance Certificates. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall deliver copies of insurance policies or certificates and endorsements of insurance evidencing liability, casualty, property and business interruption insurance with respect to the Foreign Borrower and its Subsidiaries meeting the requirements set forth herein or in the Security Documents.

(vi) Stock Certificates. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall deliver the stock or membership certificates (or foreign equivalent thereof) and undated stock or transfer powers required hereunder to the extent not delivered to the Administrative Agent on the Closing Date.

(vii) Intellectual Property. Within thirty (30) days after the Closing Date (or such longer period of time as agreed to by the Administrative Agent in its sole discretion), the Company shall deliver evidence reasonably satisfactory to the Administrative Agent that the Lien in favor of SunTrust Bank against certain Intellectual Property of the Credit Parties has been terminated.

Section 5.15 Use of Proceeds.

The proceeds of the Extensions of Credit shall be used by the Borrowers at all times solely as set forth in Section 3.11.

ARTICLE VI

NEGATIVE COVENANTS

Each of the Credit Parties hereby covenants and agrees that on the Closing Date, and thereafter (a) for so long as this Agreement is in effect, (b) until the Commitments have terminated and (c) the Credit Party Obligations and all other amounts owing to the Administrative Agent or any Lender hereunder are paid in full in cash, that:

Section 6.1 Indebtedness.

No Credit Party will, nor will it permit any Subsidiary to, contract, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness arising or existing under this Agreement and the other Credit Documents;

(b) Indebtedness (including any undrawn amounts available under any document representing such Indebtedness) of the Credit Parties and their Subsidiaries existing as of the Closing Date as referred to in the financial statements referenced in Section 3.1 or set forth specifically in Schedule 6.1(b) hereto, and any renewals, refinancings or extensions thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension (plus any amounts permitted under Section 6.1(k)) and the terms of any such renewal, refinancing or extension are not materially less favorable to the obligor thereunder;

(c) Indebtedness of the Credit Parties and their Subsidiaries incurred after the Closing Date consisting of Capital Leases or Indebtedness incurred to provide all or a portion of the purchase price or cost of construction of an asset; provided that (i) such Indebtedness when incurred shall not exceed the purchase price or cost of construction of such asset; (ii) no such Indebtedness shall be renewed, refinanced or extended for a principal amount in excess of the principal balance outstanding thereon at the time of such renewal, refinancing or extension; and (iii) the total amount of all such Indebtedness shall not exceed $5,000,000 at any time outstanding;

(d) Unsecured intercompany Indebtedness (i) among the Domestic Credit Parties, (ii) among the Foreign Credit Parties, (iii) of Domestic Credit Parties owing to Foreign Credit Parties, (iv) of Foreign Credit Parties owing to Domestic Credit Parties in an aggregate principal amount under this clause (iv) not to exceed €10,000,000 at any time outstanding; provided, that, such amount shall be reduced to €4,000,000 on the the earlier of (A) the date that is forty-five (45) days following the Closing Date and (B) the date that the requirements set forth in Section 5.14(f)(iv) of this Agreement have been satisfied in their entirety, and (v) of Excluded Foreign Subsidiaries owing to a Credit Party in an aggregate principal amount not to exceed €10,000,000 at any time outstanding; provided, that, in each case, no Default or Event of Default shall have occurred or be continuing both immediately before and immediately after giving effect to such incurrence of Indebtedness; provided further that notwithstanding the foregoing, intercompany loans, together with any Asset Dispositions under Section 6.4(a)(v), made to (A) the Venezuela Guarantor shall not exceed $10,000,000 in the aggregate at any time outstanding, (B) the Dutch Guarantor shall not exceed $20,000,000 in the aggregate at any time outstanding and (C) the Mexican Guarantor shall not exceed $17,000,000 in the aggregate at any time outstanding;

(e) Indebtedness and obligations owing under Bank Products entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(f) Indebtedness of a Person existing at the time such Person becomes a Subsidiary of a Credit Party in a transaction permitted hereunder in an aggregate principal amount not to exceed $3,000,000 for all such Persons; provided that any such Indebtedness was not created in anticipation of or in connection with the transaction or series of transactions pursuant to which such Person became a Subsidiary of a Credit Party;

(g) Guaranty Obligations in respect of Indebtedness of a Credit Party to the extent such Indebtedness is permitted to exist or be incurred pursuant to this Section;

(h) unsecured Indebtedness outstanding under a credit facility of the Acquired Company or one or more of its Subsidiaries in an aggregate principal amount not to exceed €6,000,000;

(i) Indebtedness incurred in connection with the purchase and/or construction of the Indiana Project in an aggregate principal amount not to exceed $8,000,000;

(j) Indebtedness incurred in connection with the purchase and/or construction of the Florida Project in an aggregate principal amount not to exceed $12,000,000;

(k) other secured or unsecured Indebtedness of Excluded Foreign Subsidiaries in an aggregate principal amount not to exceed €5,000,000;

(l) Indebtedness to the extent constituting an Investment permitted under Section 6.5; and

(m) other unsecured Indebtedness of Credit Parties of a nature not contemplated by the foregoing clauses hereof in an aggregate principal amount not to exceed to $5,000,000; provided that (i) no Default or Event of Default shall have occurred and be continuing at the time of the incurrence of such Indebtedness and (ii) immediately before and immediately after giving effect to such incurrence, the Credit Parties are in compliance on a Pro Forma Basis with each of the financial covenants set forth in Section 5.9.

Section 6.2 Liens.

The Credit Parties will not, nor will they permit any Subsidiary to, contract, create, incur, assume or permit to exist any Lien with respect to any of their respective property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or hereafter acquired, except for the following (the "Permitted Liens"):

(a) Liens created by or otherwise existing under or in connection with this Agreement or the other Credit Documents in favor of the Administrative Agent on behalf of the Secured Parties;

(b) Liens in favor of a Bank Product Provider in connection with a Bank Product; provided that such Liens shall secure the Credit Party Obligations on a pari passu basis;

(c) Liens securing purchase money Indebtedness and Capital Lease Obligations (and refinancings thereof) to the extent permitted under Section 6.1(c); provided, that (i) any such Lien attaches to such property concurrently with or within thirty (30) days after the acquisition thereof and (ii) such Lien attaches solely to the property so acquired in such transaction;

(d) Liens for taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed sixty (60) days), if any, related thereto has not expired or which are being contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of any Credit Party or its Subsidiaries, as the case may be, in conformity with GAAP;

(e) statutory Liens such as carriers', warehousemen's, mechanics', materialmen's, landlords', repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than forty-five (45) days or which are being contested in good faith by appropriate proceedings; provided that a reserve or other appropriate provision shall have been made therefor and the aggregate amount of such Liens is less than $500,000;

(f) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation (other than any Lien imposed by ERISA) and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in an aggregate amount not to exceed $1,500,000;

(g) Liens on amounts deposited to secure a Borrower's obligations in connection with the making or entering into of bids, tenders, or leases in the ordinary course of business and not in connection with the borrowing of money;

(h) easements, rights of way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(i) Liens existing on the Closing Date and set forth on Schedule 1.1(b) and any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in this definition; provided that such extension, renewal or replacement Lien shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(j) Liens arising in the ordinary course of business by virtue of any contractual, statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies covering deposit or securities accounts (including funds or other assets credited thereto) or other funds maintained with a depository institution or securities intermediary;

(k) any zoning, building or similar laws or rights reserved to or vested in any Governmental Authority;

(l) restrictions on transfers of securities imposed by applicable Securities Laws;

(m) Liens arising out of judgments or awards not resulting in an Event of Default; provided that the applicable Credit Party or Subsidiary shall in good faith be prosecuting an appeal or proceedings for review;

(n) any interest or title of a lessor, licensor or sublessor under any lease, license or sublease entered into by any Credit Party or any Subsidiary thereof in the ordinary course of its business and covering only the assets so leased, licensed or subleased;

(o) Liens in favor of the Administrative Agent, Issuing Lender and/or Swingline Lender to Cash Collateralize or otherwise secure the obligations of a Defaulting Lender to fund risk participations hereunder;

(p) assignments of insurance or condemnation proceeds provided to landlords (or their mortgagees) pursuant to the terms of any lease and Liens or rights reserved in any lease for rent or for compliance with the terms of such lease;

(q) Liens on the assets of Excluded Foreign Subsidiaries so long as the principal amount of Indebtedness and other obligations (in addition to the Indebtedness which is the subject of Section 6.1(b)) secured thereby does not exceed €5,000,000 in the aggregate;

(r) Liens in the form of a mortgage with respect to the Indiana Project;

(s) Liens in the form of a mortgage with respect to the Florida Project; and

(t) additional Liens of a nature not contemplated by the foregoing clauses hereof so long as the principal amount of Indebtedness and other obligations secured thereby does not exceed $1,000,000 in the aggregate.

Notwithstanding the foregoing, if a Credit Party shall grant a Lien on any of its assets in violation of this Section, then it shall be deemed to have simultaneously granted an equal and ratable Lien on any such assets in favor of the Administrative Agent for the ratable benefit of the Secured Parties, to the extent such Lien has not already been granted to the Administrative Agent.

Section 6.3 Nature of Business.

No Credit Party will, nor will it permit any Subsidiary to, alter the character of its business in any material respect from that conducted as of the Closing Date, except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

Section 6.4 Consolidation, Merger, Sale or Purchase of Assets, etc.

The Credit Parties will not, nor will they permit any Subsidiary to,

(a) dissolve, liquidate or wind up its affairs, or sell, transfer, lease or otherwise dispose of its property or assets (each a "Disposition") or agree to do so at a future time, except the following, without duplication, shall be expressly permitted:

(i) (A) Dispositions of inventory and materials in the ordinary course of business and (B) the conversion of cash into Cash Equivalents and Cash Equivalents into cash;

(ii) Dispositions of property or assets as a result of a Recovery Event;

(iii) Dispositions of machinery, parts and equipment no longer used or useful in the conduct of the business of the Credit Parties or any of their Subsidiaries;

(iv) the dissolution of (A) any Domestic Credit Party (other than the Domestic Borrowers) to the extent any and all assets of such Domestic Credit Party are distributed to another Domestic Credit Party, (B) any Foreign Credit Party (other than the Foreign Borrower) to the extent any and all assets of such Foreign Credit Party are distributed to another Foreign Credit Party, (C) any Foreign Credit Party (other than the Foreign Borrower) to the extent any and all assets of such Foreign Credit Party are distributed to such Domestic Credit Party and (D) any Excluded Foreign Subsidiary;

(v) Dispositions not contemplated by the other clauses set forth in this Section 6.4(a) by the Credit Parties and their Subsidiaries so long as such Dispositions, which when taken together with intercompany Indebtedness and Investments permitted by Section 6.5(d), do not violate the limitations and other requirements permitted by Section 6.1(d);

(vi) the termination of any Hedging Agreement;

(vii) the sale, lease or transfer of account receivables in the commercially reasonable judgment of the Credit Parties and in the ordinary course of business;

(viii) Dispositions in the form of sale-leaseback transactions in an amount not to exceed $4,000,000 in the aggregate during the term of this Agreement; and

(ix) the sale, lease or transfer of property or assets of a nature not contemplated by the foregoing clauses hereof not to exceed $3,000,000 in the aggregate in any fiscal year;

provided that (A) with respect to clauses (i)(A), (iii), (v), (vi), (vii) and (viii) above, at least 75% of the consideration paid to the Credit Parties or any such Subsidiary shall be in the form of cash or Cash Equivalents, (B) immediately after giving effect to any Disposition pursuant to clause (vii) above, the Credit Parties shall be in compliance on a Pro Forma Basis with the financial covenants set forth in Section 5.9 hereof, recalculated for the most recently ended fiscal quarter for which information is available, (C) with respect to clauses (iv), (v), (vi), (vii), (viii) and (ix) above, no Default or Event of Default shall exist or shall result therefrom and (D) any Disposition pursuant to clauses (i), (iii) and (vii) shall be for fair market value; provided, further, that with respect to sales of assets permitted hereunder only, the Administrative Agent shall be entitled, without the consent of any Lender, to release its Liens relating to the particular assets sold; or

(b) enter into any transaction of merger or consolidation, except for (A) Investments or acquisitions permitted pursuant to Section 6.5 so long as the Credit Party subject to such merger or consolidation is the surviving entity and (B) (v) the merger or consolidation of an Excluded Foreign Subsidiary with an into another Excluded Foreign Subsidiary, a Domestic Credit Party or a Foreign Credit Party, (w) the merger or consolidation of a Foreign Subsidiary that is not a Foreign Credit Party with and into a Foreign Credit Party; provided that such Foreign Credit Party will be the surviving entity, (x) the merger or consolidation of a Domestic Credit Party with and into another Domestic Credit Party; provided that if any Domestic Borrower is a party thereto, such Domestic Borrower will be the surviving corporation, (y) the merger or consolidation of a Foreign Credit Party with and into another Foreign Credit Party; provided that if the Foreign Borrower is a party thereto, the Foreign Borrower will be the surviving corporation and (z) the merger or consolidation of a Foreign Credit Party (other than the Foreign Borrower) with an into a Domestic Credit Party.

Section 6.5 Advances, Investments and Loans.

The Credit Parties will not, nor will they permit any Subsidiary to, make any Investment or contract to make any Investment except for the following (the "Permitted Investments"):

(a) cash and Cash Equivalents;

(b) Investments existing as of the Closing Date as set forth on Schedule 1.1(a) and any renewals, refinancings or extensions thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension and the terms of any such renewal, refinancing or extension are not materially less favorable to the obligor thereunder;

(c) receivables owing to the Credit Parties or any of their Subsidiaries or any receivables, advances and payments to suppliers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(d) Investments not otherwise contemplated by the other clauses of this Section 6.5, which when taken together with Indebtedness permitted by Section 6.1(d) and Dispositions by Section 6.4(a)(v), do not exceed the amounts and limitations permitted by Section 6.1(d);

(e) loans and advances (excluding customary reimbursement expenses in the ordinary course of business) to officers, directors and employees in an aggregate amount not to exceed $100,000 at any time outstanding; provided that such loans and advances shall comply with all applicable Requirements of Law (including Sarbanes-Oxley);

(f) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(g) Permitted Acquisitions;

(h) Bank Products to the extent permitted hereunder;

(i) Investments constituting Indebtedness permitted under Section 6.1; and

(j) additional loan advances and/or Investments of a nature not contemplated by the foregoing clauses hereof; provided that such loans, advances and/or Investments made after the Closing Date pursuant to this clause shall not exceed an aggregate amount of $1,000,000 at any one time outstanding.

Section 6.6 Transactions with Affiliates.

The Credit Parties will not, nor will they permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an officer, director, shareholder or Affiliate, other than (a) transactions solely (i) between or among Domestic Credit Parties, (ii) between or among Foreign Credit Parties, (iii) between or among Excluded Foreign Subsidiaries, (iv) between a Domestic Credit Party and a Foreign Credit Party as permitted pursuant to Section 6.1(d), 6.4(a)(iv) or 6.5(d), between a Domestic Credit Party or a Foreign Credit Party and an Excluded Foreign Subsidiary as permitted pursuant to Section 6.1(d), 6.4(a)(v) or 6.5(d) and (v) between Credit Parties and their Subsidiaries with respect to the sale of inventory or materials consistent with past practices of the Company and (b) any Restricted Payment permitted by Section 6.10.

Section 6.7 Ownership of Subsidiaries; Restrictions.

The Credit Parties will not, nor will they permit any Subsidiary to, create, form or acquire any Subsidiaries, except for Domestic Subsidiaries that are joined as Additional Domestic Credit Parties as required by the terms hereof, Foreign Subsidiaries joined as Additional Foreign Credit Parties as required by the terms hereof and Excluded Foreign Subsidiaries to the extent permitted by Section 6.4(a)(v) and 6.5(d).

Section 6.8 Corporate Changes.

No Credit Party will, nor will it permit any of its Subsidiaries to, (a) change its fiscal year (other than (i) a Subsidiary of the Company may change its fiscal year to coincide with the fiscal year of the Company or (ii) to the extent required by law), (b) amend, modify or change its articles of incorporation, certificate of designation (or corporate charter or other similar organizational document) operating agreement or bylaws (or other similar document) in any respect materially adverse to the interests of the Lenders without the prior written consent of the Required Lenders. No Credit Party shall (a) (i) except as permitted under Section 6.4, alter its legal existence or, in one transaction or a series of transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets, (ii) change its state of incorporation or organization, without providing thirty (30) days prior written notice to the Administrative Agent and without filing (or confirming that the Administrative Agent has filed) such financing statements and amendments to any previously filed financing statements as the Administrative Agent may reasonably require, or (iii) change its registered legal name, without providing thirty (30) days prior written notice to the Administrative Agent and without filing (or confirming that the Administrative Agent has filed) such financing statements and amendments to any previously filed financing statements as the Administrative Agent may require, (b) have more than one state of incorporation, organization or formation or (c) change its accounting method (except in accordance with GAAP or as permitted by Section 1.3).

Section 6.9 Limitation on Restricted Actions.

The Credit Parties will not, nor will they permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Person to (a) pay dividends or make any other distributions to any Credit Party on its Equity Interests or with respect to any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to any Credit Party, (c) make loans or advances to any Credit Party, (d) sell, lease or transfer any of its properties or assets to any Credit Party, or (e) act as a Guarantor and pledge its assets pursuant to the Credit Documents or any renewals, refinancings, exchanges, refundings or extension thereof or amend or otherwise modify the Credit Documents, except (in respect of any of the matters referred to in clauses (a)-(d) above) for such encumbrances or restrictions existing under or by reason of (i) this Agreement and the other Credit Documents, (ii) applicable law or other restriction imposed by any Governmental Authority, (iii) any document or instrument governing Indebtedness incurred pursuant to Section 6.1(c) or any of Section 6.1(h) - (k); provided that any such restriction contained therein relates only to the asset or assets constructed, acquired or financed in connection therewith or is otherwise reasonably acceptable to the Administrative Agent, (iv) any document or instrument existing on the Closing Date and set forth on Schedule 6.9; and (v) any Permitted Lien or any document or instrument governing any Permitted Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien or is otherwise reasonably acceptable to the Administrative Agent.

Section 6.10 Restricted Payments.

The Credit Parties will not, nor will they permit any Subsidiary to, directly or indirectly, declare, order, make or set apart any sum for or pay any Restricted Payment, except (a) to make dividends payable solely in the same class of Equity Interests of such Person, (b) to make dividends or other distributions payable to any of the Credit Parties (directly or indirectly through its Subsidiaries), (c) to make dividends or other distributions payable from an Excluded Foreign Subsidiary to another Excluded Foreign Subsidiary or to any of the Credit Parties (directly or indirectly through its Subsidiaries), and (d) so long as (i) no Default or Event of Default has occurred or is continuing or would result therefrom and (ii) the Credit Parties have demonstrated to the reasonable satisfaction of the Administrative Agent that, after giving effect to such Restricted Payment on a Pro Forma Basis, (A) the Credit Parties are in compliance with each of the financial covenants set forth in Section 5.9 and (B) the Total Leverage Ratio shall be .25 less than the then applicable level set forth in Section 5.9, to make other Restricted Payments in an aggregate amount not to exceed $2,500,000 during the term of this Agreement.

Section 6.11 Amendment of Subordinated Debt.

The Credit Parties will not, nor will they permit any Subsidiary to, without the prior written consent of the Required Lenders, amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt in a manner that is materially adverse to the interests of the Lenders.

Section 6.12 Sale Leasebacks.

Except as permitted by Section 6.4(a)(viii), the Credit Parties will not, nor will they permit any Subsidiary to, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an Operating Lease or a Capital Lease, of any property (whether real, personal or mixed), whether now owned or hereafter acquired, (a) which any Credit Party or any Subsidiary has sold or transferred or is to sell or transfer to a Person which is not a Credit Party or a Subsidiary or (b) which any Credit Party or any Subsidiary intends to use for substantially the same purpose as any other property which has been sold or is to be sold or transferred by a Credit Party or a Subsidiary to another Person which is not a Credit Party or a Subsidiary in connection with such lease.

Section 6.13 No Further Negative Pledges.

The Credit Parties will not, nor will they permit any Subsidiary to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon any of their properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (a) pursuant to this Agreement and the other Credit Documents, (b) any document or instrument governing Indebtedness incurred pursuant to Section 6.1(c) or any of Section 6.1(h) - (k); provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith or is otherwise acceptable to the Administrative Agent, and (c) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien; provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien.

Section 6.14 Account Control Agreements; Additional Bank Accounts.

Each of the Credit Parties will not open, maintain or otherwise have any checking, savings or other accounts (including securities accounts) at any bank or other financial institution, or any other account where money is or may be deposited or maintained with any Person, other than (a) the accounts set forth on Schedule 3.16(c) and designated as unrestricted accounts; provided that the balance on any such account does not exceed $100,000 and the aggregate balance in all such accounts does not exceed $100,000, (b) deposit accounts that are subject to a Deposit Account Control Agreement, (c) securities accounts that are subject to a Securities Account Control Agreement, (d) deposit accounts established solely as payroll and other zero balance accounts, (e) other deposit accounts, so long as at any time the balance in any such account does not exceed $100,000 and the aggregate balance in all such accounts does not exceed $100,000 and (f) with respect to accounts of Foreign Credit Parties, such other accounts as the Foreign Credit Parties and the Administrative Agent shall agree to exclude due to applicable law or cost of obtaining or maintaining a Deposit Account Control Agreement or Securities Account Control Agreement.

Section 6.15 Consolidated Capital Expenditures.

The Credit Parties will not permit Consolidated Capital Expenditures made during each fiscal year of the Company and its Subsidiaries to be greater than $15,000,000, plus 50% of the unused amount available for Consolidated Capital Expenditures under this Section 6.15 for the immediately preceding fiscal year (excluding any carry forward available from any prior fiscal year); provided, that with respect to any fiscal year, capital expenditures made during any such fiscal year shall be deemed to be made first with respect to the applicable limitation for such year and then with respect to any carry forward amount to the extent applicable.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1 Events of Default.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an "Event of Default"):

(a) Payment. (i) The Borrowers shall fail to pay any principal on any Loan or Note when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof or thereof; or (ii) the Borrowers shall fail to reimburse the Issuing Lender for any LOC Obligations when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof; or (iii) the Borrowers shall fail to pay any interest on any Loan or any fee or other amount payable hereunder when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof and such failure shall continue unremedied for three (3) Business Days; or (iv) any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations hereunder (after giving effect to the grace period in clause (iii)); or

(b) Misrepresentation. Any representation or warranty made or deemed made herein, in the Security Documents or in any of the other Credit Documents or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect, false or misleading on or as of the date made or deemed made; or

(c) Covenant Default.

(i) Any Credit Party shall fail to perform, comply with or observe any term, covenant or agreement applicable to it contained in Sections 5.1, 5.2, 5.4 (solely if any such Credit Party is not in good standing in its jurisdiction of organization), 5.7, 5.9, 5.11, 5.13, 5.14 or Article VI hereof; or

(ii) Any Credit Party shall fail to comply with any other covenant contained in this Agreement or the other Credit Documents or any other agreement, document or instrument among any Credit Party, the Administrative Agent and the Lenders or executed by any Credit Party in favor of the Administrative Agent or the Lenders (other than as described in Sections 7.1(a) or 7.1(c)(i) above) and, with respect to this clause (ii) only, such breach or failure to comply is not cured within thirty (30) days of its occurrence; or

(d) Indebtedness Cross-Default. (i) Any Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall default in any payment of principal of or interest on any Indebtedness (other than the Loans, Reimbursement Obligations and the Guaranty) in a principal amount outstanding of at least $5,000,000 for the Credit Parties and any of their Subsidiaries (other than an Immaterial Subsidiary) in the aggregate beyond any applicable grace period (not to exceed thirty (30) days), if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) any Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall default in the observance or performance of any other agreement or condition relating to any Indebtedness (other than the Loans, Reimbursement Obligations and the Guaranty) in a principal amount outstanding of at least $5,000,000 in the aggregate for the Credit Parties and their Subsidiaries (other than an Immaterial Subsidiary) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or to be repurchased, prepaid, deferred or redeemed (automatically or otherwise); or (iii) any Credit Party or any of its Subsidiaries shall breach or default any Hedging Agreement that is a Bank Product; or

(e) Other Cross-Defaults. (i) The Credit Parties or any of their Subsidiaries (other than an Immaterial Subsidiary) shall default in (A) the payment when due under any Material Contract or (B) the performance or observance, of any obligation or condition of any Material Contract and, in the case of this clause (B) only, such failure to perform or observe such other obligation or condition continues unremedied for a period of thirty (30) days after notice of the occurrence of such default unless, but only as long as, the existence of any such default is being contested by the Credit Parties in good faith by appropriate proceedings and adequate reserves in respect thereof have been established on the books of the Credit Parties to the extent required by GAAP or (ii) the actual termination of a Material Contract occurs due to nonperformance, alleged fraud, deception or willful misconduct of a Credit Party or any Subsidiary (other than an Immaterial Subsidiary) thereof; or

(f) Bankruptcy Default. (i) A Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or a Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against a Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against a Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary)

any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of their assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) a Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) a Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) shall generally not, or shall be unable to, or shall admit in writing their inability to, pay its debts as they become due; or

(g) Judgment Default. (i) One or more judgments or decrees shall be entered against a Credit Party or any of its Subsidiaries (other than an Immaterial Subsidiary) involving in the aggregate a liability (to the extent not covered by insurance) of $5,000,000 (except to the extent fully covered (other than to the extent of customary deductibles) by insurance) or more and all such judgments or decrees shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof or (ii) any injunction, temporary restraining order or similar decree shall be issued against a Credit Party or any of its Subsidiaries that, individually or in the aggregate, could result in a Material Adverse Effect; or

(h) ERISA Default. The occurrence of any of the following: (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, with a resulting obligation in excess of $5,000,000, (ii) any "accumulated funding deficiency" with a resulting obligation in excess of $5,000,000 (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan (other than a Permitted Lien) shall arise on the assets of the Credit Parties or any Commonly Controlled Entity, (iii) a Reportable Event with an obligation in excess of $5,000,000 shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) a Credit Party, any of its Subsidiaries or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in excess of $5,000,000 in connection with a withdrawal from, or the Insolvency or Reorganization of, any Multiemployer Plan (or Foreign Pension Plan, if applicable) or (vi) any other similar event or condition with an obligation of greater than $5,000,000 shall occur or exist with respect to a Plan (or Foreign Pension Plan, if applicable); or

(i) Change of Control. There shall occur a Change of Control; or

(j) Invalidity of Guaranty. At any time after the execution and delivery thereof, the Guaranty, for any reason other than the satisfaction in full of all Credit Party Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void, or any Credit Party shall contest the validity, enforceability, perfection or priority of the Guaranty, any Credit Document, or any Lien granted thereunder in writing or deny in writing that it has any further liability, including with respect to future advances by the Lenders, under any Credit Document to which it is a party; or

(k) Invalidity of Credit Documents. Any Credit Document shall fail to be in full force and effect or to give the Administrative Agent and/or the Lenders the security interests, liens, rights, powers, priority and privileges purported to be created thereby (except as such documents may be terminated or no longer in force and effect in accordance with the terms thereof, other than those indemnities and provisions which by their terms shall survive) or any Lien shall fail to be a first priority, perfected Lien (subject to Permitted Liens) on a material portion of the Collateral; or

(l) Subordinated Debt. (i) The subordination provisions contained in any Subordinated Debt shall cease to be in full force and effect or shall cease to give the Lenders the rights, powers and privileges purported to be created thereby or (ii) the Credit Party Obligations shall cease to be classified as "Senior Indebtedness," "Designated Senior Indebtedness" or any similar designation under any Subordinated Debt instrument.

If a Default shall have occurred under the Credit Documents, then such Default will continue to exist until it either is cured (to the extent specifically permitted) in accordance with the Credit Documents or is otherwise expressly waived by Administrative Agent (with the approval of requisite Lenders (in their sole and absolute discretion) as determined in accordance with Section 9.1); and once an Event of Default occurs under the Credit Documents, then such Event of Default will continue to exist until it is expressly waived by the requisite Lenders or by the Administrative Agent with the approval of the requisite Lenders, as required hereunder in Section 9.1.

Section 7.2 Acceleration; Remedies.

Upon the occurrence and during the continuance of an Event of Default, then, and in any such event, (a) if such event is a Bankruptcy Event, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon), and all other amounts under the Credit Documents (including, without limitation, the maximum amount of all contingent liabilities under Letters of Credit) shall immediately become due and payable, and (b) if such event is any other Event of Default, any or all of the following actions may be taken: (i) with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; (ii) the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes to

be due and payable forthwith and direct the Borrowers to pay to the Administrative Agent cash collateral as security for the LOC Obligations for subsequent drawings under then outstanding Letters of Credit an amount equal to 105% of the maximum amount of which may be drawn under Letters of Credit then outstanding, whereupon the same shall immediately become due and payable; and/or (iii) with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, exercise such other rights and remedies as provided under the Credit Documents and under applicable law.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Section 8.1 Appointment and Authority.

Each of the Lenders, the Swingline Lender and the Issuing Lender hereby irrevocably appoints Wells Fargo to act on its behalf as the successor Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, the Swingline Lender and the Issuing Lender, and neither the Borrowers nor any other Credit Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Credit Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 8.2 Nature of Duties.

Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers or other agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Credit Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender, the Swingline Lender or the Issuing Lender hereunder. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

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

Section 8.3 Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and its obligations hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

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

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

(c) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Credit Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 9.1 and 7.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default except to the extent set forth in Section 8.5.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Credit 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, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 8.4 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall 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 Lender or the Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received written notice from a Lender or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not taken, only with the consent or upon the authorization of the Required Lenders, or all of the Lenders, as the case may be.

Section 8.6 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender and the Issuing Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of any Credit Party, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender and the Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder.

Section 8.7 Indemnification.

The Lenders agree to indemnify the Administrative Agent, the Issuing Lender, and the Swingline Lender in its capacity hereunder and their Affiliates and their respective officers, directors, agents and employees (to the extent not reimbursed by the Credit Parties and without limiting the obligation of the Credit Parties to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Credit Party Obligations) be imposed on, incurred by or asserted against any such indemnitee in any way relating to or arising out of any Credit Document or any documents contemplated by or referred to herein or therein or the Transactions or any action taken or omitted by any such indemnitee under or in connection with any of the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from such indemnitee's gross negligence or willful misconduct, as determined by a court of competent jurisdiction. The agreements in this Section shall survive the termination of this Agreement and payment of the Notes, any Reimbursement Obligation and all other amounts payable hereunder.

Section 8.8 Administrative Agent in Its Individual Capacity.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Credit Parties or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 8.9 Resignation of Administrative Agent.

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

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the Company and such Person remove such Person as Administrative Agent and, in consultation with the Company, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any Collateral held by the Administrative Agent on behalf of the Lenders or the Issuing Lender under any of the Credit Documents, the retiring Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the Issuing Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent, and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the retiring Administrative Agent's resignation or removal hereunder and under the other Credit Documents, the provisions of this Article and Section 9.5 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

(d) Any resignation by Wells Fargo, as Administrative Agent pursuant to this Section, shall also constitute its resignation as Issuing Lender and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender and Swingline Lender, (ii) the retiring Issuing Lender and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Credit Documents, and (iii) the successor Issuing Lender 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 Lender to effectively assume the obligations of the retiring Issuing Lender with respect to such Letters of Credit.

(e) The parties hereto acknowledge and agree that for the purpose of any Dutch Security Document, any resignation by the Administrative Agent is not effective until its contractual relationship under the Dutch Parallel Debt, including all of its rights and obligations thereunder, is transferred to a successor Administrative Agent. The Administrative Agent will reasonably cooperate in assigning its rights and obligations under the Dutch Parallel Debt to the successor Administrative Agent and will reasonably cooperate in transferring all rights under the Dutch Security Documents to the successor Administrative Agent. The Administrative Agent that is resigning, the successor Administrative Agent, and each relevant Credit Party shall execute all documents necessary to ensure that the successor Administrative Agent obtains valid Dutch law Collateral similar to the previously existing Dutch Collateral.

Section 8.10 Collateral and Guaranty Matters.

(a) The Lenders and the Bank Product Provider irrevocably authorize and direct the Administrative Agent:

(i) to release any Lien on any Collateral granted to or held by the Administrative Agent under any Credit Document (A) upon termination of the Commitments and payment in full of all Credit Party Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (B) that is transferred or to be transferred as part of or in connection with any sale or other disposition permitted under Section 6.4, or (C) subject to Section 9.1, if approved, authorized or ratified in writing by the Required Lenders;

(ii) to subordinate any Lien on any Collateral granted to or held by the Administrative Agent under any Credit Document to the holder of any Lien on such Collateral that is permitted by Section 6.2; and

(iii) to release any Guarantor from its obligations under the applicable Guaranty if such Person ceases to be a Guarantor as a result of a transaction permitted hereunder.

(b) In connection with a termination or release pursuant to this Section, the Administrative Agent shall promptly execute and deliver to the applicable Credit Party, at the Borrowers' expense, all documents that the applicable Credit Party shall reasonably request to evidence such termination or release. Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of Collateral, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section.

Section 8.11 Bank Products.

Except as otherwise provided herein, no Bank Product Provider shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Credit Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Credit Documents. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Credit Party Obligations arising under Bank Products unless the Administrative Agent has received written notice (including, without limitation, a Bank Product Provider Notice) of such Credit Party Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Bank Product Provider.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Amendments, Waivers, Consents and Release of Collateral.

Neither this Agreement nor any of the other Credit Documents, nor any terms hereof or thereof may be amended, modified, extended, restated, replaced, or supplemented (by amendment, waiver, consent or otherwise) except in accordance with the provisions of this Section nor may Collateral be released except as specifically provided herein or in the Security Documents or in accordance with the provisions of this Section. The Required Lenders may or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrowers written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Borrowers hereunder or thereunder or (b) waive or consent to the departure from, on such terms and conditions as the Required Lenders may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; provided, however, that no such amendment, supplement, modification, release, waiver or consent shall:

(i) reduce the amount or extend the scheduled date of maturity of any Loan or Note or any installment thereon, or reduce the stated rate of any interest or fee payable hereunder (except in connection with a waiver of the Default Rate which shall be determined by a vote of the Required Lenders) or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby; provided that, it is understood and agreed that (A) no waiver, reduction or deferral of a mandatory prepayment required pursuant to Section 2.7(b), nor any amendment of Section 2.7(b) or the definitions of Asset Disposition, Debt Issuance, or Extraordinary Receipt, shall constitute a reduction of the amount of, or an extension of the scheduled date of, the scheduled date of maturity of, or any installment of, any Loan or Note, (B) any reduction in the stated rate of interest on Revolving Loans shall only require the written consent of each Lender holding a Revolving Commitment and (C) any reduction in the stated rate of interest on the Term Loan shall only require the written consent of each Lender holding a portion of the outstanding Term Loan; or

(ii) amend, modify or waive any provision of this Section or reduce the percentage specified in the definition of Required Lenders, without the written consent of all the Lenders; or

(iii) release any Borrower from its obligations hereunder or all or substantially all of the value of the Guaranty, without the written consent of all of the Lenders; or

(iv) release all or substantially all of the value of the Collateral without the written consent of all of the Lenders; or

(v) subordinate the Loans to any other Indebtedness without the written consent of all of the Lenders; or

(vi) permit a Letter of Credit to have an original expiry date more than twelve (12) months from the date of issuance without the consent of each of the Revolving Lenders; provided, that the expiry date of any Letter of Credit may be extended in accordance with the terms of Section 2.3(a); or

(vii) permit the Borrowers to assign or transfer any of its rights or obligations under this Agreement or other Credit Documents without the written consent of all of the Lenders; or

(viii) amend, modify or waive any provision of the Credit Documents requiring consent, approval or request of the Required Lenders or all Lenders without the written consent of the Required Lenders or all the Lenders as appropriate; or

(ix) without the consent of Lenders holding at least a majority of the outstanding Revolving Commitments, amend, modify or waive any provision in Section 4.2 or waive any Default or Event of Default (or amend any Credit Document to effectively waive any Default or Event of Default) if the effect of such amendment, modification or waiver is that the Revolving Lenders shall be required to fund Revolving Loans when such Lenders would otherwise not be required to do so; or

(x) amend, modify or waive (A) the order in which Credit Party Obligations are paid or (B) the pro rata sharing of payments by and among the Lenders, in each case in accordance with Section 2.11(b) or 9.7(b) or (C) the provisions of Article XI without the written consent of each Lender directly affected thereby; or

(xi) amend, modify or waive any provision of Article VIII without the written consent of the Administrative Agent; or

(xii) amend or modify the definition of Credit Party Obligations without the written consent of each Lender directly affected thereby; or

(xiii) amend or modify the definition of Foreign Currency to add any additional currencies without the written consent of each Lender directly affected thereby; or

(xiv) amend the definitions of "Hedging Agreement," "Bank Product," or "Bank Product Provider" without the consent of any Bank Product Provider that would be adversely affected thereby;

provided, further, that no amendment, waiver or consent affecting the rights or duties of the Administrative Agent, the Issuing Lender or the Swingline Lender under any Credit Document shall in any event be effective, unless in writing and signed by the Administrative Agent, the Issuing Lender and/or the Swingline Lender, as applicable, in addition to the Lenders required hereinabove to take such action.

Any such waiver, any such amendment, supplement or modification and any such release shall apply equally to each of the Lenders and shall be binding upon the Borrowers, the other Credit Parties, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Borrowers, the other Credit Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Loans and Notes and other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding any of the foregoing to the contrary, the consent of the Borrowers and the other Credit Parties shall not be required for any amendment, modification or waiver of the provisions of Article VIII (other than the provisions of Section 8.9).

Notwithstanding any of the foregoing to the contrary, the Credit Parties and the Administrative Agent, without the consent of any Lender, may enter into any amendment, modification or waiver of any Credit Document, or enter into any new agreement or instrument, to (i) effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or (ii) correct any obvious error or omission of a technical nature, in each case that is immaterial (as determined by the Administrative Agent), in any provision of any Credit Document, if the same is not objected to in writing by the Required Lenders within five (5) Business Days following receipt of notice thereof.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (a) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein, (b) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and (c) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except (i) that the Commitment of such Lender may not be increased or extended without the consent of such Lender and (ii) to the extent such amendment, waiver or consent impacts such Defaulting Lender more than the other Lenders.

Notwithstanding anything to the contrary herein, this Agreement may be amended (or amended and restated) without the consent of any Lender (but with the consent of the Company and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections 2.14, 2.15, 2.16 and 9.5), such Lender shall have no other commitment or other obligation hereunder and such Lender shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement.

Section 9.2 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) If to the Borrowers or any other Credit Party:

VOXX International Corporation
180 Marcus Blvd.
Hauppauge, New York 11788
Attention: Charles M. Stoehr
Telephone: 631-436-6306
Fax: 631-231-1370
Email: MStoehr@audiovox.com

with a copy to:

Duane Morris LLP
1540 Broadway
New York, NY 10036-4086
Attention: Laurence S. Hughes
Telephone: 212-692-1004
Fax: 212-202-6315
Email: lshughes@duanemorris.com

Levy, Stopol & Camelo LLP
1425 RXR Plaza
Uniondale, NY 11556-1425
Attention: Larry Stopol
Telephone: 516-802-7007
Fax: 516-802-7008
Email: lstopol@levystopol.com

(ii) If to the Administrative Agent:

Wells Fargo Bank, National Association, as Administrative Agent
1525 West W.T. Harris Blvd.
Mail Code NC 0680
Charlotte, North Carolina 28262
Attention: Syndication Agency Services
Telephone: (704) 590-4937
Fax: (704) 590-3481
Email: agencyservices.requests@wellsfargo.com

with a copy to:

Wells Fargo Bank, National Association
58 South Service Road
Suite 100
Melville, NY 11747
Attention: Robert J. Milas
Telephone: (516) 577-8341
Fax: (516) 577-8333
Email: robert.milas@wellsfargo.com

(iii) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders, the Swingline Lender and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender, the Swingline Lender or the Issuing Lender pursuant to Article II if such Lender, the Swingline Lender or the Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) Each Credit Party agrees that the Administrative Agent may make the Communications (as defined below) available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission system (the "Platform").

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the communications effected thereby (the "Communications"). No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its affiliates or any of their respective officers, directors, employees, agents, advisors or representatives (collectively, "Agent Parties") have any liability to the Credit Parties, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of communications through the Platform.

Section 9.3 No Waiver; Cumulative Remedies.

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 9.4 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans; provided that all such representations and warranties shall terminate on the date upon which the Commitments have been terminated and all Credit Party Obligations have been paid in full.

Section 9.5 Payment of Expenses and Taxes; Indemnity.

(a) Costs and Expenses. The Credit Parties shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Credit Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the

Transactions shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Lender and the Swingline Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or Swingline Loan or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender, the Issuing Lender or the Swingline Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender, the Swingline Lender or the Issuing Lender), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender, the Issuing Lender or the Swingline Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Credit Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Credit Parties. The Credit Parties shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender, the Issuing Lender and the Swingline Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrowers or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the Transactions, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Materials of Environmental Concern on or from any property owned or operated by any Credit Party or any of its Subsidiaries, or any liability under Environmental Law related in any way to any Credit Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrowers or any other Credit Party and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This section (b) shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Credit Parties for any reason fail to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the Issuing Lender, Swingline Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Lender, Swingline Lender or such Related Party, as the case may be, such Lender's Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Issuing Lender or Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), Issuing Lender or Swingline Lender in connection with such capacity.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, none of the parties hereto or any Indemnitee shall assert, and each of them hereby waives, any claim against any other Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Credit Document or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided, that such waiver shall not apply to any parties or any Indemnitee's right to indemnification hereunder for losses, claims, penalties, damages, liabilities and related expenses incurred by any party or Indemnitee as a result of a claim by any third party. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Credit Documents or the Transactions.

(e) Payments. All amounts due under this Section shall be payable promptly/not later than five (5) days after demand therefor.

(f) Survival. The agreements contained in this Section shall survive the resignation of the Administrative Agent, the Swingline Lender and the Issuing Lender, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of the Credit Party Obligations.

Section 9.6 Successors and Assigns; Participations.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrowers nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e)

of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if “Trade Date” is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $1,000,000, in the case of any assignment in respect of any portion of the Revolving Facility, or $1,000,000, in the case of any assignment in respect of any portion of the Term Loan Facility (provided, however, that simultaneous assignments shall be aggregated in respect of a Lender and its Approved Funds), unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Tranches on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Company (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment, (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund or (z) the Primary Syndication of the Loans has not been completed as determined by Wells Fargo; provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (x) a Revolving Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of such facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (y) a Term Loan Commitment to a Person who is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consent of the Issuing Lender and Swingline Lender (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of a Revolving Commitment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that (A)only one (1) such fee shall be payable in respect of simultaneous assignments by a Lender and its Approved Funds) and (B) the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) any Credit Party or any Credit Party's Affiliates or Subsidiaries or (B) any Defaulting Lender or any of its Subsidiaries or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.14 and 9.5 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at one of its offices in Charlotte, North Carolina a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice; provided that a Lender shall only be entitled to inspect its own entry in the Register and not that of any other Lender.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Company or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrowers or any of the Borrowers' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrowers, the Administrative Agent, the Issuing Lenders and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 9.5(b) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(g) (it being understood that the documentation required under Section 2.16(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.14 or Section 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.7(a) as though it were a Lender; provided that such Participant agrees to be subject to Section 9.7(b) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Credit Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Credit Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 9.7 Right of Set-off; Sharing of Payments.

(a) If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Lender, the Swingline Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Lender, the Swingline Lender or any such Affiliate to or for the credit or the account of the Borrowers or any other Credit Party against any and all of the obligations of the Borrowers or such Credit Party now or hereafter existing under this Agreement or any other Credit Document to such Lender, the Swingline Lender or the Issuing Lender, irrespective of whether or not such Lender, the Swingline Lender or the Issuing Lender shall have made any demand under this Agreement or any other Credit Document and although such obligations of the Borrowers or such Credit Party may be contingent or unmatured or are owed to a branch, office or affiliate of such Lender, the Swingline Lender or the Issuing Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.21 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lender, the Swingline Lender and the other Lenders, and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Credit Party Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Swingline Lender, the Issuing Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Swingline Lender, the Issuing Lender or their respective Affiliates may have. Each Lender, the Swingline Lender and the Issuing Lender agrees to notify the Company and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

(b) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify the Administrative Agent of such fact, and (ii) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(A) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(B) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in Letters of Credit to any assignee or participant, other than to any Credit Party or any Subsidiary thereof (as to which the provisions of this paragraph shall apply) or (z) (1) any amounts applied by the Swingline Lender to outstanding Swingline Loans and (2) any amounts received by the Issuing Lender and/or Swingline Lender to secure the obligations of a Defaulting Lender to fund risk participations hereunder.

Section 9.8 Table of Contents and Section Headings.

The table of contents and the Section and subsection headings herein are intended for convenience only and shall be ignored in construing this Agreement.

Section 9.9 Counterparts; Effectiveness; Electronic Execution.

(a) Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Borrowers, the Guarantors and the Administrative Agent, and the Administrative Agent shall have received copies hereof and thereof (telefaxed or otherwise), and thereafter this Agreement shall be binding upon and inure to the benefit of the Borrowers, the Guarantors, the Administrative Agent and each Lender and their respective successors and permitted assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or email shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 9.10 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.11 Integration.

This Agreement and the other Credit Documents represent the agreement of the Borrowers, the other Credit Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Borrowers, the other Credit Parties or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or therein.

Section 9.12 Governing Law.

This Agreement and the other Credit Documents any claims, controversy or dispute arising out of or relating to this Agreement or any other Credit Document (except, as to any other Credit Document, as expressly set forth therein) shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 9.13 Consent to Jurisdiction; Service of Process and Venue.

(a) Consent to Jurisdiction. The Borrowers and each other Credit Party irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of New York and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York sitting State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Credit Document shall affect any right that the Administrative Agent, any Lender, the Swingline Lender or the Issuing Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Borrowers or any other Credit Party or their properties in the courts of any jurisdiction.

(b) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.2. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

(c) Venue. The Borrowers and each other Credit Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Credit Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 9.14 Confidentiality.

Each of the Administrative Agent, the Lenders, the Swingline Lender and the Issuing Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder, under any other Credit Document or Bank Product or any action or proceeding relating to this Agreement, any other Credit Document or Bank Product or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) (i) any actual or prospective party (or its partners, directors, officers, employees, managers, administrators, trustees, agents, advisors or other representatives) to any swap or derivative or similar transaction under which payments are to be made by reference to the Borrowers and their obligations, this Agreement or payments hereunder, (ii) an investor or prospective investor in securities issued by an Approved Fund that also agrees that Information shall be used solely for the purpose of evaluating an investment in such securities issued by the Approved Fund, (iii) a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for securities issued by an Approved Fund, or (iv) a nationally recognized rating agency that requires access to information regarding the Credit Parties, the Loans and Credit Documents in connection with ratings issued in respect of securities issued by an Approved Fund (in each case, it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (h) with the consent of the Company or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, the Swingline Lender, the Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

For purposes of this Section, "Information" shall mean all information received from any Credit Party or any of its Subsidiaries relating to any Credit Party or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender, the Swingline Lender or the Issuing Lender on a nonconfidential basis prior to disclosure by any Credit Party or any of its Subsidiaries; provided that, in the case of information received from any Credit Party or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 9.15 Acknowledgments.

The Borrowers and the other Credit Parties each hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of each Credit Document;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrowers, any other Credit Party arising out of or in connection with this Agreement and the relationship between the Administrative Agent and the Lenders, on one hand, and the Borrowers and the other Credit Parties, on the other hand, in connection herewith is solely that of creditor and debtor; and

(c) no joint venture exists among the Lenders and the Administrative Agent or among the Borrowers, the Administrative Agent or the other Credit Parties and the Lenders.

Section 9.16 Waivers of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.17 Patriot Act Notice.

Each Lender and the Administrative Agent (for itself and not on behalf of any other party) hereby notifies the Borrowers that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrowers and the other Credit Parties, which information includes the name and address of the Borrowers and the other Credit Parties and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers and the other Credit Parties in accordance with the Patriot Act.

Section 9.18 Resolution of Drafting Ambiguities.

Each Credit Party acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of this Agreement and the other Credit Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof and thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

Section 9.19 Subordination of Intercompany Debt.

Each Credit Party agrees that all intercompany Indebtedness among Credit Parties (the "Intercompany Debt") is subordinated in right of payment, to the prior payment in full of all Credit Party Obligations. Notwithstanding any provision of this Credit Agreement to the contrary, provided that no Event of Default has occurred and is continuing, Credit Parties may make and receive payments with respect to the Intercompany Debt to the extent otherwise permitted by this Credit Agreement; provided that in the event of and during the continuation of any Event of Default, no payment shall be made by or on behalf of any Credit Party on account of any Intercompany Debt. In the event that any Credit Party receives any payment of any Intercompany Debt at a time when such payment is prohibited by this Section, such payment shall be held by such Credit Party, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to, the Administrative Agent.

Section 9.20 Continuing Agreement.

This Credit Agreement shall be a continuing agreement and shall remain in full force and effect until all Credit Party Obligations (other than those obligations that expressly survive the termination of this Credit Agreement) have been paid in full and all Commitments and Letters of Credit have been terminated. Upon termination, the Credit Parties shall have no further obligations (other than those obligations that expressly survive the termination of this Credit Agreement) under the Credit Documents and the Administrative Agent shall, at the request and expense of the Borrowers, deliver all the Collateral in its possession to the Borrowers and release all Liens on the Collateral; provided that should any payment, in whole or in part, of the Credit Party Obligations be rescinded or otherwise required to be restored or returned by the Administrative Agent or any Lender, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, then the Credit Documents shall automatically be reinstated and all Liens of the Administrative Agent shall reattach to the Collateral and all amounts required to be restored or returned and all costs and expenses incurred by the Administrative Agent or any Lender in connection therewith shall be deemed included as part of the Credit Party Obligations.

Section 9.21 Concerning Joint and Several Obligations of the Domestic Borrowers.

Each of the Domestic Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under this Credit Agreement, for the mutual benefit, directly and indirectly, of each of the Domestic Borrowers and in consideration of the undertakings of each of the Domestic Borrowers to accept joint and several liability for the obligations of each of them. Each of the Domestic Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with respect to the payment and performance of all of the Credit Party Obligations, it being the intention of the parties hereto that all the Credit Party Obligations shall be the joint and several obligations of each of the Domestic Borrowers without preferences or distinction among them. Notwithstanding any to the contrary contained in this Agreement (other than Section 2.11(b) following the exercise of remedies), the Foreign Borrower shall only be liable as a debtor with respect to the payment and performance of all amounts actually borrowed by the Foreign Borrower under the Multicurrency Revolving Facility, interest thereon, commitment fees, indemnification obligations and other liabilities related thereto, and all of its obligations and liabilities under the Foreign Security Documents.

Section 9.22 Press Releases and Related Matters.

The Credit Parties and their Affiliates agree that they will not in the future issue any press releases or other public disclosure using the name of Administrative Agent or any Lender or their respective Affiliates or referring to this Agreement or any of the Credit Documents without the prior written consent of such Person, unless (and only to the extent that) the Credit Parties or such Affiliate is required to do so under law and then, in any event, the Credit Parties or such Affiliate will consult with such Person before issuing such press release or other public disclosure. The Credit Parties consent to the publication by Administrative Agent or any Lender of customary advertising material relating to the Transactions using the name, product photographs, logo or trademark of the Credit Parties.

Section 9.23 Appointment of Company.

Each of the Borrowers and the Guarantors hereby appoints the Company to act as its agent for all purposes under this Agreement and agrees that (a) the Company may execute such documents on behalf of such Borrower and Guarantor as the Company deems appropriate in its sole discretion and each Borrower and Guarantor shall be obligated by all of the terms of any such document executed on its behalf, (b) any notice or communication delivered by the Administrative Agent or the Lender to the Company shall be deemed delivered to each Borrower and Guarantor and (c) the Administrative Agent or the Lenders may accept, and be permitted to rely on, any document, instrument or agreement executed by the Company on behalf of each Borrower and Guarantor.

Section 9.24 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each Transaction, each of the Credit Parties acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Credit Document) are an arm's-length commercial transaction between the Credit Parties and their Affiliates, on the one hand, and the Administrative Agent and WFS, on the other hand, and the Credit Parties are capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the Transactions and by the other Credit Documents (including any amendment, waiver or other modification hereof or thereof); (b) in connection with the process leading to such transaction, the Administrative Agent and WFS each is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any Credit Party or any of their Affiliates, stockholders, creditors or employees or any other Person; (c) neither the Administrative Agent nor WFS has assumed or will assume an advisory, agency or fiduciary responsibility in favor of any Credit Party with respect to any of the Transactions or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Credit Document (irrespective of whether the Administrative Agent or WFS has advised or is currently advising any Credit Party or any of their Affiliates on other matters) and neither the Administrative Agent nor WFS has any obligation to any Credit Party or any of their Affiliates with respect to the Transactions except those obligations expressly set forth herein and in the other Credit Documents; (d) the Administrative Agent and WFS and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Credit Parties and their Affiliates, and neither the Administrative Agent nor WFS has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (e) the Administrative Agent and WFS have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the Transactions (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Credit Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent or WFS with respect to any breach or alleged breach of agency or fiduciary duty.

Section 9.25 Responsible Officers and Authorized Officers.

The Administrative Agent and each of the Lenders are authorized to rely upon the continuing authority of the Responsible Officers and the Authorized Officers with respect to all matters pertaining to the Credit Documents including, but not limited to, the selection of interest rates, the submission of requests for Extensions of Credit and certificates with regard thereto. Such authorization may be changed only upon written notice to Administrative Agent accompanied by (a) an updated Schedule 3.29 and (b) evidence, reasonably satisfactory to Administrative Agent, of the authority of the Person giving such notice and such notice shall be effective not sooner than five (5) Business Days following receipt thereof by Administrative Agent (or such earlier time as agreed to by the Administrative Agent).

Section 9.26 Amendment and Restatement.

This Agreement is intended to amend and restate the Existing Credit Agreement, without novation, with the Commitments set forth herein and the Lenders party hereto. All Existing Letters of Credit shall be Letters of Credit outstanding hereunder. The Credit Parties hereby ratify, affirm and acknowledge all of their obligations in respect of the Existing Credit Agreement and the related documents and agreements delivered by them thereunder, including all outstanding Existing Letters of Credit and the related LOC Documents, as amended and restated hereby. Without limiting the foregoing, all Collateral under the Existing Credit Agreement shall be Collateral hereunder and continue to secure the Obligations. The Lenders hereby agree that the commitments with respect to the Existing Credit Agreement are amended and restated to be the Revolving Commitments of this Agreement and hereby waive, on the Closing Date only, any pro rata payment provisions of this Agreement to the extent any such payments are required to repay any obligations owing to any lender under the Existing Credit Agreement that will not continue as a Lender under this Agreement. All Events of Default (as defined in the Existing Credit Agreement) under the Existing Credit Agreement are hereby waived, except to the extent any such Events of Default (as defined in the Existing Credit Agreement) that exist under the Existing Credit Agreement on the date hereof also constitute Events of Default under the express provisions of this Agreement.

Section 9.27 Judgment Currency.

If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Credit Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of any Credit Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Credit Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or such Lender in the Agreement Currency, each Credit Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender or the Person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or such Lender in such currency, the Administrative Agent or such Lender agrees to return the amount of any excess to the Borrower (or to any other Person who may be entitled thereto under applicable law).

Section 9.28 Security for Foreign Obligations.

None of the Foreign Obligations shall be secured by, or satisfied by using either directly or indirectly, interest bearing medium or long term accounts or other interest bearing medium or long term assets (*zinstragende nicht nur kurzfristige Einlagen oder sonstige zinstragende nicht nur kurzfristige Kapitalüberlassungen*) (jointly, "Interest Bearing Accounts") of the Domestic Credit Parties held by the Administrative Agent or the Lenders or any other party.

Section 9.29 Quebec Interpretation.

For all purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Quebec, (a) "personal property" shall include "movable property", (b) "real property" shall include "immovable property", (c) "tangible property" shall include "corporeal property", (d) "intangible property" shall include "incorporeal property", (e) "security interest", "mortgage" and "lien" shall include a "hypothec", "prior claim" and a "resolutory clause", (f) all references to filing, registering or recording under the Code or PPSA shall include publication under the Civil Code of Quebec, (g) all references to "perfection" of or "perfected" liens or security interest shall include a reference to an "opposable" or "set up" lien or security interest as against third parties, (h) any "right of offset", "right of setoff" or similar expression shall include a "right of compensation", (i) "goods" shall include corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (j) an "agent" shall include a "mandatary", (k) "construction liens" shall include "legal hypothecs", (l) "joint and several" shall include solidary, (m) "gross negligence or willful misconduct" shall be deemed to be "intentional or gross fault", (n) "beneficial ownership" shall include "ownership on behalf of another as mandatary", (o) "easement" shall include "servitude", (p) "priority" shall include "prior claim", (q) "survey" shall include "certificate of location and plan", and (r) "fee simple title" shall include "absolute ownership".

Section 9.30 English Language Only.

The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated hereby be drawn up in the English language only and that all other documents contemplated hereunder or relating hereto, including notices, shall also be drawn up in the English language only. Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.

Section 9.31 Parallel Debt.

(a) Dutch Parallel Debt. For the purposes of creating security rights governed by Dutch law:

(i) Klipsch irrevocably and unconditionally undertakes, as far as necessary in advance, to pay to Administrative Agent (in its own capacity and not as agent (*gevolmachtigde*) or trustee) an amount equal to the aggregate of all Credit Party Obligations from time to time due in accordance with the terms and conditions of such Credit Party Obligations (such payment undertaking and the obligations and liabilities which are the result thereof, Klipsch's "Dutch Parallel Debt");

(ii) the Dutch Parallel Debt constitutes obligations and liabilities of Klipsch which are separate and independent from, and without prejudice to, the Credit Party Obligations and the Dutch Parallel Debt represents the Administrative Agent's own independent right to receive payment of the Dutch Parallel Debt from Klipsch, provided that the amounts which are due under the Dutch Parallel Debt under this provision shall always be equal to the amounts which are due from time to time under the Credit Party Obligations;

(iii) the total amount due and payable in respect of the Credit Party Obligations shall be decreased to the extent that the Administrative Agent receives any amount in payment of the Dutch Parallel Debt, as if such amount were received by any Lender in payment of the corresponding Credit Party Obligations;

(iv) the total amount due and payable by Klipsch under the Dutch Parallel Debt shall be decreased to the extent that any Lender receives any amount in payment of the Credit Party Obligations (other than by virtue of clause (iii) above); and

(v) The Administrative Agent shall distribute any amount received in payment of the Dutch Parallel Debt among the Lenders that are the creditors of the relevant Credit Party Obligations in accordance with the provisions of this Agreement as if received by it in payment of the relevant Credit Party Obligations.

(b) German Parallel Debt.

(i) Notwithstanding any other provision of this Agreement or any other Credit Document, each Credit Party hereby irrevocably and unconditionally undertakes to pay to the Administrative Agent, as a creditor in its own right and not as a representative of the other Secured Parties, sums (the "German Parallel Debt") equal to and in the currency of each amount payable by such Credit Party to each of the other Secured Parties under each of the Credit Documents as and when that amount falls due for payment under the relevant Credit Document or would have fallen due but for any discharge resulting from failure of another Secured Party to take appropriate steps, in insolvency proceedings affecting that Credit Party, to preserve its entitlement to be paid that amount.

(ii) The Administrative Agent shall have its own independent right to demand payment of the amounts payable by each Credit Party under this Section 9.30(b), irrespective of any discharge of such Credit Party's obligation to pay those amounts to the other Secured Parties resulting from failure by them to take appropriate steps, in insolvency proceedings affecting that Credit Party, to preserve their entitlement to be paid those amounts.

(iii) Any amount due and payable by a Credit Party to the Administrative Agent under this Section 9.30(b) shall be decreased to the extent that the other Secured Parties have received (and are able to retain) payment in full of the corresponding amount under the other provisions of the Credit Documents and any amount due and payable by a Credit Party to such other Secured Parties under those provisions shall be decreased to the extent that the Administrative Agent has received (and is able to retain) payment in full of the corresponding amount under this Section 9.30(b).

(iv) The rights of the Secured Parties (other than the Administrative Agent) to receive payment of amounts payable by each Credit Party under the Credit Documents are several and are separate and independent from, and without prejudice to, the rights of the Administrative Agent to receive payment under this Section 9.30(b).

(v) Notwithstanding the foregoing, any payment under the Credit Documents shall be made to the relevant Credit Party as set out in the respective Credit Document, unless expressly stated otherwise in that Credit Document (save for this Section 9.30(b)) or unless the relevant Credit Party directs such payment to be made to the Administrative Agent.

Section 9.32 Administration of German Security.

(a) The Administrative Agent will:

(i) hold and administer any German Security which is security assigned or otherwise transferred to it under a non accessory security right (*nicht akzessorische Sicherheit*) as trustee (*Treuhänder*) for the benefit of the Secured Parties; and

(ii) administer (*verwalten*) any German Security which is pledged (*Verpfändung*) or otherwise transferred to any or each Secured Party under an accessory security right (*akzessorische Sicherheit*).

(b) Each Secured Party authorizes the Administrative Agent (whether or not by or through employees or agents):

(i) to exercise such rights, remedies, powers and discretions as are specifically delegated to or conferred upon the Administrative Agent by the German Security Documents and this Agreement together which such powers and discretions as are reasonably incidental thereto;

(ii) to take such action on its behalf as may, from time to time, be authorized under or in accordance with the German Security Documents and this Agreement; and

(iii) to execute for and on its behalf any and all German Security Documents which create non-accessory (*nicht akzessorisch*) Collateral.

ARTICLE X

GUARANTY

Section 10.1 The Guaranty.

In order to induce the Lenders to enter into this Agreement and any Bank Product Provider to enter into any Bank Product and to extend credit hereunder and thereunder and in recognition of the direct benefits to be received by the Guarantors from the Extensions of Credit hereunder and any Bank Product, each of the Guarantors hereby agrees with the Administrative Agent, the Lenders and the Bank Product Provider as follows: (x) each Domestic Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all Credit Party Obligations and (y) each Foreign Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all Foreign Obligations. If any or all of the indebtedness becomes due and payable hereunder or under any Bank Product, each Domestic Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent, the Lenders, the Bank Product Providers, or their respective order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Credit Party Obligations. If any or all of the indebtedness of the Foreign Credit Parties becomes due and payable hereunder or under any Bank Product, each Foreign Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent, the Lenders, the Bank Product Providers, or their respective order, on demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Credit Party Obligations. The Guaranty set forth in this Article X is a guaranty of timely payment and not of collection. The word "indebtedness" is used in this Article X in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of the Borrowers, including specifically all Credit Party Obligations, arising in connection with this Agreement, the other Credit Documents or any Bank Product, in each case, heretofore, now, or hereafter made, incurred or created, whether voluntarily or involuntarily, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not such indebtedness is from time to time reduced, or extinguished and thereafter increased or incurred, whether the Borrowers may be liable individually or jointly with others, whether or not recovery upon such indebtedness may be or hereafter become barred by any statute of limitations, and whether or not such indebtedness may be or hereafter become otherwise unenforceable.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

Section 10.2 Bankruptcy.

Additionally, subject to Section 10.1, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all Credit Party Obligations of the Borrowers to the Lenders and any Bank Product Provider whether or not due or payable by the Borrowers upon the occurrence of any Bankruptcy Event and unconditionally promises to pay such Credit Party Obligations to the Administrative Agent for the account of the Lenders and to any such Bank Product Provider, or order, on demand, in lawful money in the applicable currency. Each of the Guarantors further agrees that to the extent that the Borrowers or a Guarantor shall make a payment or a transfer of an interest in any property to the Administrative Agent, any Lender or any Bank Product Provider, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Borrowers or a Guarantor, the estate of the Borrowers or a Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

Section 10.3 Nature of Liability.

The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Credit Party Obligations of the Borrowers whether executed by any such Guarantor, any other guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Borrowers or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Credit Party Obligations of the Borrowers, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrowers, or (e) any payment made to the Administrative Agent, the Lenders or any Bank Product Provider on the Credit Party Obligations which the Administrative Agent, such Lenders or such Bank Product Provider the Borrowers pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 10.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the Borrowers, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the Borrowers and whether or not any other Guarantor or the Borrowers are joined in any such action or actions.

Section 10.5 Authorization.

Subject to Section 10.1, each of the Guarantors authorizes the Administrative Agent, each Lender and each Bank Product Provider without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Credit Party Obligations or any part thereof in accordance with this Agreement and any Bank Product, as applicable, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of this Guaranty or the Credit Party Obligations and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their discretion may determine, (d) release or substitute any one or more endorsers, Guarantors, the Borrowers or other obligors and (e) to the extent otherwise permitted herein, release or substitute any Collateral.

Section 10.6 Reliance.

It is not necessary for the Administrative Agent, the Lenders or any Bank Product Provider to inquire into the capacity or powers of the Borrowers or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any Credit Party Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 10.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require the Administrative Agent, any Lender or any Bank Product Provider to (i) proceed against the Borrowers, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrowers, any other guarantor or any other party, or (iii) pursue any other remedy in the Administrative Agent's, any Lender's or any Bank Product Provider's whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of the Borrowers, any other guarantor or any other party other than payment in full of the Credit Party Obligations (other than contingent indemnification obligations), including, without limitation, any defense based on or arising out of the disability of the Borrowers, any other guarantor or any other party, or the unenforceability of the Credit Party Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrowers other than payment in full of the Credit Party Obligations. The Administrative Agent may, at its election, foreclose on any security held by the Administrative Agent or a Lender by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent or any Lender may have against the Borrowers or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Credit Party

Obligations have been paid in full and the Commitments have been terminated. Each of the Guarantors waives any defense arising out of any such election by the Administrative Agent or any of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantors against the Borrowers or any other party or any security.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Credit Party Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrowers' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Credit Party Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the U.S. Bankruptcy Code, or otherwise) to the claims of the Lenders or any Bank Product Provider against the Borrowers or any other guarantor of the Credit Party Obligations of the Borrowers owing to the Lenders or such Bank Product Provider (collectively, the "Other Parties") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty until such time as the Credit Party Obligations shall have been paid in full and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which the Administrative Agent, the Lenders or any Bank Product Provider now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Credit Party Obligations of the Borrowers and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders and/or the Bank Product Providers to secure payment of the Credit Party Obligations of the Borrowers until such time as the Credit Party Obligations (other than contingent indemnification obligations) shall have been paid in full and the Commitments have been terminated.

Section 10.8 Limitation on Enforcement.

The Lenders and the Bank Product Providers agree that this Guaranty may be enforced only by the action of the Administrative Agent acting upon the instructions of the Required Lenders or such Bank Product Provider (only with respect to obligations under the applicable Bank Product) and that no Lender or Bank Product Provider shall have any right individually to seek to enforce or to enforce this Guaranty, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent for the benefit of the Lenders under the terms of this Agreement and for the benefit of any Bank Product Provider under any Bank Product.

Section 10.9 Confirmation of Payment.

The Administrative Agent and the Lenders will, upon request after payment of the Credit Party Obligations which are the subject of this Guaranty and termination of the Commitments relating thereto, confirm to the Borrowers, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated, subject to the provisions of Section 10.2.

ARTICLE XI

SPECIAL PROVISIONS APPLICABLE TO LENDERS UPON THE OCCURRENCE OF A SHARING EVENT

Section 11.1 Participations.

Upon the occurrence of a Sharing Event, the Lenders shall automatically and without further action be deemed to have exchanged interests in the outstanding Loans and outstanding Letters of Credit such that, in lieu of the interests of each Lender in each Loan and each outstanding Letter of Credit, such Lender shall hold an interest in all Revolving Loans, Term Loans and Swingline Loans, made to the Borrowers and all outstanding Letters of Credit issued for the account of such Persons or their Subsidiaries at such time, whether or not such Lender shall previously have participated therein, equal to such Lender's Exchange Percentage thereof. The foregoing exchanges shall be accomplished automatically pursuant to this Section 11.1 through purchases and sales of participations in the various Loans and outstanding Letters of Credit as required hereby, although at the request of the Administrative Agent each Lender hereby agrees to enter into customary participation agreements approved by the Administrative Agent and reasonably acceptable to such Lender to evidence the same. All purchases and sales of participating interests pursuant to this Section 11.1 shall be made in Dollars. At the request of the Administrative Agent, each Lender which has sold participations in any of its Loans and outstanding Letters of Credit as provided above (through the Administrative Agent) will deliver to each Lender (through the Administrative Agent) which has so purchased a participating interest therein a participation certificate in the appropriate amount as determined in conjunction with the Administrative Agent. It is understood that the amount of funds delivered by each Lender shall be calculated on a net basis, giving effect to both the sales and purchases of participations by the various Lenders as required above. For the avoidance of doubt, a Sharing Event shall be deemed to have occurred immediately prior to any acceleration pursuant to Section 7.2 or any distribution under Section 2.11(b) or Section 2.21(a)(ii).

Section 11.2 Administrative Agent's Determination Binding.

All determinations by the Administrative Agent pursuant to this Article XI shall be made by it in accordance with the provisions herein and with the intent being to equitably share the credit risk for all Loans and Letters of Credit and other Extensions of Credit hereunder in accordance with the provisions hereof. Absent manifest error, all determinations by the Administrative Agent hereunder shall be binding on the Credit Parties and each of the Lenders. The Administrative Agent shall have no liability to any Credit Party or Lender hereunder for any determinations made by it hereunder except to the extent resulting from the Administrative Agent's gross negligence or willful misconduct (as determined by a court of competent jurisdiction in a final and non-appealable decision).

Section 11.3 Participation Payments in Dollars.

Upon, and after, the occurrence of a Sharing Event (a) no further Extensions of Credit shall be made, (b) all amounts from time to time accruing with respect to, and all amounts from time to time payable on account of, Loans denominated in Foreign Currencies (including, without limitation, any interest and other amounts which were accrued but unpaid on the date of such Sharing Event) shall be payable in Dollars (taking the Dollar Equivalent of such amounts on the date payment is made with respect thereto) and shall be distributed by the Administrative Agent for the account of the Lenders which made such Loans or are participating therein and (c) all Revolving Commitments shall be automatically terminated. Notwithstanding anything to the contrary contained above, the failure of any Lender to purchase its participating interests as required above in any Extensions of Credit upon the occurrence of a Sharing Event shall not relieve any other Lender of its obligation hereunder to purchase its participating interests in a timely manner, but no Lender shall be responsible for the failure of any other Lender to purchase the participating interest to be purchased by such other Lender on any date.

Section 11.4 Delinquent Participation Payments.

If any amount required to be paid by any Lender pursuant to this Article XI is not paid to the Administrative Agent on the date upon which the Sharing Event occurred, such Lender shall, in addition to such aforementioned amount, also pay to the Administrative Agent on demand an amount equal to the product of (a) the amount so required to be paid by such Lender for the purchase of its participations, (b) the daily average Federal Funds Rate, during the period from and including the date of request for payment to the date on which such payment is immediately available to the Administrative Agent and (c) a fraction the numerator of which is the number of days that elapsed during such period and the denominator of which is 360. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts payable under this Article XI shall be conclusive in the absence of manifest error. Amounts payable by any Lender pursuant to this Article XI shall be paid to the Administrative Agent for the account of the relevant Lenders; provided that, if the Administrative Agent (in its sole discretion) has elected to fund on behalf of such other Lender the amounts owing to such other Lenders, then the amounts shall be paid to the Administrative Agent for its own account.

Section 11.5 Settlement of Participation Payments.

Whenever, at any time after the relevant Lenders have received from any other Lenders purchases of participations pursuant to this Article XI and the various Lenders receive any payment on account thereof, such Lenders will distribute to the Administrative Agent, for the account of the various Lenders participating therein, such Lenders' participating interests in such amounts (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such participations were outstanding) in like funds as received; provided, however, that in the event that such payment received by any Lenders is required to be returned, the Lenders who received previous distributions in respect of their participating interests therein will return to the respective Lenders any portion thereof previously so distributed to them in like funds as such payment is required to be returned by the respective Lenders.

Section 11.6 Participation Obligations Absolute.

Each Lender's obligation to purchase participating interests pursuant to this Article XI shall be absolute and unconditional and shall not be affected by any circumstance including, without limitation, (a) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against any other Lender, any Credit Party or any other Person for any reason whatsoever, (b) the occurrence or continuance of a Default or an Event of Default, (c) any adverse change in the condition (financial or otherwise) of any Credit Party or any other Person, (iv) any breach of this Agreement by any Credit Party, any Lender or any other Person, or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

Section 11.7 Increased Cost; Indemnities.

Notwithstanding anything to the contrary contained elsewhere in this Agreement, upon any purchase of participations as required above, (a) each Lender which has purchased such participations shall be entitled to receive from the Credit Parties any increased costs and indemnities (including, without limitation, pursuant to Section 2.14, 2.15, 2.16, 2.17, 2.18 and 9.5) directly from the Credit Parties to the same extent as if it were the direct Lender as opposed to a participant therein and (b) each Lender which has sold such participations shall be entitled to receive from the Credit Parties indemnification from and against any and all Taxes imposed as a result of the sale of the participations pursuant to this Article XI. Each Credit Party acknowledges and agrees that, upon the occurrence of a Sharing Event and after giving effect to the requirements of this Article XI, increased Taxes may be owing by it pursuant to Section 2.16, which Taxes shall be paid (to the extent provided in Section 2.16) by the respective Credit Party or Credit Parties, without any claim that the increased Taxes are not payable because some resulted from the participations effected as otherwise required by this Article XI.

Section 11.8 Provisions Solely to Effect Intercreditor Agreement.

The provisions of this Article XI are and are intended solely for the purpose of effecting a sharing arrangement among the Lenders and reflects an agreement among creditors. Except as contemplated by Sections 11.3 and 11.7, none of the Credit Parties shall have any rights or obligations under this Article XI. Nothing contained in this Article XI is intended to or shall impair the obligations of the Credit Parties, which are absolute and unconditional, to pay the Credit Party Obligations as and when the same shall become due and payable in accordance with their terms.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by its proper and duly authorized officers as of the day and year first above written.

BORROWERS: VOXX International corporation,
a Delaware corporation, as the Company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: CFO/Senior Vice President

AUDIOVOX ACCESSORIES CORPORATION, a Delaware corporation, as a Borrower

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title:CFO/Vice President/Treasurer

AUDIOVOX ELECTRONICS CORPORATION, a Delaware corporation, as a Borrower

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title:CFO/Secretary/Treasurer

AUDIOVOX CONSUMER ELECTRONICS, INC., a Delaware corporation, as a Borrower

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title:CFO/Secretary/Treasurer

AMERICAN RADIO CORP., a Georgia corporation, as a Borrower

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

CODE SYSTEMS, INC., a Delaware corporation, as a Borrower

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Chief Financial Officer

INVISION AUTOMOTIVE SYSTEMS INC., a Delaware corporation, as a Borrower

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

BATTERIES.COM, LLC, an Indiana limited liability company, as a Borrower

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

KLIPSCH GROUP, INC., an Indiana corporation, as a Borrower

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

VOXX INTERNATIONAL (GERMANY) GMBH, a Gesellschaft mit beschränkter Haftung under the laws of the Federal Republic of Germany, as the Foreign Borrower

By: /s/ Klaus von Gierke
Name: Klaus von Gierke
Title: Managing Director

GUARANTORS:

By: /s/ Chris Lis Johnson
Name: Chris Lis Johnson
Title: Secretary

TECHNUITY, INC., an Indiana corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

OMEGA RESEARCH AND DEVELOPMENT TECHNOLOGY LLC, a Delaware limited liability company

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

LATIN AMERICA EXPORTS CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Treasurer

KLIPSCH HOLDING LLC, a Delaware limited liability company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Treasurer

KD SALES, LLC, an Indiana limited liability company

By: /s/ Frederick L. Farrar
Name: Frederick L. Farrar
Title: Executive Vice President/CFO/Treasurer

AUDIOVOX WEBSALES LLC, a Delaware limited liability company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX LATIN AMERICA LTD., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX INTERNATIONAL CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Treasurer

AUDIOVOX GERMAN CORPORATION, a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: CFO/Vice President

AUDIOVOX ASIA INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Secretary/Treasurer

ADMINISTRATIVE AGENT: WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender and as Administrative Agent on behalf of the Lenders

By:
Name:
Title:

AMENDED AND RESTATED U.S. SECURITY AGREEMENT

THIS AMENDED AND RESTATED U.S. SECURITY AGREEMENT (this "Security Agreement"), is entered into as of March 14, 2012, by and among **VOXX INTERNATIONAL CORPORATION**, a Delaware corporation (the "Company"), **AUDIOVOX ACCESSORIES CORPORATION**, a Delaware corporation ("ACC"), **AUDIOVOX ELECTRONICS CORPORATION**, a Delaware corporation ("AEC"), **AUDIOVOX CONSUMER ELECTRONICS, INC.**, a Delaware corporation ("ACEI"), **AMERICAN RADIO CORP.**, a Georgia corporation ("ARC"), **CODE SYSTEMS, INC.**, a Delaware corporation ("CSI"), **INVISION AUTOMOTIVE SYSTEMS INC.**, a Delaware corporation ("IAS"), **BATTERIES.COM, LLC**, an Indiana limited liability company ("Batteries"), **KLIPSCH GROUP, INC.**, an Indiana corporation ("Klipsch", and together with the Company, ACC, AEC, ACEI, ARC, CSI, IAS and Batteries, each, a "Domestic Borrower" and collectively, the "Domestic Borrowers"), each of the Domestic Subsidiaries of the Company from time to time party hereto (individually a "Domestic Guarantor" and collectively the "Domestic Guarantors"; the Domestic Guarantors, together with the Domestic Borrowers, individually a "Obligor" and collectively the "Obligors") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, in its capacity as Administrative Agent under the Credit Agreement referred to below (in such capacity, the "Administrative Agent") for the several banks and other financial institutions as may from time to time become parties to such Credit Agreement (individually a "Lender" and collectively the "Lenders").

RECITALS

WHEREAS, the Domestic Borrowers entered into that certain Credit Agreement, dated as of March 1, 2011 (as amended, modified or supplemented prior to the date hereof, the "Existing Credit Agreement"), by and among the Domestic Borrowers, certain domestic and foreign subsidiaries of one or more of the Domestic Borrowers, as guarantors, the lenders from time to time party thereto, and Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as agent for the lenders thereunder;

WHEREAS, in connection with the Existing Credit Agreement, the Domestic Borrowers and certain of their subsidiaries entered into that certain Security Agreement, dated as of March 1, 2011 ("Existing Security Agreement") to secure the Domestic Borrowers' obligations pursuant to the Existing Credit Agreement;

WHEREAS, the Domestic Borrowers are amending and restating the Existing Credit Agreement in its entirety pursuant to that certain Amended and Restated Credit Agreement dated as of the date hereof (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement"), by and among the Obligors, the other Credit Parties party thereto, the Lenders party thereto and the Administrative Agent, pursuant to which the Lenders have agreed to make Loans and to issue and/or acquire participation interests in Letters of Credit upon the terms and subject to the conditions set forth therein; and

WHEREAS, it is a condition precedent to the effectiveness of the Credit Agreement and the obligations of the Lenders to make their respective Loans and to issue and/or acquire participation interests in Letters of Credit under the Credit Agreement that the Obligors shall have amended and restated the Existing Security Agreement by executing and delivering this Security Agreement to the Administrative Agent for the ratable benefit of the Lenders and the other Secured Parties (if any).

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration,

the receipt and sufficiency of which is hereby acknowledged, the Obligors and the Administrative Agent agree to amend and restate the Existing Security Agreement in its entirety upon the following terms and conditions:

1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement, and the following terms which are defined in the Uniform Commercial Code from time to time in effect in the State of New York (the "UCC") are used herein as so defined: Accession, Account, As-Extracted Collateral, Chattel Paper, Commercial Tort Claim, Consumer Good, Deposit Account, Document, Electronic Chattel Paper, Equipment, Farm Product, Fixture, General Intangible, Good, Instrument, Inventory, Investment Property, Letter-of-Credit Right, Manufactured Home, Payment Intangible, Proceeds, Securities Account, Securities Intermediary, Software, Supporting Obligation and Tangible Chattel Paper.

2. Grant of Security Interest in the Collateral.

(a) To secure the prompt payment and performance in full when due, whether by lapse of time, acceleration, mandatory prepayment or otherwise, of the Credit Party Obligations, each Obligor hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to the following, whether now owned or existing or owned, acquired, or arising hereafter (collectively, the "Collateral"):

(i) all Accounts;

(ii) all cash and Cash Equivalents;

(iii) all Chattel Paper (including Electronic Chattel Paper);

(iv) all Commercial Tort Claims as set forth on Schedule 3.16(d) to the Credit Agreement (as updated from time to time in accordance with the Credit Agreement);

(v) all Copyright Licenses;

(vi) all Copyrights;

(vii) all Deposit Accounts;

(viii) all Documents;

(ix) all Equipment;

(x) all Fixtures;

(xi) all General Intangibles;

(xii) all Goods;

(xiii) all Instruments;

(xiv) all Inventory;

(xv) all Investment Property;

(xvi) all Letter-of-Credit Rights;

(xvii) all Material Contracts and all such other agreements, contracts, leases, licenses, tax sharing agreements or hedging arrangements now or hereafter entered into by an Obligor, as such agreements may be amended or otherwise modified from time to time (collectively, the "Subject Agreements"), including without limitation, (A) all rights of an Obligor to receive moneys due and to become due under or pursuant to the Subject Agreements, (B) all rights of an Obligor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Subject Agreements, (C) claims of an Obligor for damages arising out of or for breach of or default under the Subject Agreements and (D) the right of an Obligor to terminate the Subject Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder;

(xviii) all Patent Licenses;

(xix) all Patents;

(xx) all Payment Intangibles;

(xxi) all Securities Accounts;

(xxii) all Software;

(xxiii) all Supporting Obligations;

(xxiv) all Trademark Licenses;

(xxv) all Trademarks;

(xxvi) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks, and related data processing software (owned by such Obligor or in which it has an interest) that at any time evidence or contain information relating to any Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(xxvii) all other personal property of any kind or type whatsoever owned by such Obligor; and

(xxviii) to the extent not otherwise included, all Accessions, Proceeds and products of any and all of the foregoing.

(b) The Obligors and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest created hereby in the Collateral (i) constitutes continuing collateral security for all of the Credit Party Obligations, whether now existing or hereafter arising and (ii) is not to be construed as a present assignment of any Intellectual Property or any other Collateral.

(c) The term "Collateral" shall include any Bank Products and any rights of the Obligors thereunder only for purposes of this Section 2.

(d) Notwithstanding the foregoing grant of a security interest, (i) no Account, Instrument,

Chattel Paper or other obligation or property of any kind due from, owed by, or belonging to, a Sanctioned Person or Sanctioned Entity or (ii) any lease in which the lessee is a Sanctioned Person or Sanctioned Entity shall be Collateral.

(e) Notwithstanding the foregoing grant of a security interest, this Security Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by any Requirements of Law of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such Requirement of Law or is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property or, in the case of any Investment Property or Instruments, any applicable shareholder or similar agreement, except to the extent that such Requirement of Law or the term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law (including, without limitation, Sections 9-406, 9- 407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity); provided, that for purposes of the foregoing, it is understood and agreed that the applicable Obligor will use its reasonable efforts to obtain a consent if permissible by the applicable Requirement of Law or the applicable contract, license, agreement, instrument or other document.

(f) Notwithstanding any provisions of this Agreement to the contrary, (i) the limitations on pledges of and security interests in the Equity Interests of Foreign Subsidiaries of the Domestic Borrowers set forth in the Credit Agreement and the Pledge Agreement shall be applicable to and limit the grant of a security interest in the Collateral provided for in this Agreement and (ii) assets will be excluded from the Collateral in circumstances where the Administrative Agent and the Company agree that the cost of obtaining a security interest in such assets are excessive in relation to the value afforded thereby.

3. Provisions Relating to Accounts, Contracts and Agreements.

(a) Anything herein to the contrary notwithstanding, each of the Obligors shall remain liable under each of its material Accounts, contracts and agreements to observe and perform all of the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such material Account or the terms of such contract or agreement. Neither the Administrative Agent nor any Secured Party shall have any obligation or liability under any Account (or any agreement giving rise thereto), contract or agreement by reason of or arising out of this Security Agreement or the receipt by the Administrative Agent or any Secured Party of any payment relating to such Account, contract or agreement pursuant hereto, nor shall the Administrative Agent or any Secured Party be obligated in any manner to perform any of the obligations of an Obligor under or pursuant to any Account (or any agreement giving rise thereto), contract or agreement, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) The Administrative Agent hereby authorizes the Obligors to collect the Accounts; provided, that the Administrative Agent may curtail or terminate such authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Administrative

Agent at any time after the occurrence and during the continuation of an Event of Default, any payments of Accounts, when collected by the Obligors (i) shall be forthwith (and in any event within two (2) Business Days) deposited by the Obligors in a collateral account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Secured Parties only as provided in Section 12 hereof, and (ii) until so turned over, shall be held by the Obligors in trust for the Administrative Agent and the Secured Parties, segregated from other funds of the Obligors.

(c) At any time and from time to time after the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right, but not the obligation, to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and the Obligors shall furnish all such assistance and information as the Administrative Agent may require in connection with such test verifications. After the occurrence and during the continuance of an Event of Default, upon the Administrative Agent's request and at the expense of the Obligors, the Obligors shall cause independent public accountants or others satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts. After the occurrence and during the continuance of an Event of Default, the Administrative Agent in its own name or in the name of others may communicate with account debtors on the Accounts to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Accounts.

4. Representations and Warranties. Each Obligor hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, that so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated:

(a) Chief Executive Office; Books & Records; Legal Name; State of Formation. No Obligor has in the four (4) months preceding the Closing Date changed its name, been party to a merger, consolidation or other change in structure or used any tradename not disclosed on Schedule 4(a) attached hereto (as updated from time to time).

(b) Ownership. Each Obligor is the legal and beneficial owner of its Collateral and, subject to Section 2(e), has the right to pledge, sell, assign or transfer the same in accordance with the provisions hereof.

(c) Security Interest/Priority. This Security Agreement creates a valid security interest in favor of the Administrative Agent, for the benefit of the Secured Parties, in the Collateral of such Obligor and, if and when properly perfected by filing, obtaining possession, the granting of control to the Administrative Agent or otherwise, shall constitute a valid first priority, perfected security interest in such Collateral (subject to Permitted Liens), to the extent such security interest can be perfected by (i) filing, obtaining possession, the granting of control or otherwise under the UCC, (ii) by filing an appropriate notice with the United States Patent and Trademark Office or the United States Copyright Office, or (iii) such other action as may be required pursuant to any applicable jurisdictions' certificate of title statute, free and clear of all Liens except for Permitted Liens.

(d) Consents. Except for (i) the filing or recording of UCC financing statements, (ii) the filing of appropriate notices with the United States Patent and Trademark Office and the United States Copyright Office, (iii) obtaining control to perfect the Liens created by this Security Agreement, (iv) compliance with the Federal Assignment of Claims Act or comparable state law, and/or (v) the

filing, registration or other action required pursuant to any applicable certificate of title statute, no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other Person (including, without limitation, any stockholder, member or creditor of such Obligor) is required (A) for the grant by such Obligor of the security interest in the Collateral granted hereby or for the execution, delivery or performance of this Security Agreement by such Obligor or (B) for the perfection of such security interest or the exercise by the Administrative Agent of the rights and remedies provided for in this Security Agreement.

(e) Types of Collateral. None of the Collateral consists of, or is the Proceeds of, As-Extracted Collateral, Consumer Goods, Farm Products, Manufactured Homes or standing timber (as such term is used in the UCC).

(f) Accounts. With respect to the Accounts of the Obligors, the right to receive payment under each Account is assignable except where the account debtor with respect to such Account is a Governmental Authority, to the extent assignment of any such right to payment is prohibited or limited by applicable law, regulations, administrative guidelines or contract.

(g) Inventory. No Inventory of an Obligor is held by a third party (other than an Obligor) pursuant to consignment, sale or return, sale on approval or similar arrangement.

(h) Intellectual Property.

(i) Each of the Obligors and its Subsidiaries owns, or has the legal right to use, all Intellectual Property, tradenames, technology, know-how and processes necessary for each of them to conduct its business as currently conducted.

(ii) Except as disclosed in Schedule 3.16(a) to the Credit Agreement, (A) each Obligor has the right to use its Intellectual Property and (B) all registrations with and applications to Governmental Authorities in respect of such Intellectual Property are valid and in full force and effect.

(iii) None of the Obligors is in default (or with the giving of notice or lapse of time or both, would be in default) under any license to use its Intellectual Property; no claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor do the Obligors or any of their Subsidiaries know of any such claim; and, to the knowledge of the Obligors or any of their Subsidiaries, the use of such Intellectual Property by any of the Obligors or any of its Subsidiaries does not infringe on the rights of any Person except, in any such case under this clause (iii), which could not be reasonably likely to have a Material Adverse Effect.

(iv) The Obligors have recorded or deposited with and paid to the United States Copyright Office, the Register of Copyrights, the Copyrights Royalty Tribunal or other Governmental Authority, all notices, statements of account, royalty fees and other documents and instruments required under the terms and conditions of any Contractual Obligation of the Obligors and/or under Title 17 of the United States Code and the rules and regulations issued thereunder (collectively, the "Copyright Act"), and are not liable to any Person for copyright infringement under the Copyright Act or any other law, rule, regulation, contract or license as a result of their business operations except, in any such case, which could not be reasonably likely to have a Material Adverse Effect.

(v) All material Intellectual Property of each Obligor is valid, subsisting, unexpired, enforceable and has not been abandoned, and each Obligor is legally entitled to use each of its tradenames.

(vi) Except as set forth in Schedule 3.16(a) to the Credit Agreement, none of the material Intellectual Property of the Obligors is the subject of any licensing or franchise agreement.

(vii) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of any Intellectual Property of the Obligors except, in any such case, which could not be reasonably likely to have a Material Adverse Effect.

(viii) No action or proceeding is pending seeking to limit, cancel or question the validity of any Intellectual Property of the Obligors, or which, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the value of any such Intellectual Property.

(ix) All applications pertaining to the material Intellectual Property of each Obligor have been duly and properly filed, and all registrations or letters pertaining to such Intellectual Property have been duly and properly filed and issued, and all of such Intellectual Property is valid and enforceable.

(x) No Obligor has made any assignment or entered into any agreement in conflict with the security interest of the Administrative Agent in the material Intellectual Property of each Obligor hereunder.

(i) Documents, Instruments and Chattel Paper. All Documents, Instruments and Chattel Paper describing, evidencing or constituting Collateral are, to the Obligors' knowledge, complete, valid, and genuine.

(j) Equipment. Except as could not reasonably be expected to have a Material Adverse Effect, with respect to each Obligor's Equipment: (i) such Obligor has good and marketable title thereto; (ii) all such Equipment is in normal operating condition and repair, ordinary wear and tear alone excepted (subject to casualty events), and is suitable for the uses to which it is customarily put in the conduct of such Obligor's business; and (iii) no Equipment used in the conduct of such Obligor's business is leased, except for non-material items.

(k) Restrictions on Security Interest. Except as could not reasonably be expected to have a Material Adverse Effect, none of the Obligors is party to any material license or any material lease that contains legally enforceable restrictions on the granting of a security interest therein.

5. Covenants. Each Obligor covenants that, so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated, such Obligor shall:

(a) Perfection of Security Interest by Filing, Etc. Execute and deliver to the Administrative Agent and/or file such agreements, assignments or instruments (including affidavits, notices, reaffirmations, amendments and restatements of existing documents, and any document as may be

necessary if the law of any jurisdiction other than New York becomes or is applicable to the Collateral or any portion thereof, in each case, as the Administrative Agent may reasonably request) and do all such other things as the Administrative Agent may reasonably deem necessary or appropriate (i) to assure to the Administrative Agent its security interests hereunder are perfected, including (A) such financing statements (including continuation statements) or amendments thereof or supplements thereto or other instruments as the Administrative Agent may from time to time reasonably request in order to perfect and maintain the security interests granted hereunder in accordance with the UCC and any other personal property security legislation in the appropriate state(s) or province(s), (B) with regard to registered Copyrights, a Notice of Grant of Security Interest in Copyrights for filing with the United States Copyright Office in the form of Exhibit A attached hereto, (C) with regard to Patents, a Notice of Grant of Security Interest in Patents for filing with the United States Patent and Trademark Office in the form of Exhibit B attached hereto and (D) with regard to Trademarks, a Notice of Grant of Security Interest in Trademarks for filing with the United States Patent and Trademark Office in the form of Exhibit C attached hereto, (ii) to consummate the transactions contemplated hereby and (iii) to otherwise protect and assure the Administrative Agent of its rights and interests hereunder. Each Obligor hereby authorizes the Administrative Agent to prepare and file such financing statements (including continuation statements) or amendments thereof or supplements thereto or other instruments as the Administrative Agent may from time to time deem reasonably necessary or appropriate in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, including, without limitation, any financing statement that describes the Collateral as "all personal property" or "all assets" of such Obligor or that describes the Collateral in some other manner as the Administrative Agent reasonably deems necessary or advisable. Each Obligor agrees to mark its books and records to reflect the security interest of the Administrative Agent in the Collateral.

(b) Perfection of Security Interest by Possession. If (i) any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Document, Instrument, Tangible Chattel Paper or Supporting Obligation or (ii) any Collateral shall be stored or shipped subject to a Document or (iii) any Collateral shall consist of Investment Property in the form of certificated securities, then upon the knowledge of a Responsible Officer of an Obligor, promptly notify the Administrative Agent of the existence of such Collateral and deliver such Instrument, Chattel Paper, Supporting Obligation, Document or Investment Property to the Administrative Agent, duly endorsed in a manner reasonably satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Security Agreement.

(c) Perfection of Security Interest Through Control. If any Collateral shall consist of Deposit Accounts, Electronic Chattel Paper, Letter-of-Credit Rights, Securities Accounts or uncertificated Investment Property, execute and deliver (and, with respect to any Collateral consisting of a Securities Account or uncertificated Investment Property, cause the Securities Intermediary or the issuer, as applicable, with respect to such Investment Property to execute and deliver) to the Administrative Agent all control agreements, assignments, instruments or other documents as reasonably requested by the Administrative Agent for the purposes of obtaining and maintaining control of such Collateral. If any Collateral shall consist of Deposit Accounts or Securities Accounts, comply with Section 6.14 of the Credit Agreement.

(d) Other Liens. Defend its interests in the Collateral against the claims and demands of which it is aware of all other parties claiming an interest therein and keep the Collateral free from all Liens, except, in each case, for Permitted Liens. Neither the Administrative Agent nor any Secured Party authorizes any Obligor to, and no Obligor shall, sell, exchange, transfer, assign, lease or

otherwise dispose of the Collateral or any interest therein, except as permitted under the Credit Agreement.

(e) Preservation of Collateral. Keep the Collateral in good order, condition and repair in all material respects, ordinary wear and tear excepted, and not use the Collateral in violation of the provisions of this Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable Requirement of Law, except where no Material Adverse Event could reasonably be expected to occur.

(f) Changes in Structure or Location. Except as permitted pursuant to Section 6.8 of the Credit Agreement, no Obligor may (i) alter its legal existence or, in one transaction or a series of transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets, (ii) change its state of incorporation or organization, or (iii) change its registered legal name.

(g) Collateral Held by Warehouseman, Bailee, etc. If any Collateral is at any time in the possession or control of a warehouseman, bailee or any agent or processor of such Obligor, (i) notify the Administrative Agent of such possession, (ii) notify such Person of the Administrative Agent's security interest for the benefit of the Secured Parties in such Collateral, (iii) instruct such Person to hold all such Collateral for the Administrative Agent's account subject to the Administrative Agent's instructions and (iv) comply with the provisions of Section 5.13 of the Credit Agreement.

(h) Treatment of Accounts. Except as could not reasonably be expected to have a Material Adverse Effect, (i) not grant or extend the time for payment of any Account, or compromise or settle any Account for less than the full amount thereof, or release any person or property, in whole or in part, from payment thereof, or allow any credit or discount thereon, other than as normal and customary in the ordinary course of an Obligor's business and (ii) maintain at its principal place of business a record of Accounts consistent with customary business practices.

(i) Covenants Relating to Inventory.

(i) Comply with the provisions of Section 5.5(a) of the Credit Agreement, at its own cost and expense.

(ii) If any of the Inventory with a value in excess of $100,000 is at any time evidenced by a document of title, promptly upon the knowledge of a Responsible Officer of an Obligor, notify the Administrative Agent thereof and, upon the request of the Administrative Agent, deliver such document of title to the Administrative Agent.

(j) Covenants Relating to Copyrights.

(i) Employ the Copyright for each material Work with such notice of copyright as may be required by law to secure copyright protection.

(ii) Not do any act or knowingly omit to do any act whereby any material Copyright may become invalidated and (A) not do any act, or knowingly omit to do any act, whereby any material Copyright may become injected into the public domain; (B) notify the Administrative Agent immediately if it knows, or has reason to know, that any material Copyright could reasonably be expected to become injected into the public domain or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in any court or tribunal in the United States or any other country) regarding an Obligor's ownership of any such Copyright or its

validity; (C) take all necessary steps as it shall deem appropriate under the circumstances to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of each material Copyright owned by an Obligor including, without limitation, filing of applications for renewal where necessary; and (D) promptly notify the Administrative Agent of any material infringement of any material Copyright of an Obligor of which it becomes aware and take such actions as it shall reasonably deem appropriate under the circumstances to protect such Copyright, including, where appropriate, the bringing of suit for infringement, seeking injunctive relief and seeking to recover any and all damages for such infringement.

(iii) Not make any assignment or agreement in conflict with the security interest in the material Copyrights of each Obligor hereunder, except for the sale or other disposition of assets as permitted under the Credit Agreement.

(k) Covenants Relating to Patents and Trademarks.

(i) (A) Continue to use each material Trademark in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (B) maintain as in the past the quality of products and services offered under such Trademark, (C) employ such Trademark with the appropriate notice of registration, (D) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Secured Parties, shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (E) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated.

(ii) Not do any act, or omit to do any act, whereby any material Patent may become abandoned or dedicated.

(iii) Promptly notify the Administrative Agent if it knows, or has reason to know, that any application or registration relating to any material Patent or material Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in any country) regarding an Obligor's ownership of any such Patent or Trademark or its right to register the same or to keep, maintain and use the same.

(iv) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application, to obtain the relevant registration and to maintain each registration of the material Patents and Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(v) Promptly notify the Administrative Agent after it learns that any material Patent or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party and promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Patent or Trademark.

(vi) Not make any assignment or agreement in conflict with the security interest in the Patents or Trademarks of any Obligor hereunder, except for the sale or other disposition of assets as permitted under the Credit Agreement.

(l) New Patents, Copyrights and Trademarks. To the extent required by and in accordance with Section 5.2(c) of the Credit Agreement, provide the Administrative Agent with (i) a listing of all applications, if any, for new material Patents or Trademarks (together with a listing of application numbers), which new applications and issued registrations or letters shall be subject to the terms and conditions hereunder, and (ii) (A) with respect to material Copyrights, a duly executed Notice of Grant of Security Interest in Copyrights, (B) with respect to material Patents, a duly executed Notice of Grant of Security Interest in Patents, (C) with respect to material Trademarks, a duly executed Notice of Grant of Security Interest in Trademarks or (D) such other duly executed documents as the Administrative Agent may request in a form acceptable to counsel for the Administrative Agent and suitable for recording to evidence the security interest of the Administrative Agent on behalf of the Secured Parties in any such Copyright, Patent or Trademark which is the subject of such new application, and the goodwill and General Intangibles of such Obligor relating thereto or represented thereby.

(m) Intellectual Property Generally. Upon request of the Administrative Agent, execute and deliver any and all agreements, instruments, documents, and papers as the Administrative Agent may reasonably request to evidence the Administrative Agent's security interest in the Intellectual Property and the general intangibles relating thereto including, without limitation, the goodwill of the Obligors and their Subsidiaries relating thereto or represented thereby (or such other Intellectual Property or the general intangibles relating thereto or represented thereby as the Administrative Agent may reasonably request).

(n) Commercial Tort Claims; Notice of Litigation. Promptly (i) forward to the Administrative Agent written notification of any and all material Commercial Tort Claims of the Obligors, including, but not limited to, any and all actions, suits, and proceedings before any court or Governmental Authority by or affecting such Obligor or any of its Subsidiaries and (ii) execute and deliver such statements, documents and notices and do and cause to be done all such things as may be required by the Administrative Agent, or required by law, including all things which may from time to time be necessary under the UCC to fully create, preserve, perfect and protect the priority of the Administrative Agent's security interest in any material Commercial Tort Claims.

(o) Status of Collateral as Personal Property. Except as could not reasonably be expected to have a Material Adverse Effect, at all times maintain the Collateral as personal property and not affix any of the Collateral to any real property in a manner which would change its nature from personal property to real property or a Fixture, unless the Administrative Agent has a first priority, perfected Lien (subject to Permitted Liens) on such real property or Fixture.

(p) Regulatory Approvals. If an Event of Default shall have occurred and be continuing, promptly, and at its expense, execute and deliver, or cause to be executed and delivered, all documents and papers the Administrative Agent may reasonably request and as may be required by law to acquire the consent, approval, registration, qualification or authorization of any other Person deemed reasonably necessary or appropriate for the effective exercise of any of the rights under this Security Agreement (each a "Governmental Approval"). Without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing, each Obligor shall take any action which the Administrative Agent may reasonably request in order to transfer and assign to the Administrative

Agent, or to such one or more third parties as the Administrative Agent may designate, or to a combination of the foregoing, each Governmental Approval of such Obligor. To enforce the provisions of this subsection, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent is empowered to request the appointment of a receiver from any court of competent jurisdiction. Such receiver shall be instructed to seek from the Governmental Authority an involuntary transfer of control of each such Governmental Approval for the purpose of seeking a bona fide purchaser to whom control will ultimately be transferred. Each Obligor hereby agrees to authorize such an involuntary transfer of control upon the request of the receiver so appointed, and, if such Obligor shall refuse to authorize the transfer, its approval may be required by the court. Upon the occurrence and continuance of an Event of Default, such Obligor shall further use its reasonable best efforts to assist in obtaining Governmental Approvals, if required, for any action or transaction contemplated by this Security Agreement, including, without limitation, the preparation, execution and filing with the Governmental Authority of such Obligor's portion of any necessary or appropriate application for the approval of the transfer or assignment of any portion of the assets (including any Governmental Approval) of such Obligor.

(q) Insurance. Insure, repair and replace the Collateral of such Obligor as set forth in the Credit Agreement. All proceeds derived from insurance on the Collateral shall be subject to the security interest of the Administrative Agent hereunder.

(r) Covenants Relating to the Subject Agreements.

(i) Upon the reasonable request of the Administrative Agent, each Obligor shall, at its expense, (A) furnish to the Administrative Agent copies of all material notices, requests and other documents received by such Obligor under or pursuant to the Subject Agreements, and such other information and reports regarding the Subject Agreements and (B) make to any other party to any Subject Agreement such material demands and requests for information and reports or for action as an Obligor, in such Obligor's commercially reasonable discretion, is entitled to make thereunder.

(ii) Unless the applicable Obligor believes it is necessary in the prudent conduct of its business, no Obligor shall (A) cancel or terminate any Subject Agreement of such Obligor or consent to or accept any cancellation or termination thereof; (B) amend or otherwise modify any Subject Agreement of such Obligor or give any consent, waiver or approval thereunder; (C) waive any default under or breach of any Subject Agreement of such Obligor; or (D) take any other action in connection with any Subject Agreement of such Obligor which would materially impair the value of the interest or rights of such Obligor thereunder or which would materially impair the interests or rights of the Administrative Agent hereunder.

(s) Material Contracts. Upon reasonable the request of the Administrative Agent, with respect to any Material Contract, each Obligor will (subject to Section 2(e) hereof) (i) execute and deliver (or cause to be executed and delivered) to the Administrative Agent a collateral assignment of such Material Contract (other than the Acquisition Agreement) and a consent to such collateral assignment, in each case in a form acceptable to the Administrative Agent, (ii) use commercially reasonable efforts to cause the other parties to such Material Contract to execute such consent and (iii) do any act or execute any additional documents reasonably required by the Administrative Agent to ensure to the Administrative Agent the effectiveness and first priority of its security interest in such Material Contract (subject to Permitted Liens).

6. License of Intellectual Property. The Obligors hereby collaterally assign, transfer and convey

to the Administrative Agent, effective upon the occurrence and during the continuance of any Event of Default, the nonexclusive right and license to use all Intellectual Property owned or used by any Obligor that relate to the Collateral and any other collateral granted by the Obligors as security for the Credit Party Obligations, together with any goodwill associated therewith, solely to the extent necessary to enable the Administrative Agent to use, possess and realize on the Collateral and to enable any successor or assign to enjoy the benefits of the Collateral. This right and license shall inure to the benefit of all successors, assigns and transferees of the Administrative Agent and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license is granted free of charge, without requirement that any monetary payment whatsoever be made to the Obligors.

7. Special Provisions Regarding Inventory. Notwithstanding anything to the contrary contained in this Security Agreement, each Obligor may, unless and until an Event of Default occurs and is continuing and the Administrative Agent instructs such Obligor otherwise, without further consent or approval of the Administrative Agent, use, consume, sell, lease and exchange its Inventory in the ordinary course of its business as presently conducted (and as will be conducted after giving effect to the Acquisition), whereupon, in the case of such a sale or exchange, the security interest created hereby in, and the Administrative Agent's Lien on, the Inventory so sold or exchanged (but not in any Proceeds arising from such sale or exchange) shall cease immediately without any further action on the part of the Administrative Agent.

8. Performance of Obligations; Advances by Administrative Agent. On failure of any Obligor to perform any of the covenants and agreements contained herein, the Administrative Agent may, at its sole option and in its sole discretion, perform or cause to be performed the same and in so doing may expend such sums as the Administrative Agent may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures which the Administrative Agent may make for the protection of the security interest hereof or may be compelled to make by operation of law. All such sums and amounts so expended shall be repayable by the Obligors on a joint and several basis promptly upon timely notice thereof and demand therefor, shall constitute additional Credit Party Obligations and shall bear interest from the date said amounts are expended at the Default Rate. No such performance of any covenant or agreement by the Administrative Agent on behalf of any Obligor, and no such advance or expenditure therefor, shall relieve the Obligors of any default under the terms of this Security Agreement or the other Credit Documents. The Administrative Agent may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by an Obligor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

9. Events of Default.

The occurrence of an event which under the Credit Agreement would constitute an Event of Default shall be an event of default hereunder (an "Event of Default").

10. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during continuation thereof, the Administrative Agent and the Secured Parties shall have, in addition to the rights and remedies provided herein, in the Credit Documents or by law (including, but not limited to, levy of attachment, garnishment and the rights and remedies set forth in the UCC of the jurisdiction

applicable to the affected Collateral), the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further, the Administrative Agent may, with or without judicial process or the aid and assistance of others, (i) enter on any premises on which any of the Collateral may be located and, without resistance or interference by the Obligors, take possession of the Collateral, (ii) dispose of any Collateral on any such premises, (iii) require the Obligors to assemble and make available to the Administrative Agent at the expense of the Obligors any Collateral at any place and time designated by the Administrative Agent which is reasonably convenient to both parties, (iv) remove any Collateral from any such premises for the purpose of effecting the sale or other disposition thereof, and/or (v) without demand and without advertisement, notice, hearing or process of law, all of which each of the Obligors hereby waives to the fullest extent permitted by law, at any place and time or times, sell and deliver any or all Collateral held by or for it at public or private sale, by one or more contracts, in one or more parcels, for cash, upon credit or otherwise, at such prices and upon such terms as the Administrative Agent deems advisable, in its sole discretion (subject to any and all mandatory legal requirements). Neither the Administrative Agent's compliance with any applicable state or federal law in the conduct of such sale, nor its disclaimer of any warranties relating to the Collateral, shall be considered to adversely affect the commercial reasonableness of such sale. In addition to all other sums due the Administrative Agent and the Secured Parties with respect to the Credit Party Obligations, the Obligors shall pay the Administrative Agent and each of the Secured Parties all reasonable documented costs and expenses incurred by the Administrative Agent or any such Secured Party, including, but not limited to, reasonable attorneys' fees and court costs, in obtaining or liquidating the Collateral, in enforcing payment of the Credit Party Obligations, or in the prosecution or defense of any action or proceeding by or against the Administrative Agent or the Secured Parties or the Obligors concerning any matter arising out of or connected with this Security Agreement, any Collateral or the Credit Party Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the Bankruptcy Code. To the extent the rights of notice cannot be legally waived hereunder, each Obligor agrees that any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Borrower in accordance with the notice provisions of Section 9.2 of the Credit Agreement at least ten (10) days before the time of sale or other event giving rise to the requirement of such notice. The Administrative Agent and the Secured Parties shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. To the extent permitted by law, any Secured Party may be a purchaser at any such sale. To the extent permitted by applicable law, each of the Obligors hereby waives all of its rights of redemption with respect to any such sale. Subject to the provisions of applicable law, the Administrative Agent and the Secured Parties may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by law, be made at the time and place to which the sale was postponed, or the Administrative Agent and the Secured Parties may further postpone such sale by announcement made at such time and place.

(b) Remedies Relating to Accounts. Upon the occurrence of an Event of Default and during the continuation thereof, whether or not the Administrative Agent has exercised any or all of its rights and remedies hereunder, the Administrative Agent shall have the right to enforce any Obligor's rights against any account debtors and obligors on such Obligor's Accounts. Each Obligor acknowledges and agrees that the Proceeds of its Accounts remitted to or on behalf of the Administrative Agent in accordance with the provisions of this Section shall be solely for the Administrative Agent's own convenience and that such Obligor shall not have any right, title or interest in such Proceeds or in any such other amounts except as expressly provided herein. After the

occurrence and during the continuance of an Event of Default, to the extent required by the Administrative Agent, each Obligor agrees to execute any document or instrument, and to take any action, necessary under applicable law (including the Federal Assignment of Claims Act) in order for the Administrative Agent to exercise its rights and remedies (or be able to exercise its rights and remedies at some future date) with respect to any Accounts of such Obligor where the account debtor is a Governmental Authority. After the occurrence and during the continuance of an Event of Default, the Administrative Agent and the Secured Parties shall have no liability or responsibility to any Obligor for acceptance of a check, draft or other order for payment of money bearing the legend "payment in full" or words of similar import or any other restrictive legend or endorsement or be responsible for determining the correctness of any remittance. Each Obligor hereby agrees to indemnify the Administrative Agent and the Secured Parties and their respective officers, directors, employees, partners, members, counsel, agents, representatives, advisors and affiliates from and against all liabilities, damages, losses, actions, claims, judgments, costs, expenses, charges and reasonable attorneys' fees suffered or incurred by the Administrative Agent or the Secured Parties (each, an "Indemnified Party") because of the maintenance of the foregoing arrangements except (x) with respect to any Indemnified Party, as relating to or arising out of the gross negligence or willful misconduct of such Indemnified Party or its officers, employees or agents and (y) no consequential damages shall be required to be paid. In the case of any investigation, litigation or other proceeding, the foregoing indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by an Obligor, its directors, shareholders or creditors or an Indemnified Party or any other Person or any other Indemnified Party is otherwise a party thereto.

(c) Access. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuation thereof: the Administrative Agent shall have the right to enter and remain upon the various premises of the Obligors without cost or charge to the Administrative Agent, and use the same, together with materials, supplies, books and records of the Obligors for the purpose of collecting and liquidating the Collateral, or for preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise; in addition, the Administrative Agent may remove Collateral, or any part thereof, from such premises and/or any records with respect thereto, in order to effectively collect or liquidate such Collateral; and if the Administrative Agent exercises its right to take possession of the Collateral, each Obligor shall also at its expense perform any and all other steps reasonably requested by the Administrative Agent to preserve and protect the security interest hereby granted in the Collateral, such as placing and maintaining signs indicating the security interest of the Administrative Agent, appointing overseers for the Collateral and maintaining inventory records.

(d) Nonexclusive Nature of Remedies. Failure by the Administrative Agent or the Secured Parties to exercise any right, remedy or option under this Security Agreement, any other Credit Document or as provided by law, or any delay by the Administrative Agent or the Secured Parties in exercising the same, shall not operate as a waiver of any such right, remedy or option. No waiver hereunder shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated, which in the case of the Administrative Agent or the Secured Parties shall only be granted as provided herein. To the extent permitted by law, neither the Administrative Agent, the Secured Parties, nor any party acting as attorney for the Administrative Agent or the Secured Parties, shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct hereunder. The rights and remedies of the Administrative Agent and the Secured Parties under this Security Agreement shall be cumulative and not exclusive of any other right or remedy which the Administrative Agent or the Secured Parties may have.

(e) Retention of Collateral. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuation thereof, the Administrative Agent may, in compliance with Sections 9-620 and 9-621 of the UCC (or any successor sections of the UCC) or otherwise complying with the requirements of applicable law of the relevant jurisdiction, accept or retain all or any portion of the Collateral in satisfaction of the Credit Party Obligations. Unless and until the Administrative Agent shall have provided such notices, however, the Administrative Agent shall not be deemed to have retained any Collateral in satisfaction of any Credit Party Obligations for any reason.

(f) Deficiency. In the event that the proceeds of any sale, collection or realization are insufficient to pay all amounts to which the Administrative Agent or the Secured Parties are legally entitled, the Obligors shall be jointly and severally liable for the deficiency, together with interest thereon at the Default Rate, together with the costs of collection and the reasonable fees of any attorneys employed by the Administrative Agent to collect such deficiency. Any surplus remaining after the full payment and satisfaction of the Credit Party Obligations shall be returned to the Obligors or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

(g) Other Security. To the extent that any of the Credit Party Obligations are now or hereafter secured by property other than the Collateral (including, without limitation, real and other personal property and securities owned by an Obligor), or by a guarantee, endorsement or property of any other Person, then the Administrative Agent shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuation of any Event of Default, and the Administrative Agent shall have the right, in its sole discretion, to determine which rights, security, Liens, security interests or remedies the Administrative Agent shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of the Administrative Agent's and the Secured Parties' rights or the Credit Party Obligations under this Security Agreement or under any other of the Credit Documents.

11. Rights of the Administrative Agent.

(a) Power of Attorney. Each Obligor hereby designates and appoints the Administrative Agent, on behalf of the Secured Parties, and each of its designees or agents, as attorney-in-fact of such Obligor, irrevocably and with power of substitution, with authority to take any or all of the following actions upon the occurrence and during the continuation of an Event of Default:

(i) to demand, collect, settle, compromise, adjust and give discharges and releases concerning the Collateral of such Obligor, all as the Administrative Agent may reasonably determine in respect of such Collateral;

(ii) to commence and prosecute any actions at any court for the purposes of collecting any Collateral and enforcing any other right in respect thereof;

(iii) to defend, settle, adjust or compromise any action, suit or proceeding brought with respect to the Collateral and, in connection therewith, give such discharge or release as the Administrative Agent may deem reasonably appropriate;

(iv) to receive, open and dispose of mail addressed to an Obligor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise

to the Collateral of such Obligor, or securing or relating to such Collateral, on behalf of and in the name of such Obligor;

(v) to sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any Collateral or the goods or services which have given rise thereto, as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes;

(vi) to adjust and settle claims under any insurance policy relating to the Collateral;

(vii) to execute and deliver and/or file all assignments, conveyances, statements, financing statements, continuation financing statements, security agreements, affidavits, notices and other agreements, instruments and documents that the Administrative Agent may determine necessary in order to perfect and maintain the security interests and Liens granted in this Security Agreement and in order to fully consummate all of the transactions contemplated herein;

(viii) to institute any foreclosure proceedings that the Administrative Agent may deem appropriate;

(ix) to execute any document or instrument, and to take any action, necessary under applicable law (including the Federal Assignment of Claims Act) in order for the Administrative Agent to exercise its rights and remedies (or to be able to exercise its rights and remedies at some future date) with respect to any Account of an Obligor where the account debtor is a Governmental Authority; and

(x) to do and perform all such other acts and things as the Administrative Agent may reasonably deem to be necessary, proper or convenient in connection with the Collateral.

This power of attorney is a power coupled with an interest and shall be irrevocable for so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Administrative Agent in this Security Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Administrative Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on the Administrative Agent solely to perfect, protect, preserve and realize upon its security interest in the Collateral.

(b) Assignment by the Administrative Agent. The Administrative Agent may from time to time assign the Credit Party Obligations or any portion thereof and/or the Collateral or any portion thereof to a successor Administrative Agent, and the assignee shall be entitled to all of the rights and remedies of the Administrative Agent under this Security Agreement in relation thereto.

(c) The Administrative Agent's Duty of Care. Other than the exercise of reasonable care to assure the safe custody of the Collateral while being held by the Administrative Agent hereunder, the Administrative Agent shall have no duty or liability to preserve rights pertaining thereto, it being

understood and agreed that the Obligors shall be responsible for preservation of all rights in the Collateral, and the Administrative Agent shall be relieved of all responsibility for the Collateral upon surrendering it or tendering the surrender of it to the Obligors. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property, which shall be no less than the treatment employed by a reasonable and prudent agent in the industry, it being understood that the Administrative Agent shall not have responsibility for taking any necessary steps to preserve rights against any parties with respect to any of the Collateral. In the event of a public or private sale of Collateral pursuant to Section 10 hereof, the Administrative Agent shall have no obligation to clean-up, repair or otherwise prepare the Collateral for sale.

12. Application of Proceeds. After the exercise of remedies by the Administrative Agent or the Secured Parties pursuant to Section 7.2 of the Credit Agreement (or after the Commitments shall automatically terminate and the Loans (with accrued interest thereon) and all other amounts under the Credit Documents (including without limitation the maximum amount of all contingent liabilities under Letters of Credit) shall automatically become due and payable in accordance with the terms of such Section), any proceeds of the Collateral, when received by the Administrative Agent or any of the Secured Parties in cash or its equivalent, will be applied in reduction of the Credit Party Obligations in the order set forth in Section 2.11(b) of the Credit Agreement, and each Obligor irrevocably waives the right to direct the application of such payments and proceeds.

13. Costs of Counsel. Subject to the terms of Section 9.5 of the Credit Agreement, if at any time hereafter, whether upon the occurrence of an Event of Default or not, the Administrative Agent employs counsel to prepare or consider amendments, waivers or consents with respect to this Security Agreement, or to take action or make a response in or with respect to any legal or arbitral proceeding relating to this Security Agreement or relating to the Collateral, or to protect the Collateral or exercise any rights or remedies under this Security Agreement or with respect to the Collateral, then the Obligors agree to promptly pay upon demand any and all such reasonable documented costs and expenses of the Administrative Agent, all of which costs and expenses shall constitute Credit Party Obligations hereunder.

14. Continuing Agreement.

(a) This Security Agreement shall be a continuing agreement in every respect and shall remain in full force and effect so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated. Upon such payment and termination, this Security Agreement shall be automatically terminated and the Administrative Agent and the Secured Parties shall, upon the request and at the expense of the Obligors, forthwith release all of the Liens and security interests granted hereunder and shall execute and/or deliver all UCC termination statements and/or other documents reasonably requested by the Obligors evidencing such termination. Notwithstanding the foregoing all releases and indemnities provided hereunder shall survive termination of this Security Agreement.

(b) This Security Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Credit Party Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Secured Party as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar law, all as though such payment had not been made; provided that in the event that payment of all or any part of the Credit Party Obligations is rescinded or must be restored or returned, all reasonable

costs and expenses (including without limitation any reasonable legal fees and disbursements) incurred by the Administrative Agent or any Secured Party in defending and enforcing such reinstatement shall be deemed to be included as a part of the Credit Party Obligations.

15. Amendments; Waivers; Modifications. This Security Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in Section 9.1 of the Credit Agreement.

16. Successors in Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall be binding upon each Obligor, its successors and assigns and shall inure, together with the rights and remedies of the Administrative Agent and the Secured Parties hereunder, to the benefit of the Administrative Agent and the Secured Parties and their successors and permitted assigns; provided, however, that none of the Administrative Agent, Secured Parties or the Obligors may assign its rights hereunder, nor may any Obligor delegate its duties hereunder, in each case except as permitted by the Credit Agreement. To the fullest extent permitted by law, each Obligor hereby releases the Administrative Agent and each Secured Party, each of their respective officers, employees and agents and each of their respective successors and assigns, from any liability for any act or omission relating to this Security Agreement or the Collateral, except for any liability arising from the gross negligence or willful misconduct of the Administrative Agent or such Secured Party or their respective officers, employees and agents, in each case as determined by a court of competent jurisdiction pursuant to a final non-appealable judgment.

17. Notices. All notices required or permitted to be given under this Security Agreement shall be in conformance with Section 9.2 of the Credit Agreement.

18. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Security Agreement to produce or account for more than one such counterpart. Delivery of executed counterparts of the Security Agreement by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original shall be delivered upon the request of the Administrative Agent.

19. Headings. The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning, construction or interpretation of any provision of this Security Agreement.

20. Governing Law; Submission to Jurisdiction and Service of Process; Waiver of Jury Trial; Venue. THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. The terms of Sections 9.13 and 9.16 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

21. Severability. If any provision of this Security Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

22. Entirety. This Security Agreement and the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to this Security Agreement, the other Credit Documents or the transactions contemplated herein and therein.

23. Survival. All representations and warranties of the Obligors hereunder shall survive the execution and delivery of this Security Agreement and the other Credit Documents, the delivery of the Notes and the making of the Loans and the issuance of the Letters of Credit under the Credit Agreement.

24. Joint and Several Obligations of Obligors.

(a) Each of the Obligors is accepting joint and several liability hereunder in consideration of the financial accommodations to be provided by the Lenders under the Credit Agreement, for the mutual benefit, directly and indirectly, of each of the Obligors and in consideration of the undertakings of each of the Obligors to accept joint and several liability for the obligations of each of them.

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

(c) Notwithstanding any provision to the contrary contained herein, in any other of the Credit Documents, to the extent the obligations of an Obligor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of such Obligor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

25. Rights of Required Lenders. All rights of the Administrative Agent hereunder, if not exercised by the Administrative Agent, may be exercised by the Required Lenders.

26. Amendment and Restatement Upon this Agreement becoming effective: (1) all terms and conditions of the Existing Security Agreement, as amended and restated by this Agreement, shall be and remain in full force and effect, as so amended and restated, and shall constitute the legal, valid, binding and enforceable obligations of the Obligors to the Administrative Agent on behalf of the Secured Parties; (b) the terms and conditions of the Existing Security Agreement shall be amended as set forth herein and, as so amended, shall be restated in its entirety, but subject to clause (h) below, shall be amended only with respect to the rights, duties and obligations among Obligors, Administrative Agent and Lenders accruing from and after the date hereof; (c) this Agreement shall not, subject to clause (h) below, in any way release or impair the rights, duties, Credit Party Obligations or Liens created pursuant to the Existing Security Agreement or any other Credit Documents or affect the relative priorities thereof, except as modified hereby or by documents, instruments and agreements executed and delivered in connection herewith, and all of such rights, duties, Obligations and Liens, subject to clause (h) below, are assumed, ratified and affirmed by the Obligors; (d) subject to clause (h) below, the amendment and restatement contained herein shall not, in any manner, be construed to impair, limit, cancel or extinguish, or constitute a novation in respect of, the obligations and liabilities of each of the Obligors evidenced by or arising under the Existing Credit Agreement, the Existing Security Agreement and the other Credit Documents (as defined in the Existing Credit Agreement) and the liens and security interests securing such Obligations and other obligations and liabilities granted by the Obligors in the Existing Credit Agreement, the Existing Security Agreement and the other Loan Documents (as defined in the Existing Credit Agreement), which shall not in any manner be impaired, limited, terminated, waived or released; (e) the execution, delivery and effectiveness of this Agreement shall not, subject to clause (h) below, operate as a waiver of any right, power or remedy of the lenders under the Existing Security Agreement, nor, subject to clause (h) below, constitute a waiver of any covenant, agreement or obligation under any other Loan Document (as defined in the Existing Credit Agreement), except to the extent that any

such covenant, agreement or obligation is no longer set forth herein or is modified hereby; (g) any and all references in the Loan Documents to the "Security Agreement" shall, without further action of the parties, be deemed a reference to the Existing Security Agreement, as amended and restated by this Agreement, and as this Agreement shall be further amended or amended and restated from time to time hereafter; and (h) all Events of Default (as defined in the Existing Security Agreement) under the Existing Security Agreement are hereby waived, except to extent any such Events of Default (as defined in the Existing Security Agreement) that exist under the Existing Security Agreement on the date hereof also constitute Events of Default under the express provisions of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each of the parties hereto has caused a counterpart of this Security Agreement to be duly executed and delivered as of the date first above written.

DOMESTIC BORROWERS: VOXX International corporation,
a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: CFO/Senior Vice President

AUDIOVOX ACCESSORIES CORPORATION, a Delaware corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: CFO/Vice President/Treasurer

AUDIOVOX ELECTRONICS CORPORATION, a Delaware corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: CFO/Secretary/Treasurer

AUDIOVOX CONSUMER ELECTRONICS, INC., a Delaware corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: CFO/Secretary/Treasurer

AMERICAN RADIO CORP., a Georgia corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

CODE SYSTEMS, INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Chief Financial Officer

INVISION AUTOMOTIVE SYSTEMS INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

BATTERIES.COM, LLC, an Indiana limited liability company

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

KLIPSCH GROUP, INC., an Indiana corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

DOMESTIC GUARANTORS: ELECTRONICS TRADEMARK HOLDING COMPANY, LLC, a Delaware corporation

By: /s/ Chris Lis Johnson
Name: Chris Lis Johnson
Title: Secretary

TECHNUITY, INC., an Indiana corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

OMEGA RESEARCH AND DEVELOPMENT TECHNOLOGY LLC, a Delaware limited liability company

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

LATIN AMERICA EXPORTS CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Treasurer

KLIPSCH HOLDING LLC, a Delaware limited liability company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Treasurer

KD SALES, LLC, an Indiana limited liability company

By: /s/ Frederick L. Farrar
Name: Frederick L. Farrar
Title: Executive Vice President/CFO/Treasurer

AUDIOVOX WEBSALES LLC, a Delaware limited liability company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX LATIN AMERICA LTD., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX INTERNATIONAL CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Treasurer

AUDIOVOX GERMAN CORPORATION, a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: CFO/Vice President

AUDIOVOX ASIA INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Secretary/Treasurer

Accepted and agreed to as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

SCHEDULE 4(a)

NAME CHANGES/CHANGES IN
CORPORATE STRUCTURE/TRADENAMES

On December 1, 2011, Voxx International Corporation merged with and into Audiovox Corporation under the name Voxx International Corporation.

EXHIBIT A

[FORM OF]

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

COPYRIGHTS

[United States Copyright Office]

Ladies and Gentlemen:

Please be advised that (a) pursuant to the Security Agreement dated as of March 14, 2012 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Security Agreement"), by and among the Obligors party thereto (each an "Obligor" and collectively, the "Obligors") and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent") for the secured parties referenced therein (the "Secured Parties"), the undersigned Obligor has granted a continuing security interest in and continuing lien upon [the copyrights, copyright licenses and copyright applications] shown on Schedule 1 attached hereto (the "Copyrights") to the Administrative Agent for the ratable benefit of the Secured Parties and (b) the undersigned hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to the Copyrights.

The Obligors and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest in the Copyrights (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any Copyright.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Very truly yours,

[OBLIGOR]

By:
Name:
Title:

Acknowledged and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

Schedule 1

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EXHIBIT B

[FORM OF]

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

PATENTS

[United States Patent and Trademark Office]

Ladies and Gentlemen:

Please be advised that (a) pursuant to the Security Agreement dated as of March 14, 2012 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Security Agreement"), by and among the Obligors party thereto (each an "Obligor" and collectively, the "Obligors") and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent") for the secured parties referenced therein (the "Secured Parties"), the undersigned Obligor has granted a continuing security interest in and continuing lien upon [the patents, patent licenses and patent applications] shown on Schedule 1 attached hereto (the "Patents") to the Administrative Agent for the ratable benefit of the Secured Parties and (b) the undersigned hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to the Patents.

The Obligors and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest in the Patents (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any Patent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Very truly yours,

[OBLIGOR]

By:
Name:
Title:

Acknowledged and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

Schedule 1

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EXHIBIT C

[FORM OF]

NOTICE

OF

GRANT OF SECURITY INTEREST

IN

TRADEMARKS

[United States Patent and Trademark Office]

Ladies and Gentlemen:

Please be advised that (a) pursuant to the Security Agreement dated as of March 14, 2012 (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Security Agreement"), by and among the Obligors party thereto (each an "Obligor" and collectively, the "Obligors") and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent") for the secured parties referenced therein (the "Secured Parties"), the undersigned Obligor has granted a continuing security interest in and continuing lien upon [the trademarks, trademark licenses and trademark applications] shown on Schedule 1 attached hereto (the "Trademarks") to the Administrative Agent for the ratable benefit of the Secured Parties and (b) the undersigned hereby grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a continuing security interest in, and a right to set off against, any and all right, title and interest of such Obligor in and to the Trademarks.

The Obligors and the Administrative Agent, on behalf of the Secured Parties, hereby acknowledge and agree that the security interest in the Trademarks (i) may only be terminated in accordance with the terms of the Security Agreement and (ii) is not to be construed as an assignment of any Trademark.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Very truly yours,

[OBLIGOR]

By:
Name:
Title:

Acknowledged and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

Schedule 1

U.S. PLEDGE AGREEMENT

THIS U.S. PLEDGE AGREEMENT (this "Pledge Agreement") is entered into as of March 14, 2012, among **VOXX INTERNATIONAL CORPORATION**, a Delaware corporation (the "Company"), **AUDIOVOX ACCESSORIES CORPORATION**, a Delaware corporation ("ACC"), **AUDIOVOX ELECTRONICS CORPORATION**, a Delaware corporation ("AEC"), **AUDIOVOX CONSUMER ELECTRONICS, INC.**, a Delaware corporation ("ACEI"), **AMERICAN RADIO CORP.**, a Georgia corporation ("ARC"), **CODE SYSTEMS, INC.**, a Delaware corporation ("CSI"), **INVISION AUTOMOTIVE SYSTEMS INC.**, a Delaware corporation ("IAS"), **BATTERIES.COM, LLC**, an Indiana limited liability company ("Batteries"), **KLIPSCH GROUP, INC.**, an Indiana corporation ("Klipsch", and together with the Company, ACC, AEC, ACEI, ARC, CSI, IAS, and Batteries, each, a "Domestic Borrower" and collectively, the "Domestic Borrowers"), each of the Domestic Subsidiaries of the Company from time to time party hereto (individually a "Domestic Guarantor" and collectively the "Domestic Guarantors"; the Domestic Guarantors, together with the Domestic Borrowers, individually a "Pledgor" and collectively the "Pledgors") and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, in its capacity as Administrative Agent under the Credit Agreement referred to below (in such capacity, the "Administrative Agent") for the several banks and other financial institutions as may from time to time become parties to such Credit Agreement (individually a "Lender" and collectively the "Lenders").

RECITALS

WHEREAS, pursuant to that certain Amended and Restated Credit Agreement dated as of the date hereof (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement"), among the Domestic Borrowers, the Domestic Guarantors, the other Credit Parties party thereto, the Lenders party thereto and the Administrative Agent, the Lenders have agreed to make Loans and to issue and/or acquire participation interests in Letters of Credit upon the terms and subject to the conditions set forth therein; and

WHEREAS, it is a condition precedent to the effectiveness of the Credit Agreement and the obligations of the Lenders to make their respective Loans and to issue and/or acquire participation interests in Letters of Credit under the Credit Agreement that the Pledgors shall have executed and delivered this Pledge Agreement to the Administrative Agent for the ratable benefit of the Lenders and the other Secured Parties.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Credit Agreement, and the following terms that are defined in the Uniform Commercial Code from time to time in effect in the State of New York (the "UCC") are used herein as so defined: Certificated Security, Entitlement Order, Financial Asset, Investment Company Security, Securities Account, Security, Security Entitlement, Securities Intermediary and Uncertificated Security.

2. Pledge and Grant of Security Interest. To secure the prompt payment and performance in full when due, whether by lapse of time or otherwise, of the Credit Party Obligations, each Pledgor hereby pledges and grants to the Administrative Agent, for the ratable benefit of the Secured Parties, a continuing security interest in any and all right, title and interest of such Pledgor in and to the following, whether now owned or existing or owned, acquired, or arising hereafter (collectively, the "Pledged Collateral"):

(a) Pledged Equity Interests. (i) 100% (or, if less, the full amount owned by such Pledgor) of the issued and outstanding Equity Interests owned by such Pledgor of each Domestic Subsidiary set forth on Schedule 3.16(e) to the Credit Agreement and (ii) 65% (or, if less, the full amount owned by such Pledgor) of each class of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) ("Voting Equity") and 100% (or, if less, the full amount owned by such Pledgor or such lower percentage that would not reasonably be expected to result in adverse tax consequences for such Pledgor) of each class of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) ("Non-Voting Equity") owned by such Pledgor of each first-tier Foreign Subsidiary set forth on Schedule 3.16(e) to the Credit Agreement (collectively, together with the Equity Interests and other interests described in clauses (y) and (z) and in Sections 2(b) and 2(c) below, the "Pledged Equity Interests"), including, but not limited to, the following:

(y) subject to the percentage restrictions described above and in Section 2(b) below, all shares, securities, membership interests or other equity interests representing a dividend on any of the Pledged Equity Interests, or representing a distribution or return of capital upon or in respect of the Pledged Equity Interests, or resulting from a stock split, revision, reclassification or other exchange therefor, and any subscriptions, warrants, rights or options issued to the holder of, or otherwise in respect of, the Pledged Equity Interests; and

(z) subject to the percentage restrictions described above and in Section 2(b) below and without affecting the obligations of the Pledgors under any provision prohibiting such action hereunder or under the Credit Agreement, in the event of any consolidation or merger involving the issuer of any Pledged Equity Interest and in which such issuer is not the surviving entity, all shares of each class of the Equity Interests of the successor entity formed by or resulting from such consolidation or merger.

(b) Additional Interests. (i) 100% (or, if less, the full amount owned by such Pledgor) of each class of the issued and outstanding Equity Interests owned or acquired by such Pledgor of any Person which hereafter becomes a Domestic Subsidiary and (ii) 65% (or, if less, the full amount owned by such Pledgor) of the Voting Equity and 100% (or, if less, the full amount owned by such Pledgor or such lower percentage that would not reasonably be expected to result in adverse tax consequences for such Pledgor) of the Non-Voting Equity owned or acquired by such Pledgor of any Person which hereafter becomes a first-tier Foreign Subsidiary, including, without limitation, the certificates representing such Equity Interests.

(c) Other Equity Interests. Subject to the percentage restrictions described above, any and all other Equity Interests owned by the Pledgors in any Domestic Subsidiary or any first-tier Foreign Subsidiary.

(d) Proceeds. All proceeds and products of the foregoing, however and whenever acquired and in whatever form.

Without limiting the generality of the foregoing, it is hereby specifically understood and agreed that a Pledgor may from time to time hereafter pledge and deliver additional shares of Equity Interests to the Administrative Agent as collateral security for the Credit Party Obligations. Upon such pledge and delivery to the Administrative Agent, such additional shares of Equity Interests shall be deemed to be part of the Pledged Collateral of such Pledgor and shall be subject to the terms of this Pledge Agreement whether or not Schedule 3.16(e) to the Credit Agreement is amended to refer to such additional shares.

3. Security for Credit Party Obligations. The security interest created hereby in the Pledged Collateral of each Pledgor constitutes continuing collateral security for all of the Credit Party Obligations, whether now existing or hereafter incurred.

4. Delivery of the Pledged Collateral; Perfection of Security Interest. Each Pledgor hereby agrees that:

(a) Delivery of Certificates and Instruments. Each Pledgor shall deliver as security to the Administrative Agent (i) simultaneously with or prior to the execution and delivery of this Pledge Agreement, all certificates representing the Pledged Equity Interests owned by such Pledgor and (ii) promptly upon the receipt thereof by or on behalf of a Pledgor, all other certificates and instruments constituting Pledged Collateral owned by a Pledgor. Prior to delivery to the Administrative Agent, all such certificates and instruments constituting Pledged Collateral of a Pledgor shall be held in trust by such Pledgor for the benefit of the Administrative Agent pursuant hereto. All such certificates shall be delivered in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, substantially in the form provided in Exhibit A attached hereto.

(b) Additional Securities. Subject to the percentage restrictions set forth in Section 2, if such Pledgor shall receive by virtue of its being or having been the owner of any Pledged Collateral, any (i) certificate, including without limitation, any certificate representing a dividend or distribution in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of Equity Interests, stock splits, spin-off or split-off, promissory notes or other instruments; (ii) option or right, whether as an addition to, substitution for, or an exchange for, any Pledged Collateral or otherwise; (iii) dividends payable in Equity Interests; or (iv) distributions of Equity Interests in connection with a partial or total liquidation, dissolution or reduction of capital, capital surplus or paid-in surplus, then such Pledgor shall receive such certificate, instrument, option, right or distribution in trust for the benefit of the Administrative Agent, shall segregate it from such Pledgor's other property and shall deliver it forthwith to the Administrative Agent in the exact form received accompanied by duly executed instruments of transfer or assignment in blank, substantially in the form provided in Exhibit A attached hereto, to be held by the Administrative Agent as Pledged Collateral and as further collateral security for the Credit Party Obligations.

(c) Financing Statements; Other Perfection Actions. Each Pledgor hereby authorizes the Administrative Agent to prepare and file such financing statements (including continuation statements) or amendments thereof or supplements thereto or other instruments as the Administrative Agent may from time to time deem reasonably necessary or appropriate in order to perfect and maintain the security interests granted hereunder in accordance with the UCC, including, without limitation, any financing statement that describes the Pledged Collateral as “all personal property” or “all assets” of such Pledgor or that describes the Pledged Collateral in some other manner as the Administrative Agent deems reasonably necessary or advisable. Each Pledgor shall also execute and deliver to the Administrative Agent and/or file such agreements, assignments or instruments (including affidavits, notices, reaffirmations, amendments and restatements of existing documents, and any documents as may be necessary if the law of any jurisdiction other than New York becomes or is applicable to the Collateral or any portion thereof, in each case as the Administrative Agent may reasonably request) and do all such other things as the Administrative Agent may reasonably deem necessary or appropriate (i) to perfect the Administrative Agent's security interests hereunder, including such financing statements (including continuation statements) or amendments thereof or supplements thereto or other instruments as the Administrative Agent may from time to time reasonably request in order to perfect

and maintain the security interests granted hereunder in accordance with the UCC and any other personal property security legislation in the appropriate jurisdictions, (ii) to consummate the transactions contemplated hereby and (iii) to otherwise protect and assure the Administrative Agent of its rights and interests hereunder. Each Pledgor agrees to mark its books and records (and to cause the issuer of the Pledged Equity Interests of such Pledgor to mark its books and records) to reflect the security interest of the Administrative Agent in the Pledged Collateral.

(d) Provisions Relating to Uncertificated Securities, Security Entitlements and Securities Accounts. The Pledgors shall promptly notify the Administrative Agent of any Pledged Collateral consisting of an Uncertificated Security or a Security Entitlement or any Pledged Collateral held in a Securities Account. With respect to any such Pledged Collateral, (a) the applicable Pledgor and the applicable issuer of the Uncertificated Security or the applicable Securities Intermediary shall enter into, upon the request of the Administrative Agent, an agreement with the Administrative Agent granting control to the Administrative Agent over such Pledged Collateral, such agreement to be in form and substance reasonably satisfactory to the Administrative Agent and (b) the Administrative Agent shall be entitled, upon the occurrence and during the continuance of a Default or an Event of Default, to notify the applicable issuer of the Uncertificated Security or the applicable Securities Intermediary that it should follow the instructions or the Entitlement Orders, respectively, of the Administrative Agent and no longer follow the instructions or the Entitlement Orders, respectively, of the applicable Pledgor. Upon receipt by a Pledgor of notice from a Securities Intermediary of its intent to terminate the Securities Account of such Pledgor held by such Securities Intermediary, prior to the termination of such Securities Account the Pledged Collateral in such Securities Account shall be (i) transferred to a new Securities Account, upon the request of the Administrative Agent, which shall be subject to a control agreement as provided above or (ii) transferred to an account held by the Administrative Agent (in which it will be held until a new Securities Account is established).

5. Representations and Warranties. Each Pledgor hereby represents and warrants to the Administrative Agent, for the benefit of the Secured Parties, that so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated:

(a) Authorization of Pledged Equity Interests. The Pledged Equity Interests are duly authorized and validly issued, are fully paid and nonassessable and are not subject to the preemptive rights of any Person. All other shares of Equity Interests constituting Pledged Collateral are duly authorized and validly issued, fully paid and nonassessable and not subject to the preemptive rights of any Person.

(b) Title. Except as could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, each Pledgor has good and indefeasible title to the Pledged Collateral of such Pledgor and will at all times be the legal and beneficial owner of such Pledged Collateral free and clear of any Lien, other than Permitted Liens. Except as could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, there exists no “adverse claim” within the meaning of Section 8-102 of the UCC with respect to the Pledged Equity Interests of such Pledgor.

(c) Exercising of Rights. The exercise by the Administrative Agent of its rights and remedies hereunder will not violate any material law or governmental regulation or any material contractual restriction binding on or affecting a Pledgor or any of its property.

(d) Pledgor's Authority. No material authorization, approval or action by, and no notice or filing with any Governmental Authority, the issuer of any Pledged Equity Interests or third party is required either (i) for the pledge made by a Pledgor or for the granting of the security interest by a Pledgor pursuant to this Pledge Agreement or (ii) for the exercise by the Administrative Agent or the Secured Parties of their rights and remedies hereunder (except as may be required by laws affecting the offering and sale of securities).

(e) Security Interest/Priority. This Pledge Agreement creates a valid security interest in favor of the Administrative Agent for the ratable benefit of the Secured Parties, in the Pledged Collateral, except to the extent that the security interest in the Pledged Collateral would be required to be granted or perfected under the laws of any jurisdiction outside of the United States of America. The taking of possession by the Administrative Agent of the certificates representing the Pledged Equity Interests and all other certificates and instruments constituting Pledged Collateral will perfect and establish the first priority of the Administrative Agent's security interest in such certificated Pledged Equity Interests and such certificates and instruments, except to the extent that the security interest in the Pledged Collateral would be required to be granted or perfected under the laws of any jurisdiction outside of the United States of America. Upon the filing of UCC financing statements in the location of each Pledgor's state of organization, the Administrative Agent shall have a first priority perfected security interest (subject to Permitted Liens) in all uncertificated Pledged Equity Interests consisting of partnership or limited liability company interests that do not constitute a Security pursuant to Section 8-103(c) of the UCC, except to the extent that the security interest in the Pledged Collateral would be required to be granted or perfected under the laws of any jurisdiction outside of the United States of America. With respect to any Pledged Collateral consisting of an Uncertificated Security or a Security Entitlement or any Pledged Collateral held in a Securities Account, upon execution and delivery by the applicable Pledgor, the Administrative Agent and the applicable Securities Intermediary or the applicable issuer of the Uncertificated Security of an agreement granting control to the Administrative Agent over such Pledged Collateral, the Administrative Agent shall have a first priority perfected security interest in such Pledged Collateral, except to the extent that the security interest in the Pledged Collateral would be required to be granted or perfected under the laws of any jurisdiction outside of the United States of America. Except as set forth in this Section and except to the extent that the security interest in the Pledged Collateral would be required to be granted or perfected under the laws of any jurisdiction outside of the United States of America, no action is necessary to perfect the Administrative Agent's security interest.

(f) No Other Equity Interests. Except as set forth on Schedule 3.16(e) to the Credit Agreement, as of the Closing Date or as of the last date such Schedule was updated in accordance with the terms hereof and of the Credit Agreement, no Pledgor owns any Equity Interest of the Domestic Borrowers or any of their Domestic Subsidiaries or any of its first-tier Foreign Subsidiaries.

(g) Partnership and Limited Liability Company Interests. Except as previously disclosed on Schedule 3.16(e) to the Credit Agreement, none of the Pledged Equity Interests consisting of partnership or limited liability company interests (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a Security governed by Article 8 of the UCC, (iii) is an Investment Company Security, (iv) is held in a Securities Account or (v) constitutes a Security or a Financial Asset.

6. Covenants. Each Pledgor hereby covenants, that so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated, such Pledgor shall:

(a) Defense of Title. Warrant and defend title to and ownership of the Pledged Collateral of such Pledgor at its own expense against the claims and demands of all other parties claiming an interest therein of which it is aware (other than in respect of Permitted Liens); keep the Pledged Collateral free from all Liens, other than Permitted Liens; and not sell, exchange, transfer, assign, lease or otherwise dispose of Pledged Collateral of such Pledgor or any interest therein, except as permitted under the Credit Agreement and the other Credit Documents.

(b) Further Assurances. Promptly execute and deliver at its expense all further instruments and documents and take all further action that the Administrative Agent may reasonably request in order to (i) perfect and protect the security interest created hereby in the Pledged Collateral of such Pledgor (including, without limitation, execution and delivery of one or more control agreements reasonably acceptable to the Administrative Agent, filing of UCC financing statements and any and all other actions reasonably necessary to satisfy the Administrative Agent that the Administrative Agent has obtained a first priority perfected security interest in all Pledged Collateral); (ii) enable the Administrative Agent to exercise and enforce its rights and remedies hereunder in respect of the Pledged Collateral of such Pledgor; and (iii) otherwise effect the purposes of this Pledge Agreement, including, without limitation, and if requested by the Administrative Agent, delivering to the Administrative Agent irrevocable proxies in respect of the Pledged Collateral of such Pledgor.

(c) Amendments. Not make or consent to any amendment or other modification or waiver with respect to any of the Pledged Collateral of such Pledgor or enter into any agreement or allow to exist any restriction with respect to any of the Pledged Collateral of such Pledgor other than pursuant hereto or as may be permitted (or not otherwise prohibited) under the Credit Agreement.

(d) Compliance with Securities Laws. File all reports and other information now or hereafter required to be filed by such Pledgor with the United States Securities and Exchange Commission and any other state, federal or foreign agency in connection with the ownership of the Pledged Collateral of such Pledgor, except where failure to file such reports and other information could not reasonably be expected to have a Material Adverse Effect.

(e) Issuance or Acquisition of Equity Interests. Not without executing and delivering, or causing to be executed and delivered, to the Administrative Agent such agreements, documents and instruments as the Administrative Agent may reasonably require, issue or acquire any Equity Interest or hold any Pledged Equity Interests that consists of an interest in a partnership or a limited liability company which (i) is dealt in or traded on a securities exchange or in a securities market, (ii) by its terms expressly provides that it is a Security governed by Article 8 of the UCC, (iii) is an Investment Company Security, (iv) is held in a Securities Account or (v) constitutes a Security or a Financial Asset.

7. Performance of Obligations; Advances by Administrative Agent. On failure of any Pledgor to perform any of the covenants and agreements contained herein, the Administrative Agent may, at its sole option and in its sole discretion, perform or cause to be performed the same and in so doing may expend such sums as the Administrative Agent may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, a payment to obtain a release of a Lien or potential Lien, expenditures made in defending against any adverse claim and all other expenditures which the Administrative Agent may make for the protection of the security interest hereof or may be compelled to make by operation of law. All such sums and amounts so expended shall be repayable by the Pledgors on a joint and several basis promptly upon timely notice thereof and demand therefor, shall constitute additional Credit Party Obligations and shall bear interest from the date said amounts are expended

at the Default Rate. No such performance of any covenant or agreement by the Administrative Agent on behalf of any Pledgor, and no such advance or expenditure therefor, shall relieve the Pledgors of any default under the terms of this Pledge Agreement or the other Credit Documents. The Administrative Agent may make any payment hereby authorized in accordance with any bill, statement or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, title or claim except to the extent such payment is being contested in good faith by a Pledgor in appropriate proceedings and against which adequate reserves are being maintained in accordance with GAAP.

8. Events of Default. The occurrence of an event which under the Credit Agreement would constitute an Event of Default shall be an event of default hereunder (an "Event of Default").

9. Remedies.

(a) General Remedies. Upon the occurrence of an Event of Default and during the continuation thereof, the Administrative Agent shall have, in respect of the Pledged Collateral of any Pledgor, in addition to the rights and remedies provided herein, in the other Credit Documents, or by law, the rights and remedies of a secured party under the UCC or any other applicable law.

(b) Sale of Pledged Collateral. Upon the occurrence of an Event of Default and during the continuation thereof, without limiting the generality of this Section and without notice, the Administrative Agent may, in its sole discretion, sell or otherwise dispose of or realize upon the Pledged Collateral, or any part thereof, in one or more parcels, at public or private sale, at any exchange or broker's board or elsewhere, at such price or prices and on such other terms as the Administrative Agent may deem commercially reasonable, for cash, credit or for future delivery or otherwise in accordance with applicable law. To the extent permitted by law, any Secured Party may in such event, bid for the purchase of such securities. Each Pledgor agrees that, to the extent notice of sale shall be required by law and has not been waived by such Pledgor, any requirement of reasonable notice shall be met if notice, specifying the place of any public sale or the time after which any private sale is to be made, is personally served on or mailed, postage prepaid, to such Pledgor, in accordance with the notice provisions of Section 9.2 of the Credit Agreement at least ten (10) days before the time of such sale. The Administrative Agent shall not be obligated to make any sale of Pledged Collateral of such Pledgor regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Private Sale. Upon the occurrence of an Event of Default and during the continuation thereof, the Pledgors recognize that the Administrative Agent may deem it impracticable to effect a public sale of all or any part of the Pledged Collateral and that the Administrative Agent may, therefore, determine to make one or more private sales of any such Pledged Collateral to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such Pledged Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to delay sale of any such Pledged Collateral for the period of time necessary to permit the issuer of such Pledged Collateral to register such Pledged Collateral for public sale under the Securities Act of 1933. Each Pledgor further acknowledges and agrees that any offer to sell such Pledged Collateral which has been (i) publicly advertised on a bona fide basis in a newspaper or other publication of general

circulation in the financial community of New York, New York (to the extent that such offer may be advertised without prior registration under the Securities Act of 1933), or (ii) made privately in the manner described above shall be deemed to involve a "public sale" under the UCC, notwithstanding that such sale may not constitute a "public offering" under the Securities Act of 1933, and the Administrative Agent may, in such event, bid for the purchase of such Pledged Collateral.

(d) Retention of Pledged Collateral. In addition to the rights and remedies hereunder, upon the occurrence of an Event of Default and during the continuation thereof, the Administrative Agent may, in compliance with Sections 9-620 and 9-621 of the UCC (or any successor sections of the UCC) or otherwise complying with the requirements of applicable law of the relevant jurisdiction, accept or retain all or any portion of the Pledged Collateral in satisfaction of the Credit Party Obligations. Unless and until the Administrative Agent shall have provided such notices, however, the Administrative Agent shall not be deemed to have retained any Pledged Collateral in satisfaction of any Credit Party Obligations for any reason.

(e) Deficiency. In the event that the proceeds of any sale, collection or realization are insufficient to pay all amounts to which the Administrative Agent or the Secured Parties are legally entitled, the Pledgors shall be jointly and severally liable for the deficiency, together with interest thereon at the Default Rate together with the costs of collection and the reasonable fees of any attorneys employed by the Administrative Agent to collect such deficiency. Any surplus remaining after the full payment and satisfaction of the Credit Party Obligations shall be returned to the Pledgors or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

(f) Other Security. To the extent that any of the Credit Party Obligations are now or hereafter secured by property other than the Pledged Collateral (including, without limitation, real and other personal property owned by a Pledgor), or by a guarantee, endorsement or property of any other Person, then the Administrative Agent shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence and during the continuation of any Event of Default, and the Administrative Agent shall have the right, in its sole discretion, to determine which rights, security, Liens, security interests or remedies the Administrative Agent shall at any time pursue, relinquish, subordinate, modify or take with respect thereto, without in any way modifying or affecting any of them or any of the Administrative Agent's rights or the Credit Party Obligations under this Pledge Agreement or under any other of the Credit Documents.

10. Rights of the Administrative Agent.

(a) Power of Attorney. Each Pledgor hereby designates and appoints the Administrative Agent, on behalf of the Secured Parties, and each of its designees or agents as attorney-in-fact of such Pledgor, irrevocably and with power of substitution, with authority to take any or all of the following actions upon the occurrence and during the continuation of an Event of Default:

(i) to demand, collect, settle, compromise, adjust and give discharges and releases concerning the Pledged Collateral of such Pledgor, all as the Administrative Agent may reasonably determine in respect of such Pledged Collateral;

(ii) to commence and prosecute any actions at any court for the purposes of collecting any of the Pledged Collateral and enforcing any other right in respect thereof;

(iii) to defend, settle, adjust or compromise any action, suit or proceeding brought with respect to the Pledged Collateral and, in connection therewith, give such discharge or

release as the Administrative Agent may deem reasonably appropriate;

(iv) to pay or discharge taxes, Liens, security interests, or other encumbrances levied or placed on or threatened against the Pledged Collateral;

(v) to direct any parties liable for any payment under any of the Pledged Collateral to make payment of any and all monies due and to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct;

(vi) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Pledged Collateral of such Pledgor;

(vii) to sign and endorse any drafts, assignments, proxies, stock powers, verifications, notices and other documents relating to the Pledged Collateral of such Pledgor;

(viii) to execute and deliver and/or file all assignments, conveyances, statements, financing statements, continuation statements, pledge agreements, affidavits, notices and other agreements, instruments and documents that the Administrative Agent may determine necessary in order to perfect and maintain the security interests and Liens granted in this Pledge Agreement and in order to fully consummate all of the transactions contemplated herein;

(ix) to exchange any of the Pledged Collateral of such Pledgor or other property upon any merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Pledged Collateral of such Pledgor with any committee, depository, transfer agent, registrar or other designated agency upon such terms as the Administrative Agent may determine;

(x) to vote for a shareholder, partner or member resolution, or to sign an instrument in writing, sanctioning the transfer of any or all of the Pledged Collateral of such Pledgor into the name of the Administrative Agent or into the name of any transferee to whom the Pledged Collateral of such Pledgor or any part thereof may be sold pursuant to Section 9 hereof; and

(xi) to do and perform all such other acts and things as the Administrative Agent may reasonably deem to be necessary, proper or convenient in connection with the Pledged Collateral of such Pledgor.

This power of attorney is a power coupled with an interest and shall be irrevocable for so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding, any Credit Document is in effect, and until all of the Commitments shall have been terminated. The Administrative Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Administrative Agent in this Pledge Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Administrative Agent shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on the Administrative Agent solely to perfect, protect, preserve and realize upon its security interest in the Pledged Collateral.

(b) Assignment by the Administrative Agent. The Administrative Agent may from time

to time assign the Credit Party Obligations or any portion thereof and/or the Pledged Collateral or any portion thereof to a successor Administrative Agent, and the assignee shall be entitled to all of the rights and remedies of the Administrative Agent under this Pledge Agreement in relation thereto.

(c) The Administrative Agent's Duty of Care. Other than the exercise of reasonable care to assure the safe custody of the Pledged Collateral while being held by the Administrative Agent hereunder, the Administrative Agent shall have no duty or liability to preserve rights pertaining thereto, it being understood and agreed that Pledgors shall be responsible for preservation of all rights in the Pledged Collateral of such Pledgor, and the Administrative Agent shall be relieved of all responsibility for the Pledged Collateral upon surrendering it or tendering the surrender of it to the Pledgors. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equal to that which the Administrative Agent accords its own property, which shall be no less than the treatment employed by a reasonable and prudent agent in the industry, it being understood that the Administrative Agent shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Collateral, whether or not the Administrative Agent has or is deemed to have knowledge of such matters; or (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral.

(d) Voting Rights in Respect of the Pledged Collateral.

(i) So long as no Event of Default shall have occurred and be continuing, to the extent permitted by law, each Pledgor may exercise any and all voting and other consensual rights pertaining to the Pledged Collateral of such Pledgor or any part thereof for any purpose not inconsistent with the terms of this Pledge Agreement or the Credit Agreement.

(ii) Upon the occurrence and during the continuance of a Default or an Event of Default, all rights of a Pledgor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to paragraph (i) of this subsection (d) shall cease and all such rights shall thereupon become vested in the Administrative Agent which shall then have the sole right to exercise such voting and other consensual rights.

(e) Dividend and Distribution Rights in Respect of the Pledged Collateral.

(i) So long as no Event of Default shall have occurred and be continuing, each Pledgor may receive and retain any and all dividends (other than dividends payable in the form of Equity Interests and other dividends constituting Pledged Collateral which are required to be delivered to the Administrative Agent pursuant to Section 4 above), distributions or interest paid in respect of the Pledged Collateral to the extent they are allowed under the Credit Agreement.

(ii) Upon the occurrence and during the continuation of an Event of Default:

(A) all rights of a Pledgor to receive the dividends, distributions and interest payments which it would otherwise be authorized to receive and retain pursuant to paragraph (i) of this subsection (e) shall cease and all such rights shall thereupon be vested in the Administrative Agent which shall then have the sole right to receive and hold as Pledged Collateral such dividends, distributions and interest payments; and

(B) all dividends, distributions and interest payments which are received by a Pledgor contrary to the provisions of clause (A) of this subsection (ii) shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other property or funds of such Pledgor, and shall be forthwith paid over to the Administrative Agent as Pledged Collateral in the exact form received, to be held by the Administrative Agent as Pledged Collateral and as further collateral security for the Credit Party Obligations.

(f) Release of Pledged Collateral. The Administrative Agent may release any of the Pledged Collateral from this Pledge Agreement or may substitute any of the Pledged Collateral for other Pledged Collateral without altering, varying or diminishing in any way the force, effect, Lien, pledge or security interest of this Pledge Agreement as to any Pledged Collateral not expressly released or substituted, and this Pledge Agreement shall continue as a first priority Lien on all Pledged Collateral not expressly released or substituted.

11. Application of Proceeds. After the exercise of remedies by the Administrative Agent or the Secured Parties pursuant to Section 7.2 of the Credit Agreement (or after the Commitments shall automatically terminate and the Loans (with accrued interest thereon) and all other amounts under the Credit Documents shall automatically become due and payable in accordance with the terms of such Section), any proceeds of the Pledged Collateral, when received by the Administrative Agent or any of the Secured Parties in cash or its equivalent, will be applied in reduction of the Credit Party Obligations in the order set forth in Section 2.11(b) of the Credit Agreement, and each Pledgor irrevocably waives the right to direct the application of such payments and proceeds.

12. Costs of Counsel. Subject to Section 9.5 of the Credit Agreement, if at any time hereafter, whether upon the occurrence of an Event of Default or not, the Administrative Agent employs counsel to prepare or consider amendments, waivers or consents with respect to this Pledge Agreement, or to take action or make a response in or with respect to any legal or arbitral proceeding relating to this Pledge Agreement or relating to the Pledged Collateral, or to protect the Pledged Collateral or exercise any rights or remedies under this Pledge Agreement or with respect to the Pledged Collateral, then the Pledgors agree to promptly pay upon demand any and all such reasonable documented costs and expenses of the Administrative Agent or the Secured Parties, all of which costs and expenses shall constitute Credit Party Obligations hereunder.

13. Continuing Agreement.

(a) This Pledge Agreement shall be a continuing agreement in every respect and shall remain in full force and effect so long as any of the Credit Party Obligations (other than contingent indemnity obligations that survive termination of the Credit Documents pursuant to the stated terms thereof) remain outstanding or any Credit Document is in effect, and until all of the Commitments shall have been terminated. Upon such payment and termination, this Pledge Agreement shall be automatically terminated and the Administrative Agent and the Secured Parties shall, upon the request and at the expense of the Pledgors, forthwith release or terminate all of the Liens, proxies and security interests granted hereunder and shall deliver all UCC termination statements and/or other documents reasonably requested by the Pledgors evidencing such termination. Notwithstanding the foregoing, all releases and indemnities provided hereunder shall survive termination of this Pledge Agreement.

(b) This Pledge Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Credit Party Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Secured Party as a preference, fraudulent conveyance or otherwise under any bankruptcy, insolvency or similar

law, all as though such payment had not been made; provided that in the event payment of all or any part of the Credit Party Obligations is rescinded or must be restored or returned, all reasonable costs and expenses (including, without limitation, any reasonable legal fees and disbursements) incurred by the Administrative Agent or any Secured Party in defending and enforcing such reinstatement shall be deemed to be included as a part of the Credit Party Obligations.

14. Amendments; Waivers; Modifications. This Pledge Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated except as set forth in Section 9.1 of the Credit Agreement.

15. Successors in Interest. This Pledge Agreement shall create a continuing security interest in the Pledged Collateral and shall be binding upon each Pledgor, its successors and assigns and shall inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the Secured Parties and their successors and permitted assigns; provided, however, that none of the Administrative Agent, Secured Parties or the Pledgors may assign its rights hereunder, nor may any Pledgor delegate its duties hereunder, in each case except as permitted by the Credit Agreement. To the fullest extent permitted by law, each Pledgor hereby releases the Administrative Agent and each Secured Party, each of their respective officers, employees and agents and each of their respective successors and assigns, from any liability for any act or omission relating to this Pledge Agreement or the Pledged Collateral, except for any liability arising from the gross negligence or willful misconduct of the Administrative Agent or such Secured Party or their respective officers, employees and agents, in each case as determined by a court of competent jurisdiction.

16. Notices. All notices required or permitted to be given under this Pledge Agreement shall be in conformance with Section 9.2 of the Credit Agreement.

17. Counterparts. This Pledge Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Pledge Agreement to produce or account for more than one such counterpart. Delivery of executed counterparts of the Pledge Agreement by facsimile or other electronic means shall be effective as an original and shall constitute a representation that an original shall be delivered upon the request of the Administrative Agent.

18. Headings. The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning, construction or interpretation of any provision of this Pledge Agreement.

19. Governing Law; Submission to Jurisdiction and Service of Process; Waiver of Jury Trial; Venue. THIS PLEDGE AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. The terms of Sections 9.13 and 9.16 of the Credit Agreement are incorporated herein by reference, mutatis mutandis, and the parties hereto agree to such terms.

20. Severability. If any provision of this Pledge Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

21. Entirety. This Pledge Agreement and the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to this Pledge Agreement, the

other Credit Documents or the transactions contemplated herein and therein.

22. Survival. All representations and warranties of the Pledgors hereunder shall survive the execution and delivery of this Pledge Agreement, the other Credit Documents and the delivery of the Notes and the making of the Loans and the issuance of the Letters of Credit under the Credit Agreement.

23. Joint and Several Obligations of Pledgors.

(a) Each of the Pledgors is accepting joint and several liability hereunder in consideration of the financial accommodations to be provided by the Lenders under the Credit Agreement, for the mutual benefit, directly and indirectly, of each of the Pledgors and in consideration of the undertakings of each of the Pledgors to accept joint and several liability for the obligations of each of them.

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

(c) Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Pledgor shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of such Pledgor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

24. Rights of Required Lenders. All rights of the Administrative Agent hereunder, if not exercised by the Administrative Agent, may be exercised by the Required Lenders.

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Audiovox Pledge Agreement

Each of the parties hereto has caused a counterpart of this Pledge Agreement to be duly executed and delivered as of the date first above written.

DOMESTIC BORROWERS: VOXX International corporation,
a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: CFO/Senior Vice President

AUDIOVOX ACCESSORIES CORPORATION, a Delaware corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: CFO/Vice President/Treasurer

AUDIOVOX ELECTRONICS CORPORATION, a Delaware corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: CFO/Secretary/Treasurer

AUDIOVOX CONSUMER ELECTRONICS, INC., a Delaware corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: CFO/Secretary/Treasurer

AMERICAN RADIO CORP., a Georgia corporation

By: /s/ Charles M. Stoehr

Name: Charles M. Stoehr
Title: Vice President

CODE SYSTEMS, INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Chief Financial Officer

INVISION AUTOMOTIVE SYSTEMS INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

BATTERIES.COM, LLC, an Indiana limited liability company

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

KLIPSCH GROUP, INC., an Indiana corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

DOMESTIC GUARANTORS: ELECTRONICS TRADEMARK HOLDING COMPANY, LLC, a Delaware corporation

By: /s/ Chris Lis Johnson
Name: Chris Lis Johnson
Title: Secretary

TECHNUITY, INC., an Indiana corporation

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

OMEGA RESEARCH AND DEVELOPMENT TECHNOLOGY LLC, a Delaware limited liability company

By: /s/ Loriann Shelton
Name: Loriann Shelton
Title: Secretary

LATIN AMERICA EXPORTS CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Treasurer

KLIPSCH HOLDING LLC, a Delaware limited liability company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Treasurer

KD SALES, LLC, an Indiana limited liability company

By: /s/ Frederick L. Farrar
Name: Frederick L. Farrar
Title: Executive Vice President/CFO/Treasurer

AUDIOVOX WEBSALES LLC, a Delaware limited liability company

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX LATIN AMERICA LTD., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX INTERNATIONAL CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President

AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Treasurer

AUDIOVOX GERMAN CORPORATION, a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: CFO/Vice President

AUDIOVOX ASIA INC., a Delaware corporation

By: /s/ Charles M. Stoehr
Name: Charles M. Stoehr
Title: Vice President/Secretary/Treasurer

Accepted and agreed to as of the date first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:
Name:
Title:

SCHEDULE 3.16(e) TO THE CREDIT AGREEMENT

PLEDGED EQUITY INTERESTS

Pledgor:			
Name of Subsidiary	Number of Shares	Certificate Number	Percentage Ownership

Pledgor:			
Name of Subsidiary	Number of Shares	Certificate Number	Percentage Ownership

[TO BE COMPLETED BY THE BORROWERS]

EXHIBIT A

Irrevocable Stock Power

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to _____ [the following shares of capital stock of] [all of the membership interests in] [_____], a [_____] [corporation] [limited liability company]:

[No. of Shares Certificate No.]

and irrevocably appoints _____ its agent and attorney-in-fact to transfer all or any part of such capital stock or equity interest and to take all necessary and appropriate action to effect any such transfer. The agent and attorney-in-fact may substitute and appoint one or more persons to act for him.

[_____],
a [_____]

By:
Name:
Title:

Exhibit 21

SUBSIDIARIES OF REGISTRANT

Subsidiaries	Jurisdiction of Incorporation
Audiovox Accessories Corp.	Delaware
Audiovox Consumer Electronics, Inc.	Delaware
Audiovox Electronics Corporation	Delaware
American Radio Corp.	Georgia
Audiovox Venezuela C.A.	Venezuela
Audiovox German Holdings GmbH	Germany
Code Systems, Inc.	Delaware
Audiovox Canada Limited	Canada
Entretenimiento Digital Mexico, S.de C.V	Mexico
Klipsch Holding, LLC	Delaware
Schwaiger GmbH	Germany
Invision Automotive Systems, Inc.	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated May 14, 2012, with respect to the consolidated financial statements, financial statement schedule and internal control over financial reporting included in the Annual Report of Voxx International Corporation (formerly Audiovox Corporation) and subsidiaries on Form 10-K for the year ended February 29, 2012. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Voxx International Corporation on Forms S-8 (File No. 333-162569, effective October 19, 2009, File No. 333-138000, effective October 13, 2006; File No. 333-131911, effective February 17, 2006; File No. 333-36762, effective May 11, 2000 and File No. 333-82073, effective July 1, 1999).

/s/ GRANT THORNTON LLP

Melville, New York
May 14, 2012

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Patrick M. Lavelle, President and Chief Executive Officer of Audiovox Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Audiovox Corporation (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2012

/s/Patrick M. Lavelle

Patrick M. Lavelle

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, C. Michael Stoehr, Senior Vice President and Chief Financial Officer of Audiovox Corporation, certify that:

1. I have reviewed this annual report on Form 10-K of Audiovox Corporation (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2012

/s/ C. Michael Stoehr

C. Michael Stoehr

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Audiovox Corporation (the "Company") on Form 10-K for the period ended February 29, 2012 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Patrick M. Lavelle, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2012

/s/ Patrick M. Lavelle

Patrick M. Lavelle

*A signed original of this written statement required by Section 906 has been provided to Audiovox Corporation and will be retained by Audiovox Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Audiovox Corporation (the "Company") on Form 10-K for the period ended February 29, 2012 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, C. Michael Stoehr, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2012

/s/ C. Michael Stoehr

C. Michael Stoehr

*A signed original of this written statement required by Section 906 has been provided to Audiovox Corporation and will be retained by Audiovox Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document

ASA Electronics, LLC
And Subsidiary
(A Limited Liability Company)

Consolidated Financial Report

11/30/2011

McGladrey LLP
Certified Public Accountants

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McGladrey LLP
Certified Public Accountants

Report of Independent Registered Public Accounting Firm

To the Members
ASA Electronics, LLC and Subsidiary
Elkhart, Indiana

We have audited the accompanying consolidated balance sheets of **ASA Electronics, LLC and Subsidiary** as of November 30, 2011 and 2010, and the related consolidated statements of income, members' equity, and cash flows for each of the three years in the period ended November 30, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **ASA Electronics, LLC and Subsidiary** as of November 30, 2011 and 2010 and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey LLP

Elkhart, Indiana
January 30, 2012

ASA Electronics, LLC and Subsidiary
(A Limited Liability Company)

Notes to the Financial Statements

Consolidated Balance Sheets
November 30, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 8,291,354**	$ 1,591,429
Available-for-sale securities	**1,055,000**	6,675,000
Trade receivables	**5,671,130**	4,185,082
Inventories	**15,077,806**	12,872,299
Prepaid expenses	**218,723**	238,305
Total current assets	**30,314,013**	25,562,115
Leasehold Improvements and Equipment at depreciated cost	**2,366,399**	2,376,192
Intangible Assets, trademark rights	**2,647,623**	2,647,623
	$ 35,328,035	$ 30,585,930
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 1,857,337**	$ 1,024,808
Accrued expenses:		
Payroll and related taxes	**1,611,731**	1,310,088
Warranty	**2,296,000**	2,256,000
Other	**102,315**	142,346
Total current liabilities	**5,867,383**	4,733,242
Commitments and Contingencies		
Members' Equity	**29,460,652**	25,852,688
	$ 35,328,035	$ 30,585,930

See Notes to Financial Statements

Consolidated Statements of Income
November 30, 2011, 2010 and 2009

	2011	2010	2009
Net sales	**$ 71,234,236**	$ 67,678,360	$ 45,212,490
Cost of goods sold	**55,022,015**	54,354,915	36,913,059
Gross profit	**16,212,221**	13,323,445	8,299,431
Selling, general and administrative expenses	**8,623,131**	7,725,352	5,917,110
Operating income	**7,589,090**	5,598,093	2,382,321
Nonoperating income (expense):			
Investment income	**32,870**	57,726	74,902
Miscellaneous income	**1,548**	—	—
Interest expense	**—**	(2,532)	—
	34,418	55,194	74,902
Net income	**$ 7,623,508**	$ 5,653,287	$ 2,457,223

See Notes to Financial Statements

ASA Electronics, LLC and Subsidiary
(A Limited Liability Company)

Notes to the Financial Statements

Consolidated Statements of Members' Equity
November 30, 2011, 2010 and 2009

	2011	2010	2009
Balance, beginning	**$ 25,852,688**	$ 22,037,789	$ 26,135,586
Net income	**7,623,508**	5,653,287	2,457,223
Member distributions	**(4,015,544)**	(1,838,388)	(6,555,020)
Balance, ending	**$ 29,460,652**	$ 25,852,688	$ 22,037,789

See Notes to Financial Statements

ASA Electronics, LLC and Subsidiary
(A Limited Liability Company)

Notes to the Financial Statements

Consolidated Statements of Cash Flows
November 30, 2011, 2010 and 2009

	2011	2010	2009
Cash Flows From Operating Activities			
Net income	**$ 7,623,508**	$ 5,653,287	$ 2,457,223
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**1,071,232**	1,069,005	805,605
Inventory writedowns and reserves	**145,639**	335,299	279,972
Loss on sale of equipment	**(4,812)**	10,095	41,767
Change in assets and liabilities:			
Decrease (increase) in:			
Trade receivables	**(1,486,048)**	(172,821)	(1,055,307)
Inventories	**(2,351,146)**	(4,834,444)	5,723,156
Prepaid expenses	**19,582**	(80,593)	19,216
Increase (decrease) in:			
Accounts payable	**832,529**	(571,051)	227,654
Accrued expenses	**301,612**	556,799	(509,334)
Net cash provided by operating activities	**6,152,096**	1,965,576	7,989,952
Cash Flows From Investing Activities			
Proceeds on sale of equipment	**55,688**	235	13,635
Purchase of leasehold improvements and equipment	**(1,112,315)**	(1,165,836)	(1,151,017)
Proceeds from sale of available-for-sale securities	**8,315,000**	9,820,000	19,925,000
Purchase of available-for-sale securities	**(2,695,000)**	(8,490,000)	(23,935,000)
Net cash provided by (used in) investing activities	**4,563,373**	164,399	(5,147,382)
Cash Flows From Financing Activities			
Member distributions	**(4,015,544)**	(1,838,388)	(6,555,020)
Increase (decrease) in cash and cash equivalents	**6,699,925**	291,587	(3,712,450)
Cash and cash equivalents, beginning	**1,591,429**	1,299,842	5,012,292
Cash and cash equivalents, ending	**$ 8,291,354**	$ 1,591,429	$ 1,299,842
Supplemental disclosures of cash flow information:			
Cash payments for interest	**$ —**	$ 2,532	$ —
Supplemental schedule of noncash investing and financing activities:			
Purchase of equipment financed through increase in accounts payable	**$ —**	$ —	$ 452,370

See Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Since 1977, ASA Electronics, LLC, formerly known as Audiovox Specialized Applications, LLC, ("ASA" or the "Company") has built a reputation developing mobile electronics specifically designed and tested to withstand the rigors of niche markets in the Automotive Industry including: Recreational Vehicle; Commercial Vehicle, Heavy Duty Truck, Agricultural, Construction, Bus, Powersport, Marine and Spa industries. Its proprietary line of products include: Jensen 12 Volt LCD and LED flat panel televisions, Jensen stereos and speakers, Voyager Observation Systems, and Advent microwaves, refrigerators and rooftop air conditioners. These high quality mobile electronics and appliances are designed and tested in a research and development lab located at the Company's corporate office in Elkhart, Indiana. ASA's engineering team works in conjunction with its customers' designers, engineers and sales team to develop customized solutions. These various products are sold throughout the world primarily to Original Equipment Manufacturers but also to the Aftermarket segment. In addition to the headquarters in Elkhart, Indiana, ASA also has two public distribution centers in Oregon and California and a trading office in the Shenzhen province of China.

Significant accounting policies:

Use of estimates:

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

Principles of consolidation:

The consolidated financial statements include the accounts of the Company and a wholly-owned subsidiary. All significant intercompany accounts have been eliminated in consolidation.

Revenue recognition:

The Company recognizes revenue from product sales at the time of passage of title and risk of loss to the customer either at F.O.B. Shipping Point or F.O.B. Destination, based upon terms established with the customer. The Company's selling price is fixed and determined at the time of shipment and collectability is reasonably assured and not contingent upon the customer's resale of the product. The customers are generally not given rights of return. In the event customers are granted rights of return, the Company estimates and records an allowance for future returns. At November 30, 2011 and 2010, no such allowance was deemed necessary. Product sales are generally not subject to acceptance or installation by Company or customer personnel.

All sales transactions are denominated in U.S. dollars.

Shipping and delivery:

The Company recognizes shipping and delivery costs in selling, general and administrative expenses in the accompanying statements of income. These costs for the years ended November 30, 2011, 2010 and 2009 were

approximately $554,000, $440,000 and $279,000 respectively.

Sales incentives:

The Company offers sales incentives to its customers primarily in the form of co-operative advertising allowances and rebates. All significant sales incentives require the customer to purchase the Company's products during a specified period of time. Claims are settled either by the customer claiming a deduction against an outstanding account receivable or by the customer requesting a check. Rebates and co-op advertising allowances offered to customers require that product be purchased during a specified period of time. The amount offered is generally based upon a fixed percentage of sales revenue to the customer. Since the rebate percentage can be reasonably estimated, the Company records the related rebate at the time of sale. The Company has also entered into the RV Aftermarket segment, with several of those customer's having dollar specific co-op advertising programs for participation in trade shows, placement in catalogues, countertop display units, and other marketing programs. These co-op advertising programs are reviewed and adjusted, as necessary, on a quarterly basis.

Members' equity and subsequent event:

In accordance with the generally accepted method of presenting limited liability company financial statements, the accompanying financial statements do not include other corporate assets and liabilities of the members, including their obligation for income taxes on the net income of the limited liability company nor any provision for income tax expense.

It is the Company's intent to distribute funds to members to cover their income tax liabilities. Subsequent to November 30, 2011, the Company paid approximately $1,236,000 of member distributions.

The LLC operating agreement does not provide for separate classes of ownership. Audiovox and ASA Electronics Corporation share equally in all LLC events and the related member accounts are considered equal on a fair value basis.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Company considers investments in various repurchase agreements with its bank, money market accounts and treasury bills with a maturity of three months or less to be cash equivalents. Cash equivalents amounted to approximately $7,998,000 and $1,197,000 for the years ended November 30, 2011 and 2010 respectively.

The Company maintains its cash accounts in amounts which, at times, may be in excess of insurance limits provided by the Federal Deposit Insurance Corporation.

Available-for-sale securities:

Available-for-sale securities consist of investments in marketable debt securities. Debt securities consist primarily of obligations of municipalities.

Management determines the appropriate classification of securities at the date individual investment securities are acquired and the appropriateness of such classification is reassessed at each balance sheet date. Since the Company neither buys investment securities in anticipation of short-term fluctuation in market prices nor commits to holding debt securities to their maturities, the investments in marketable debt securities have been classified as available-for-sale in accordance with accounting standards. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, if any, are reported as a separate component of members' equity.

The amount classified as current assets on the accompanying balance sheets represents the amount of marketable debt securities expected to be sold during the next year.

A decline in the market value of any available-for-sale security below cost that is deemed other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. The Company considers numerous factors, on a case by case basis, in evaluating whether the decline in market value of an available-for-sale security below cost is other-than-temporary. Such factors include, but are not limited to, (i) the length of time and the extent to which the market value has been less than cost, (ii) the financial condition and the near-term prospects of the issuer or the investment and, (iii) whether the Company's intent to retain the investment for the period of time is sufficient to allow for any anticipated recovery in market value. During the year ended November 30, 2011, the Company did not hold any investments that had such a decline in value.

Trade receivables:

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Trade receivables in the accompanying balance sheets at November 30, 2011 and 2010 are stated net of an allowance for doubtful accounts of approximately $50,000 and $23,000 respectively. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Generally, a trade receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

Inventories:

The Company values its inventory at the lower of the actual cost to purchase (primarily on a weighted moving average basis) and/or the current estimated market value of the inventory less expected costs to sell the inventory. The Company regularly reviews inventory quantities on-hand and records a provision for excess and obsolete inventory based primarily from selling prices, indications from customers based upon current price negotiations and purchase orders. The Company's industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand.

During the years ended November 30, 2011, 2010 and 2009, the Company recorded write downs of inventory of approximately $146,000, $419,000, and $280,000 respectively related to lower of cost or market adjustments. As of November 30, 2011, 2010 and 2009 the Company maintained an inventory write down reserve of $82,000, $83,000 and none, respectively. These charges to income are included in cost of goods sold in the accompanying consolidated statements of income.

Depreciation:

Depreciation of leasehold improvements is computed over the lesser of the underlying lease term or the estimated useful lives and equipment is computed principally by the straight-line method over the following estimated useful lives:

	Years
Leasehold improvements	5-9
Machinery and equipment	5-10
Tooling and molding	3
Transportation equipment	5
Office furniture and fixtures	10
Computer equipment	3
Booth displays	7

Warranties:

The Company provides a limited warranty primarily for a period of up to two years for its products. The Company's standard warranties require the Company, the original equipment manufacturer or its dealers to repair or replace defective products during such warranty periods at no cost to the consumer. The Company estimates the costs that may be incurred under its basic limited warranty and records a liability in the amount of such costs at the time product revenue is recognized. The related expense is included in cost of goods sold in the accompanying consolidated statements of income. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims, the historical lag time between product sales and product claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. The Company utilizes historical trends and analytical tools to assist in determining the appropriate loss reserve levels.

Changes in the Company's warranty liability during the years ended November 30, 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Balance, beginning	**$ 2,256,000**	$ 2,329,000	$ 2,647,000
Accruals for products sold	**1,742,859**	1,347,389	1,319,016
Payments made	**(1,702,859)**	(1,420,389)	(1,637,016)
Balance, ending	**$ 2,296,000**	$ 2,256,000	$ 2,329,000

Income taxes:

As a limited liability Company, the Company's taxable income is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Advertising costs:

The Company expenses the cost of advertising (including trade shows), as incurred. Advertising costs in the accompanying consolidated statements of income were approximately $493,000, $379,000, and $266,000, for the years ended November 30, 2011, 2010 and 2009 respectively.

Long-lived assets and other intangible assets:

The Company acquired certain trademark rights from Audiovox in August 2003. In connection with the acquisition, Audiovox sublicensed its rights in relation to the trademark to the Company and cannot terminate these rights under the terms of the acquisition agreement. The Company has accounted for trademark rights as an indefinite lived intangible asset. Accounting standards require that intangible assets with indefinite useful lives be tested for impairment at least annually or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value below its carrying amount. When determining the fair value of trademark rights, the Company uses the relief from royalty method which requires the determination of fair value based on if the Company was licensing the right to the trademark in exchange for a royalty fee. The Company utilizes the income approach to determine future revenues to which to apply a royalty rate. The royalty rate is based on market approach concepts. In considering the value of trademark rights, the Company looks to relative age, consistent use, quality, expansion possibilities, relative profitability and relative market potential. The Company has performed its annual impairment test for the years ended November 30, 2011, 2010 and 2009 and no impairment was identified.

In accordance with accounting standards, the Company reviews its long-lived assets periodically to determine potential impairment. If indicators are present, the Company compares the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less that the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets. There was no impairment of long-lived assets for the years ended November 30, 2011, 2010 and 2009.

Subsequent events:

The Company has evaluated subsequent events for potential recognition and/or disclosure through January 30, 2012, the date the financial statements were available to be issued.

Note 2. Fair Value Measurements

Fair value measurements:

Accounting standards specify a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs), or reflect the Company's own assumptions of market participant valuation (unobservable inputs). In accordance with the accounting standards, these two types of inputs have created the following fair value hierarchy:

Level 1	Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2	Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and

unobservable.

The standard requires the use of observable market data if such data is available without undue cost and effort. For the year ended November 30, 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments in available-for-sale securities:

As of November 30, 2011, the fair value of the Company's investments in available-for-sale level 2 governmental bonds was approximately $1,055,000. The bonds contain a put feature that allows the Company to periodically sell the bonds to a brokerage house at par value. The bonds also have a floating interest rate which is reset on a periodic basis and are backed by third party letters of credit. As of November 30, 2011, the bonds had a weighted-average yield of 0.43%. To estimate their fair value, the Company considered the par value of the bonds, potential default probabilities, market yield curves and the seven day put feature. Subsequent to November 30, 2011, the Company liquidated approximately $735,000 of bonds at par value.

Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, accounts receivable, accounts payable:

The carrying amounts approximate fair value due to the short maturity of those instruments.

Note 3. Available-For-Sale Securities

The following is a summary of the Company's investment securities as of November 30, 2011 and 2010:

	2011			
	Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Government bonds	**$ 1,055,000**	**$ —**	**$ —**	**$ 1,055,000**

	11/30/2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government bonds	$ 6,675,000	$ —	$ —	$ 6,675,000

The cost and fair value of debt securities by contractual maturities as of November 30, 2011 are as follows:

	Cost	Fair Value
Due after three years	$ 1,055,000	$ 1,055,000

The government bonds contain a put feature which allows the Company to sell the bonds to a brokerage house at par value on seven day terms and a floating interest rate which is reset on a periodic basis.

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

A summary of proceeds from the sale of available-for-sale securities and investment earnings for the years ended November 30, 2011, 2010, and 2009 is as follows:

	2011	2010	2009
Proceeds from the sale of available-for-sale securities	**$ 8,315,000**	$ 9,820,000	$ 19,925,000
Interest earned	**$ 32,870**	$ 57,726	$ 74,902

Note 4. Leasehold Improvements and Equipment

The cost of leasehold improvements and equipment and the related accumulated depreciation at November 30, 2011 and 2010 are as follows:

	2011	2010
Leasehold improvements	**$ 1,057,412**	$ 1,085,808
Machinery and equipment	**1,296,791**	1,074,214
Tooling and molding	**2,344,773**	2,240,541
Transportation equipment	**604,687**	547,145
Office furniture and fixtures	**403,195**	406,128
Computer equipment	**1,214,376**	1,071,917
Booth displays	**211,562**	189,692
Construction in progress	**320,213**	374,873
	7,453,009	6,990,318
Less accumulated depreciation	**5,086,610**	4,614,126
	$ 2,366,399	$ 2,376,192

Note. 5 Pledged Assets and Notes Payable

The terms of a loan agreement with a bank permit the Company to borrow a maximum of $10,000,000. At November 30, 2011, no amount was outstanding under this agreement. Borrowings under the agreement bear interest at prime minus .50% or LIBOR plus 2.00%, at the Company's option, are collateralized by accounts receivable and inventories, and are subject to a tangible net worth covenant. The agreement expires July 5, 2012.

Note. 6 Major Vendors

For the years ended November 30, 2011, 2010 and 2009, the Company purchased approximately 75%, 82%, and 82% respectively of its products for resale from their top five vendors. The top five vendors varied during the years presented.

Note 7. Transactions with Related Parties and Lease Commitments

The Company is affiliated with various entities through common ownership by Audiovox. Transactions with Audiovox and affiliates and subsidiaries for the years ended November 30, 2011, 2010, and 2009 are approximately as follows:

	2011	2010	2009
Net product sales	**$ 23,000**	$ 18,000	$ 33,000
Royalty revenue	**—**	—	263,000
Purchases	**711,000**	532,000	484,000

At November 30, 2011 and 2010, amounts included in trade receivables and accounts payable resulting from the above transactions are approximately as follows:

	2011	2010
Trade receivables	**$ 6,000**	$ 3,000
Accounts payable	**13,000**	16,000

The Company leases warehouse, manufacturing, and office facilities from Irions Investments, LLC, an entity related through common ownership, for approximately $44,000 per month, plus the payment of property taxes, normal maintenance, and insurance on the property under an agreement which expires August 2016, with two five-year options to extend, at the Company's discretion. The Company also leases warehouse space for $3,000 per month. This arrangement is temporary in nature and the term of the lease agreement is defined as month to month. Finally, the Company leases office space in the Shenzhen province of China, with a monthly rent of $2,030 through October 31, 2012.

The Company leases certain equipment from unrelated parties under agreements that require monthly payments totaling approximately $750 and expire through August 2013.

The total rental expense included in the statements of income for the years ended November 30, 2011, 2010, and 2009 is approximately $607,000, $587,000 and $592,000, respectively, of which approximately $518,000, $510,000, and $508,000 respectively was paid to Irions Investments, LLC.

The total approximate minimum rental commitment at November 30, 2009 under the leases is due as follows:

	Related Party	Other	Total
During the year ending November 30,			
2011	$ 535,000	$ 29,000	$ 564,000
2012	546,000	5,000	551,000
2013	557,000	—	557,000
2014	568,000	—	568,000
2015	579,000	—	579,000
	$ 2,785,000	$ 34,000	$ 2,819,000

Note 8. Employee Benefit Plans

The Company has profit-sharing and 401(k) plans for the benefit of all eligible employees. The Company's contributions are discretionary and are limited to amounts deductible for federal income tax purposes. Discretionary contributions were approximately $257,000, $226,000, and $194,000 for the years ended November 30, 2011, 2010, and 2009 respectively.

The Company also maintains a discretionary employee bonus plan for the benefit of its key executive, operating officers, managers and select salespersons. The total bonus expense included in the statements of income for the years ended November 30, 2011, 2010, and 2009 is approximately $1,800,000, $1,451,000, and $479,000 respectively.

The Company has a health plan for its employees, which is self-insured for medical and pharmaceutical claims up to $35,000 per participant and approximately $423,000 annually in aggregate. In addition, two additional laser liabilities equal to $115,000 were imposed upon the Company's plan. The excess loss portion of the employees' coverage has been reinsured with a commercial carrier. The total health plan expense included in the consolidated statements of income for the years ended November 30, 2011, 2010, and 2009 is approximately $560,000, $585,000, and $342,000 respectively. These expense figures include medical, vision and dental claims and third party administration fees, in addition to wellness program expenses and Company contributions to Health Savings Accounts.

Note 9. Litigation

At times, the Company has pending legal proceedings. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Company. In the opinion of management the ultimate disposition of such proceedings are not expected to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Note 10. Major Customer

Net sales to customers comprising 10% of more of total net sales for the years ended November 30, 2011, 2010, and 2009 and the related trade receivables balance at those dates are approximately as follows:

	Net Sales			Trade Receivable Balance		
	2011	2010	2009	2011	2010	2009
Customer A	$ 13,119,000	$ 17,002,000	$ 11,661,000	$ 590,000	$ 339,000	$ 751,000
Customer B	10,985,000	8,972,000	*	912,000	333,000	*
	$ 24,104,000	$ 25,974,000	$ 11,661,000	$ 1,502,000	$ 672,000	$ 751,000

* Customer comprised less than 10% of total net sales

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements of VOXX International Corporation on Form S-8 (Registration Nos. 333-82073, 333-36762, 333-138000, 333-131911, and 333-162569) of our report, dated January 30, 2012, on the consolidated financial statements of ASA Electronics, LLC which is included in the Annual Report on Form 10-K of VOXX International Corporation and Subsidiaries for the year ended February 29, 2012.

/s/ MCGLADREY LLP

Elkhart, Indiana
May 14, 2012